

**INTERNATIONAL COMPARISON OF BOARD “BEST PRACTICES”  
— INVESTOR VIEWPOINTS —**

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General Motors Board Guidelines <sup>2</sup>	AIMA Guidelines (Australia) <sup>3</sup>	DSW Guidelines (Germany) <sup>4</sup>	IAIM Statement (Ireland) <sup>5</sup>
<b>OVERVIEW</b>			
<p><i>The General Motors’ Board Guidelines were developed by the GM Board in 1994 (and have been regularly updated), and are widely viewed as a seminal expression of a board’s voluntary efforts to improve its own governance. The GM Guidelines have been widely discussed and emulated, and their influence has extended well beyond the U.S.A.</i></p>	<p><i>The Australian Investment Managers’ Association (AIMA) is a representative association for major investment managers in Australia.</i></p> <p><i>The AIMA guidelines are for use by AIMA members in determining their approach to corporate governance, voting and other issues proposed by public companies in which they invest.</i></p> <p><i>The AIMA believes that the guidelines reflect the views of both the Australian and the international investment community on the appropriate corporate governance “yardstick” applicable to the Australian corporate environment.</i></p>	<p><i>Deutsche Schutzvereinigung für Wertpapierbesitz e.V., the leading shareholders’ association in Germany, has issued basic governance guidelines geared toward ensuring that the interests of private investors are represented.</i></p>	<p>In the last decade, the interpretation of the role and responsibilities of directors of Public Limited Companies has evolved significantly. This change has been brought about by statute law, case law and international trends in corporate governance. This process of change and some of its effects are now well documented.</p> <p>In publishing a statement of best practice, the Irish Association of Investment Managers (IAIM) is seeking to give the Directors of Public Companies and their advisers a view on the expectations of institutional shareholders on:</p> <ul style="list-style-type: none"> <li>■ the composition of Boards of Public Companies;</li> <li>■ the appointment of Directors;</li> <li>■ non-executive Directors;</li> <li>■ Audit Committees;</li> <li>■ Remuneration Committees;</li> <li>■ Boards of subsidiary companies;</li> <li>■ management buyouts. (p. 1)</li> </ul> <p>It is hoped that companies will accept the general thrust of this Statement of Best Practice and that, in the absence of special circumstances, its suggestions will be observed in company practice. (p. 1)</p>

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<sup>2</sup> General Motors Board of Directors, GM Board of Directors Corporate Governance Guidelines on Significant Corporate Governance Issues (January 1994; revised August 1995; revised June 1997). This International Comparison of Board “Best Practice” uses the General Motors Board Guidelines as its “vertical axis” for organizational purposes.

<sup>3</sup> The Australian Investment Managers’ Association (“AIMA”), A Guide for Investment Managers & A Statement of Recommended Corporate Practice (June 1995; revised July 1997).

<sup>4</sup> Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (“DSW”), DSW Guidelines (June 1998).

<sup>5</sup> The Irish Association of Investment Managers (“IAIM”), Statement of Best Practice on the Role and Responsibilities of Directors of Public Limited Companies (May 1992).

CalPERS Core Principles & Guidelines (U.S.A.) <sup>6</sup>	CII Core Policies, Positions & Notes (U.S.A.) <sup>7</sup>	TIAA-CREF Policy Statement (U.S.A.) <sup>8</sup>	AFL-CIO Voting Guidelines (U.S.A.) <sup>9</sup>
<b>OVERVIEW</b>			
<p>The document that follows is separated into two components: <b>Core Principles</b> and <b>Governance Guidelines</b>. CalPERS believes the criteria contained in <b>both</b> the Principles <b>and</b> the Guidelines are important <b>considerations</b> for all companies within the U.S. market. However, CalPERS does not expect nor seek that each company will adopt or embrace every aspect of either the Principles or Guidelines. CalPERS recognizes that some of these may not be appropriate for every company . . . . As one shareowner, CalPERS believes that the <b>Core Principles</b> represent the <b>foundation</b> for accountability between a corporation’s management and its owners. The <b>Guidelines</b> represent additional features that may further advance this relationship of accountability. (Purpose, p. 7)</p>	<p>[CII’s] corporate governance policies establish goals and guidelines for the effective governance of publicly traded corporations. The policies include general position statements, basic policies and more fundamental core policies. It is [CII’s] hope that corporate boards will meet or exceed these standards and adopt similarly appropriate additional policies to best protect shareholders’ interests.  . . . .  [CII’s] policies bind neither members nor corporations. They are designed to provide guidelines that [CII] has found to be appropriate in most situations. (Preamble, p. 1)</p>	<p>TIAA-CREF believes that certain principles are the hallmark of an equitable and efficient corporate governance structure. Good corporate governance must be expected to maintain an appropriate balance between the rights of shareholders -- the owners of the corporation -- and the need of management and the board to direct the corporation’s affairs free from distracting short-term pressures. TIAA-CREF acknowledges a responsibility to be an advocate for improved corporate governance and performance discipline. This statement, based on a process of our boards’ Corporate Governance and Social Responsibility Committees, is offered as a basis for dialogue with senior corporate management and boards of directors with the objective of improving corporate governance practices. (p. 1)</p>	<p>[The AFL-CIO Proxy Voting Guidelines] provide standards to help multiemployer pension fund trustees meet their fiduciary obligations when voting their funds’ shareholder proxies. The guidelines assist trustees to exercise their ownership rights in ways that achieve long-term shareholder value and provide a stable and secure retirement plan for participants and beneficiaries. . . . [L]ong-term shareholder value is best achieved through management accountability to owners, including worker-owners. (Foreword)</p> <p>These Guidelines have been developed to serve as a guide for Taft-Hartley and union benefit fund trustees in meeting their fiduciary duties as outlined in the Employee Retirement Income Security Act of 1974 (ERISA) and subsequent Department of Labor policy statements. The Guidelines were drafted specifically for the occasion when proxy voting authority is not retained by the plan trustee(s) but is instead delegated to another voting fiduciary. (p. 1)</p>

<sup>6</sup> California Public Employees’ Retirement System (“CalPERS”), U.S. Corporate Governance—Core Principles & Guidelines (adopted April 13, 1998).

<sup>7</sup> Council of Institutional Investors (“CII”), Core Policies, Policies, Positions & Explanatory Notes (draft adopted March 31, 1998).

<sup>8</sup> Teachers Insurance and Annuity Association—College Retirement Equities Fund (“TIAA-CREF”), TIAA-CREF Policy Statement on Corporate Governance (October 1997).

<sup>9</sup> American Federation of Labor and Congress of Industrial Organizations (“AFL-CIO”), Investing in Our Future: AFL-CIO Proxy Voting Guidelines (1997).

General Motors Board Guidelines	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>1. The Mission of the Board of Directors<sup>10</sup></b>			
<p>The General Motors Board of Directors represents the owners' interest in perpetuating a successful business, including optimizing long term financial returns. The Board is responsible for determining that the Corporation is managed in such a way to ensure this result. This is an active, not a passive, responsibility. The Board has the responsibility to ensure that in good times, as well as difficult ones, Management is capably executing its responsibilities. The Board's responsibility is to regularly monitor the effectiveness of Management policies and decisions including the execution of its strategies.</p> <p>In addition to fulfilling its obligations for increased stockholder value, the Board has responsibility to GM's customers, employees, suppliers and to the communities where it operates — all of whom are essential to a successful business. All of these responsibilities, however, are founded upon the successful perpetuation of the business.</p>	<p>The board of directors of every corporation should explicitly assume responsibility for the stewardship of the corporation and, as part of the overall stewardship responsibility, should assume responsibility for the following matters:</p> <ol style="list-style-type: none"> <li>i. adoption of a corporate strategy;</li> <li>ii. succession planning, including appointing, training and monitoring senior management;</li> <li>iii. an investor relations program for the corporation;</li> <li>iv. the integrity of the corporation's internal control and management information system;</li> <li>v. setting of remuneration policy which incorporates appropriate performance hurdles. (p. 15)</li> </ol>	<p>The directors have to manage the company under value-oriented aspects (shareholder value). For DSW this means in detail:</p> <ol style="list-style-type: none"> <li>1. clear, transparent and comprehensive targets for all segments (e.g., CFROI, DCF, etc.);</li> <li>2. focusing on key activities;</li> <li>3. comprehensible strategic measures with respect to the side activities (such as joint ventures, shutdowns or selling of business lines);</li> <li>4. no cross-subsidizing (a non-profitable business activity should not be supported by a profitable one);</li> <li>5. profit-oriented shareholder politics: <ol style="list-style-type: none"> <li>a) payment of a profit-oriented dividend;</li> <li>b) pre-emptive rights for shareholders in case of an increase of capital;</li> <li>c) adequate performance of the share (in comparison to competitors or the index).</li> </ol> </li> </ol> <p>(Guideline A)</p> <p>(For a discussion of DSW's understanding of 'shareholder value', see DSW Newsletter, edition No. 1, January 1998, pp. 3-4.)</p>	<p>The Board of Directors is responsible and accountable for the performance of the company. The Board approves strategy, hires the Chief Executive and monitors and evaluates the performance of management. (p. 1)</p>

<sup>10</sup>. See also American Bar Association, Committee on Corporate Laws, Section of Business Law, *Corporate Director's Guidebook* 2d ed. at 5 (1994) ("ABA Guidebook") ("Stated broadly, the principal responsibility of a corporate director is to promote the best interests of the corporation and its shareholder's business and affairs.").

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<b>1. The Mission of the Board of Directors</b>			
Not covered.	Not covered directly, <u>but see</u> Position A2 (p. 6): Corporate governance structures and practices should protect and enhance accountability to, and equal financial treatment of, shareholders. An action should not be taken if its purpose is to reduce accountability to shareholders.	<p>[T]he 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. TIAA-CREF supports the primary authority of the board in such area as the selection of the chief executive officer, review of the corporation’s long-term strategy, and selection of nominees for election to the board. (p. 2)</p> <p>The board has a primary duty to exercise its fiduciary responsibility in the best interests of the corporation and its shareholders. (p. 11)</p> <p>TIAA-CREF believes building long-term shareholder value is consistent with directors giving careful consideration to social responsibility issues and the common good of the community. (p. 12)</p>	<p>Directors bear ultimate responsibility to shareholders for the success or failure of the company. Therefore, they should be held accountable for actions taken that may not be in shareholders’ best interests, such as awarding excessive compensation to executives or themselves; for acting against shareholders’ properly expressed wishes, such as failing to implement an appropriate proposal approved by a majority of shareholders; for demonstrating a “lack of duty of care” in approving corporate restructurings or downsizings that are not in the shareholders’ best interest; for adopting anti-takeover provisions not in the shareholders’ best interests; for refusing to provide information to which the shareholders are entitled; or for other actions taken by their company that may not be in the shareholders’ best interests. (pp. 4-5)</p> <p>[D]irectors . . . select, monitor and compensate management. (p. 5)</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>2. Board Membership Criteria<sup>11</sup></b>			
<p>The Committee on Director Affairs is responsible for reviewing with the Board, on an annual basis, the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. This assessment should include issues of judgment, diversity, age, skills such as understanding of manufacturing technologies, international background, etc. — all in the context of an assessment of the perceived needs of the Board at that point in time. (Guideline No. 1)</p>	<p>The duties should include any special skills or experience or other qualities expected to be contributed by the director and the time which the director should expect to devote to the company and, where necessary, should require the director to limit the number of the director's other directorships. The rights should include the right to obtain independent advice, resources and information at company expense, subject to the approval of the Chairperson. (Guideline 6, p. 20)</p> <p>The Board should annually review its required mix of skills, experience and other qualities. (Guideline 2, p. 16)</p> <p>The Board should also at least annually identify the mix of skills, experience and other qualities it requires to be represented on the Board for it to function competently and efficiently.</p> <p>The Board should ensure that its composition provides the mix of skills, experience and other qualities so identified.</p> <p><i>Note: It is, of course, possible for a board to access particular skills and experience either within the company or from external advisers. However, depending upon the nature and scope of the company's business(es) it is likely that there will be certain skills and experience which are so strategic and/or fundamental to the success of the company that they should exist at board level itself so that the Board is competent to fulfil its crucial strategic and monitoring functions. (Guideline 2, p. 17)</i></p>	<p>[The supervisory board should consist of] competent and reliable experts . . . [with] no cross—entanglement between management and supervisory board. (Guideline E, 2)</p> <p><u>See</u> DSW Newsletter, edition No. 1, January 1998, p. 3 (employees are among those on the supervisory board).</p>	<p>There should be an undertaking between the company and executive directors that they will not engage in, or have an interest in (except with the approval of the Board), any business similar to that carried on by any group company.</p> <p>Any service contracts entered into should be approved by the Remuneration Committee.</p> <p>Despite the provisions of the Companies Act 1990, the IAIM considers that service contracts should not run for a period of more than three years and there may be circumstances where a rolling contract should be limited to a period of no more than two years. (p. 5)</p>

<sup>11</sup>. See also National Association of Corporate Directors, Report of the NACD Blue Ribbon Commission on Performance Evaluation of Chief Executive Officers, Board and Directors (1994) (“1994 NACD Report”) at 7-8 (Directors “should be chosen on the basis of . . . talent, expertise, and accomplishment. Diversity of race, gender, age, and nationality . . . may also be taken into account. . . . Diversity should not, however, be confused with constituency representation. . . . Also, each director should be a shareholder of the corporation.”); ABA Guidebook at 15, 39 (“[T]he focus should be on the personal qualities and business experience of the individual directors, and the overall mix of experience, independence, and diversity of backgrounds likely to make the board of directors, as a body, most effective in monitoring the performance of the corporation. . . . The principal qualities . . . include strength of character, an inquiring and independent mind, practical wisdom and mature judgment.”).

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<b>2. Board Membership Criteria</b>			
<p>No director may also serve as a consultant or service provider to the company. Core Principle A5 (p. 8)</p> <p>With each director nomination recommendation, the board considers <i>the mix of director characteristics, experiences, diverse perspectives and skills</i> that is most appropriate for the company. Core Principle B2 (p. 9)</p> <p>In CalPERS' view, each director should add something unique and valuable to the board as a whole. Each director should fit within the skill sets identified by the board (see B.2, above). (p. 9)</p> <p>The board has adopted guidelines that address the <i>competing time commitments</i> that are faced when director candidates serve on multiple boards. These guidelines are published annually in the company's proxy statement. Core Principle C1 (p. 9)</p> <p>To be re-nominated, directors must satisfactorily perform based on the established criteria. Re-nomination on any other basis is neither expected nor guaranteed. Governance Guideline C2 (p. 11)</p> <p>The board should establish and make available to shareowners the skill sets which it seeks for director candidates. Minimally, these core competencies should address: accounting or finance, international markets, business or management experience, industry knowledge, customer-base experience or perspective, crisis response, or leadership or strategic planning. Governance Guideline C4 (p. 11)</p>	<p>Boards should review any director from whom at least ten percent of the votes cast are withheld. Policy D1 (p. 4)</p> <p><u>See also</u> Policy D5 (p. 4) (Companies should disclose individual director attendance figures for board and committee meetings. Disclosure should distinguish between in-person and telephonic attendance. Excused absences should not be categorized as attendance.)</p> <p>Absent compelling and stated reasons, directors who attend fewer than 75 percent of board and board-committee meetings for two years running should not be renominated. Position A7 (p. 6)</p> <p>Companies should set and publish guidelines specifying on how many other boards their directors can serve. Absent unusual, specified circumstances, directors with full-time jobs should not serve on more than two other boards. If the director is a currently serving CEO, he or she should only serve as a director of one other company, and do so only if the CEO's own company is in the top half of its peer group. Board service guidelines should also cover maximum directorships or other outside commitments for directors who do not held full-time jobs. Position B2 (p. 7)</p> <p>Directors have an affirmative obligation to stay up to date on developments in finance, accounting and corporate governance. Directors have an affirmative obligation to become and remain independently familiar with company operations - - directors should not rely exclusively on information provided to them by the CEO to do their jobs. Position C3 (p. 7)</p>	<p>The board should be composed of qualified individuals who reflect diversity of experience, gender, race and age. Each director should be able and prepared to devote sufficient time and effort to his or her duties as a director. (p. 3)</p>	<p>In determining its vote on an election of directors . . . the voting fiduciary must consider . . . :</p> <ul style="list-style-type: none"> <li>i.) The company's <i>financial performance</i> . . . .</li> <li>ii.) <i>Independence</i> . . . .</li> <li>iii.) The overall <i>conduct of the company</i> [including directors' demonstrated] "duty of care" . . . .</li> <li>iv.) <i>Attendance records</i> of incumbent directors . . . .</li> <li>v.) The ability of candidate(s) to devote <i>sufficient time and energy</i> to the oversight of the company . . . .</li> <li>vi.) The views of <i>employee and shareholder groups</i> . . . . (pp. 4-5)</li> </ul> <p>In general, support should be withheld from directors who have failed to attend at least 75% of board and committee meetings. (p. 5)</p> <p>[F]ailure to disclose [attendance] information may be considered in determining whether to withhold support for board nominees. (p. 5)</p> <p>In general, the trustees support holding individual nominees to high standards when they seek election; requiring annual elections of directors better advances shareholders' interests. (p. 5)</p> <p>The voting fiduciary should support proposals requesting . . . more women and minority group members for service on boards. A more diverse board of qualified directors benefits the company and shareholders. (p. 7)</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>3. Selecting, Inviting, and Orientating New Directors<sup>12</sup></b>			
<p>The Board itself should be responsible, in fact as well as procedure, for selecting its own members and in recommending them for election by the stockholders. The Board delegates the screening process involved to the Committee on Director Affairs with the direct input from the Chairman of the Board and the Chief Executive Officer. 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. (Guideline No. 2)</p> <p>The invitation to join the Board should be extended by the Board itself via the Chairman and Chief Executive Officer of the Company, together with the Chairman of the Committee on Director Affairs, or the Chairman of the Executive Committee. (Guideline No. 3)</p>	<p>Non-executive directors should undergo, as an integral element of the process for appointing new directors, a formal system approved by the Board of orientation and education in respect of the business(es) of the company and the workings of the Board and its committees. The system should be both documentary and practical and include meeting appropriate executives. (Guideline 6, p. 20)</p> <p>It is recommended that the terms of a non-executive director's appointment should be contained in a letter of appointment exchanged between the director/proposed director and the company and dealing with the matters outlined in these guidelines. (Guideline 6)</p> <p>The letter should cover, inter alia, the duties and rights of the director and the orientation system for directors:</p> <ul style="list-style-type: none"> <li>■ The duties should include any special skills or experience or other qualities expected to be contributed by the director and the time which the director should expect to devote to the company and, where necessary, should require the director to limit the number of the director's other directorships. The rights should include the right to obtain independent advice, resources and information at company expense, subject to the approval of the Chairperson.</li> </ul> <p>The letter should also record relevant policies of the company, such as board, director and CEO evaluation. (Guideline 6, p. 19-20)</p>	<p>Not covered.</p>	<p>In selecting non-executive directors for approval by shareholders, the Board as a whole (or a sub-committee of the Board) should be involved in the selection process. (p. 3)</p>

<sup>12</sup>. See also [1994 NACD Report](#) at 10 (“The Nominating Committee should evaluate the profile of the board and discuss it with the CEO and the rest of the board, forming a consensus on the number of additional directors to be added at the time and the ideal set of job skills. The Nominating Committee, with input from the entire board, should make a list of candidates. The CEO should have input into the process, as well. Once a list of candidates has been established, the members of the Nominating Committee, the Chairman and CEO should meet with each candidate to evaluate his or her suitability. The Nominating Committee can recommend a candidate to the board, or the board as a whole can select, based on the Nominating Committee’s advice.”); [ABA Guidebook](#) at 38 (“The Nominating Committee Chair should have prominent involvement in the recruiting process in order to reinforce the perception as well as the reality that the invitee’s selection is being made by the Committee and the board, and not by the CEO.”).

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<b>3. Selecting, Inviting, and Orienting New Directors</b>			
<p>Every director should be elected annually. Governance Guideline D6 (p. 12)</p> <p>Shareowners should have effective access to the director nomination process. Governance Guideline D10 (p. 12)</p> <p><u>See</u> Lead Independent Director Position Duty Statement, Appendix A, p. 14: [The Lead Independent Director will] interview, along with the chair of the [nominating committee], all Board candidates, and make recommendations to the [nominating committee] and the Board. . . .</p> <p><u>See</u> Independent Chair Position Duty Statement, Appendix C, p. 20: [The Independent Chair will] interview, along with the chair of the [nominating committee] all Board candidates, and make recommendations to the [nominating committee] and the Board. . . .</p>	<p>Directors should be elected annually be confidential ballots counted by independent tabulators. Confidentiality should be automatic and permanent. Rules and practices concerning the casting, counting and verifying of shareholder votes should be clearly disclosed. Core Policy No. 1 (p. 2)</p> <p>Shareholders should have meaningful opportunities to suggest or nominate director candidates. Position A4 (p. 6)</p> <p>Shareholders should have meaningful opportunities to suggest processes and criteria for director selection and evaluation. Position A5 (p. 6)</p> <p><u>See also</u> Topic Heading No. 2.</p>	<p>TIAA-CREF supports the primary authority of the board in such areas as . . . selection of nominees for election to the board. (p. 2)</p> <p>[O]rdinarily we would not support shareholder resolutions . . . requir[ing] that candidates for the board be nominated by shareholders . . . (p. 3)</p> <p>Each director should represent all shareholders; therefore, TIAA-CREF opposes the nomination of specific representational directors, and the practice of cumulative voting in the election of directors. (p. 3)</p>	<p><u>See</u> Topic Heading No. 2.</p>

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<b>4. Separation of Chairman and CEO<sup>13</sup></b>			
<p>The Board should be free to make this choice any way that seems best for the Company at a given point in time.</p> <p>Therefore, the Board does not have a policy, one way or the other, on whether or not the role of the Chief Executive 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. (Guideline No. 4)</p>	<p>It is recommended that the chairperson should be an independent director or, if the chairperson is not an independent director, that the independent directors should appoint one of their number to be lead director and to monitor and report to them on issues falling within the normal purview of a non-executive chairperson. (Guideline 3)</p> <p>The chairperson's role in leading the Board, including working with the chief executive officer to determine the Board agenda and fostering the contribution of other members of the Board to its deliberations, is another crucial issue of international best practice. A strong independent chairperson provides the appropriate counterbalance and check to the power of the CEO. (Guideline 3, p. 17)</p>	<p>Not covered directly, <u>but see</u> Guideline E, 2 (no cross-entanglement between management and supervisory board).</p> <p><u>See</u> DSW Newsletter, edition No. 1, January 1998, p. 3 (Germany has a two—tier board system).</p>	<p>A well-balanced Board is a necessary pre-condition for good long-term corporate governance. IAIM considers that:</p> <ul style="list-style-type: none"> <li>■ the roles of Chairman and Chief Executive should not be combined; (p. 2)</li> </ul>

<sup>13</sup>. See also ABA Guidebook, at 16-17 (suggesting ways to strengthen the role of independent directors, including having an “independent director serve as chair of the board, thus separating the roles of chair and CEO”).

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<b>4. Separation of Chairman and CEO</b>			
<p>When selecting a new chief executive officer, boards should reexamine the traditional combination of the “chief executive” and “chairman” positions. Governance Guideline A3 (p. 10)</p> <p><u>See</u> Independent Chair Position Duty Statement, Appendix C, p. 20.</p>	<p>Not covered directly, <u>but see</u> Topic Heading No. 5.</p>	<p>[O]rdinarily we would not support shareholder resolutions concerning separation of the positions of CEO and Chairman . . . . (p. 3)</p>	<p>In general, the voting fiduciary should support shareholder proposals seeking to require that different persons serve as the chairperson and the chief executive officer. The chairperson’s duty to oversee management is obviously compromised when self-monitoring is required. However, in certain circumstances, such as a small-cap company with a limited group of leaders, it may be appropriate for these positions to be combined for some period of time. (p. 5)</p>

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<b>5. Lead Director<sup>14</sup></b>			
<p>The members of the Executive Committee will be the chairmen of the other standing committees of the Board of Directors and the Chairman of the Executive Committee will be a director designated by the Board of Directors. The Chairman of the Executive Committee will be an independent director and will not concurrently be the chairman of any of the standing committees of the Board of Directors but will be an ex-officio member of each standing Committee of the Board. When the Chairman of the Board is an independent director, the Chairman of the Board will serve as the Chairman of the Executive Committee.</p> <p>The Chairman of the Executive Committee will be responsible for developing the agenda for and chairing the regular sessions of independent directors. In addition, he/she will communicate the Board's annual evaluation of the Chief Executive Officer to that individual; be responsible, together with the Committee on Director Affairs, for periodic review of the Board's governance procedures (guidelines); act as the Board's liaison with the Chief Executive Officer in the development of the agendas for Board meetings; and [perform] such other duties as provided in these guidelines and as the Board and the chief Executive Officer may feel desirable. (Guideline No. 5)</p>	<p>It is recommended that the chairperson should be an independent director or, if the chairperson is not an independent director, that the independent directors should appoint one of their number to be lead director and to monitor and report to them on issues falling within the normal purview of a non-executive chairperson. (Guideline 3)</p>	<p>Not covered.</p>	<p>Not covered.</p>

<sup>14</sup>. See also 1994 NACD Report at 4 (discussing board appointment of a lead director for the CEO evaluation process); ABA Guidebook at 17 (suggesting ways to strengthen the role of independent directors, including having “the independent directors designate one of the members to act as a lead director, if the CEO serves as chair”).

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<b>5. Lead Director</b>			
<p>When the chair of the board also serves as the company's chief executive officer, the board designates -- formally or informally -- an independent director who acts in a <i>lead capacity</i> to coordinate the other independent directors. Core Principle A3 (p. 8)</p> <p><u>See</u> Lead Independent Director Position Duty Statement, Appendix A, p. 14.</p>	<p>If the CEO is chairman, a contact director should be specified for directors wishing to discuss issues or add agenda items that are not appropriately or best forwarded to the chair/CEO. Position C5 (p. 7)</p>	<p>[I]n those companies that do not separate the positions of the Chairman and the CEO . . . , the board should consider the selection of one or more independent directors as lead directors. (p. 4)</p>	<p>Not covered.</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>6. Board Size<sup>15</sup></b>			
The Board in recent years has averaged fifteen members. It is the sense of the Board that this size is about right. However, the Board would be willing to go to a somewhat larger size in order to accommodate the availability of an outstanding candidate(s). (Guideline No. 6)	Not covered.	Not covered.	Not covered.

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<sup>15</sup>. See also 1994 NACD Report at 7 (“Ideally, a board should be small enough to permit thorough discussion of important issues, with enough ‘air time’ for each view presented, yet large enough to bring a sufficient variety of views and talents to the table.”); ABA Guidebook at 17-18 (“Each corporation should determine the best board size to accommodate key objectives, including sufficient independent directors to perform the functions normally assigned to the oversight committees and . . . effective functioning in terms of discussing and decision making. . . . Other factors that might influence board size are the special needs of certain types of corporations to maintain a strong community presence, to establish or maintain relationships with customers or other constituencies, and to respond to other factors that may be idiosyncratic to the corporation or industry in which it operates. In accommodating these other needs, the board size should not be expanded to such an extent as to interfere with its effective functioning.”).

CalPERS Core Principles & Guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>6. Board Size</b>			
The board should periodically review its own size, and determine the size that is most effective toward future operations. Governance Guideline B3 (p.11)	A board should neither be too small to maintain the needed expertise and independence, nor too large to be efficiently functional. Absent compelling, unusual circumstances, a board should have no fewer than 5 and no more than 15 members. Shareholders should be allowed to vote on any major change in board size. Position B1 (p. 6)	Not covered.	The voting fiduciary generally may support a management proposal to change the number of directors provided a satisfactory explanation justifying the change is given in the proxy statement. (p. 8)

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	I AIM Statement (Ireland)
<b>7. Mix of Inside and Outside Directors<sup>16</sup></b>			
<p>The Board believes that as a matter of policy, there should be a majority of independent Directors on the GM Board (as defined in By-law 2.12). The Board is willing to have members of Management, in addition to the Chief Executive Officer, as Directors. But, the Board believes that Management should encourage senior managers to understand that Board membership is not necessary or a prerequisite to any higher Management position in the Company. Managers other than the Chairman and Chief Executive Officer and the Vice Chairman currently attend Board meetings on a regular basis even though they are not members of the Board.</p> <p>On matters of corporate governance, the Board assumes decisions will be made by the independent Directors. (Guideline No. 7)</p>	<p>It is recommended that the board of directors of every listed company should be constituted with a majority of individuals who qualify as independent directors as defined in these guidelines. (Guideline 2)</p>	<p>[There should be] no cross—entanglement between management and supervisory board. (Guideline E, 2)</p>	<p>There should be a majority of independent non-executive directors on the Board. (p. 2)</p> <p>Independent non-executive directors add considerably to all aspects of a Board’s deliberations, e.g.,</p> <ul style="list-style-type: none"> <li>■ in presenting a detached, outside viewpoint when strategy is being debated;</li> <li>■ in setting or endorsing policies relating to all aspects of the business;</li> <li>■ in the appointment, remuneration and removal of the Chief Executive;</li> <li>■ in questioning the assumptions on which budgets and plans are based;</li> <li>■ in the choice of accounting policies and in the review and approval of all published financial statements;</li> <li>■ in monitoring the implementation of policy and achievements of results;</li> <li>■ when take-overs and mergers are being considered;</li> <li>■ in ensuring standards of probity in the company’s dealings with all its stakeholders. (p. 2)</li> </ul> <p>In the event of a Management Buy-Out, the Board should appoint a separate committee consisting wholly or mainly of non-executive directors with direct access to independent advisers.</p> <p>The independent advisers should have access to all information necessary to enable them to give a fully informed opinion on the merits of the offer. The committee should be responsible for a separate statement to shareholders, giving both its views and those of the independent advisers on the bid. (p. 6)</p>

<sup>16</sup>. See also ABA Guidebook at 16 (“To encourage an environment likely to nurture independence in fact and to communicate the appearance of independence, at least a majority of members of the boards of publicly held corporations should be independent of management.”).

CalPERS Core Principles & Guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>7. Mix of Inside and Outside Directors</b>			
<p>A <i>substantial majority</i> of the board consists of directors who are independent. Core Principle A1 (p. 7)</p>	<p>At least two-thirds of a corporation's directors should be independent. Core Policy No. 2 (p. 2).</p>	<p>The board should be composed of a substantial majority of independent directors. (p. 2)</p>	<p>In general, the voting fiduciary should support shareholder proposals seeking to require that a majority of directors be independent . . . . However, in the context of a change in control, the voting fiduciary should consider that inside directors may be more responsive to the interests of employees and the community in which they operate. (p. 5)</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>8. Definition of “Independence”<sup>17</sup></b>			
<p>GM’s By-law 2.12, defining independent Directors, was approved by the Board in January 1991. The Board believes there is no current relationship between any independent Director and GM that would be construed in any way to compromise any Board member being designated independent. Compliance with the By-law is reviewed annually by the Committee on Director Affairs. (Formerly Guideline No. 8)</p> <p>By-law 2.12 provides: (c) Definition of Independent Director. For purposes of this by-law, the term “Independent Director” shall mean a director who: (i) is not and has not been employed by the corporation or its subsidiaries in an executive capacity within the five years immediately prior to the annual meeting at which the nominees of the board of directors will be voted upon; (ii) is not (and is not affiliated with a company or a firm that is) a significant advisor or consultant to the corporation or its subsidiaries; (iii) is not affiliated with a significant customer or supplier of the corporation or its subsidiaries; (iv) does not have significant personal services contract(s) with the corporation or its subsidiaries; (v) is not affiliated with a tax-exempt entity that received significant contributions from the corporation or its subsidiaries; and (vi) is not a spouse, parent, sibling or child of any person described by (i) through (v).</p>	<p>The application of the definition of “independent director” to the circumstances of each director should be the responsibility of the Board which should disclose in each annual report, first, which directors qualify as independent directors and which do not and, second, the principles supporting each conclusion.</p> <p>An independent director is a director who is not a member of management (a non-executive director) and who:</p> <ul style="list-style-type: none"> <li>■ is not a substantial shareholder of the company or an officer of or otherwise associated directly or indirectly with a substantial shareholder of the company;</li> <li>■ has not been employed within the last three years in any executive capacity by the company or any other group member;</li> <li>■ is not retained as a professional adviser to the company or any other group member or a principal of a firm or company so retained;</li> <li>■ is not a significant supplier or customer of the company or any other group member or an officer of or otherwise associated directly or indirectly with a significant supplier or customer;</li> <li>■ has no significant contractual relationship with the company or any other group member other than as a director of the company; and</li> <li>■ is otherwise free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director’s ability to act with a view to the best interests of the company.</li> </ul> <p>(Guideline 2, p. 16-17)</p>	<p>Not covered directly, <u>but see</u> Guideline E, 1 (there should not be any entanglement between the company’s interests and private interests of the management) and Guideline E, 2: [There should be] no cross-entanglement between management and supervisory board.</p>	<p>Independence is more likely to be assured when the director does not have an actual or potential conflict of interest, e.g.,</p> <ul style="list-style-type: none"> <li>■ is not retained as a professional adviser by the company;</li> <li>■ is not a significant supplier or customer to the company;</li> <li>■ has not been employed in any executive capacity by the company in the recent past;</li> <li>■ does not participate in any share option scheme within the company. (p. 2)</li> </ul>

<sup>17</sup>. See also 1994 NACD Report at 34 (“A director will be considered independent if he or she: (1) has never been an employee of the corporation or any of its subsidiaries; (2) is not a relative of any employee of the company; (3) provides no services to the company; (4) is not employed by any firm providing major services to the company; or (5) receives no compensation from the company, other than director fees.”); ABA Guidebook at 16 (“As a general rule a director will be viewed as independent only if he or she is a non-management director free of any material business or professional relationship with the corporation or its management.”).

CalPERS Core Principles & Guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>8. Definition of “Independence”</b>			
<p>Corporate directors, managers and shareowners should come together to agree upon a uniform definition of “independence.” Until this uniformity is achieved, each corporation should publish in their proxy statement the definition adopted or relied upon by its board. Governance Guideline A1 (p. 10)</p> <p><u>See</u> Appendix B-1, p. 15:  “Independent director” means a director who:</p> <ul style="list-style-type: none"> <li>■ has not been employed by the Company in an executive capacity within the last five years;</li> <li>■ is not, and is not affiliated with . . . an adviser, or consultant to the Company or a member of the Company’s senior management;</li> <li>■ is not affiliated with a significant customer or supplier of the Company;</li> <li>■ has no personal services contract(s) with the Company, or a member of the Company’s senior management;</li> <li>■ is not affiliated with a not-for-profit entity that receives significant contributions from the Company;</li> <li>■ within the last five years, has not had any business relationship with the Company (other than service as a director) for which the company has been required to make disclosure under Regulation S-K . . . ,</li> <li>■ is not employed by a public company at which an executive officer of the Company serves as a director;</li> <li>■ has not had any of the relationships described above with any affiliate of the Company; and</li> <li>■ is not a member of the immediate family of any person described above.</li> </ul>	<p>A director is deemed independent if his or her only non-trivial professional, familial or financial connection to the corporation or its CEO is his or her directorship. Core Policy No. 2 (p. 2)</p> <p><u>See</u> Explanatory Notes to Core Policies:  A director will not generally be considered independent if he or she: (a) has been employed by the corporation or an affiliate in an executive capacity; (b) is, or in the past two years has been, an employee or owner of a firm that is one of the corporation’s or its affiliate’s or the CEO’s paid advisers or consultants; (c) is employed by a significant customer or supplier; (d) has, or in the past two years has had, a personal services contract with the CEO, the corporation or one of its affiliates; (e) is employed by a foundation or university that receives significant grants or endowments from the corporation or one of its affiliates; (f) is a relative of an executive of the corporation or one of its affiliates; and (g) is part of an interlocking directorate in which the CEO or other executive officer of the corporation serves on the board of another corporation that employs the director. (h) A payment to a non-profit corporation, foundation, or other organization for which a director serves as an employee, officer or director is significant if the \$100,000 or one percent of annual donations received, whichever is less, or if the director is the direct beneficiary of any donation to such an organization.</p> <p><u>See also</u> Core Policy No. 3 (p. 2) (A corporation should disclose information necessary for shareholders to determine whether each director qualifies as independent. . . ).</p>	<p>[I]ndependence 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. To us, 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 service is performed individually or as a representative of an organization that is a professional adviser, consultant, or legal counsel to the company. However, we might consider a director independent if the person was involved in commercial transactions that were carried out at arm’s 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. 2)</p>	<p><i>Independence</i> is defined as having only one non-trivial connection to the corporation: that of his or her directorship. A director generally will not be considered independent if currently or previously employed by the company or an affiliate in an executive capacity; if employed by a firm that is one of the company’s paid advisors or consultants; if employed by a significant customer or supplier; if employed by a foundation or university that receives grants or endowments from the company; if the person has any personal services contract with the company; if related to an executive or director of the company; or if an officer of a firm on which the company’s chairman or chief executive officer also is a board member. (p. 4)</p> <p>The voting fiduciary also generally should support proposals that require the company to adopt a definition of independence such that an independent director’s only non-trivial relationship to the company is that of directorship . . . [and] should support proposals calling for the expanded disclosure of potential conflicts involving directors. (p. 5)</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>9. Changes in Job Responsibility<sup>18</sup></b>			
<p>It is assumed that when the Chief Executive Officer resigns from that position, he/she should submit his/her resignation from the Board at the same time. Whether the individual continues to serve on the Board is a matter for discussion at that time with the new Chief Executive Officer and the Board. A former Chief Executive Officer serving on the Board will not be considered an independent Director for purposes of voting on matters of corporate governance. (Guideline No. 9)</p> <p>It is the sense of the Board that individual Directors who change the responsibility they held when they were elected to the Board should submit a letter of resignation to the Board.</p> <p>It is not the sense of the Board that in every instance the Directors who retire or change from the position they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board, via the Committee on Director Affairs, to review the continued appropriateness of Board membership under these circumstances. 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. (Guideline No. 10)</p>	Not covered.	Not covered.	Not covered.

<sup>18</sup>. See also [ABA Guidebook](#) at 39 (“Some companies expect a director to offer to resign if the director’s principal occupation changes.”).

CalPERS Core Principles & Guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>9. Changes in Job Responsibility</b>			
Not covered.	Not covered.	Not covered.	Not covered.

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>10. Term Limits / Mandatory Retirement<sup>19</sup></b>			
<p>The Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into the company and its operations and, therefore, provide an increasing contribution to the Board as a whole.</p> <p>As an alternative to term limits, the Committee on Director Affairs, in consultation with the Chief Executive Officer, will formally review each Director's continuation on the Board every five years. This will also allow each Director the opportunity to conveniently confirm his/her desire to continue as a member of the Board. (Guideline No. 11)</p> <p>It is the sense of the Board that the current retirement age of 70 is appropriate. (Guideline No. 12)</p>	Not covered.	Not covered.	[A]ll directors should retire in rotation at least every three years, and offer themselves for re-election if they so chose. (p. 3)

<sup>19</sup>. See also [ABA Guidebook](#) at 39 (“Some publicly held corporations impose term limits on directors and many have a mandatory retirement age.”).

CalPERS Core Principles & Guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>10. Term Limits / Mandatory Retirement</b>			
<p>With each director nomination recommendation, the board should consider the issue of continuing director tenure and take steps as may be appropriate to ensure that the board maintains an openness to new ideas and a willingness to critically re-examine the status quo. Governance Guideline A2 (p. 10)</p>	<p>Not covered.</p>	<p>The board should establish a fixed retirement policy for directors. (p. 3)</p>	<p>The voting fiduciary may vote against proposals to limit terms of directors because they may result in prohibiting the service of directors who significantly contribute to the company's success and represent shareholders' interests effectively. In general, the trustees support holding individual nominees to high standards when they seek election: requiring annual elections of directors better advances shareholders' interests. (p. 5)</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>11. Board Compensation Review<sup>20</sup></b>			
<p>It is appropriate for the staff of the Company to report once a year to the Committee on Director Affairs the status of GM Board compensation in relation to other large U.S. companies. As part of a Director's total compensation and to create a direct linkage with corporate performance, the Board believes that a meaningful portion of a Director's compensation should be provided in common stock units.</p> <p>Changes in Board compensation, if any, should come at the suggestion of the Committee on Director Affairs, but with full discussion and concurrence by the Board. (Guideline No. 13)</p>	<p>It is recommended that the Board should establish a policy to encourage non-executive directors to own shares of the company. (Guideline 8)</p> <p>It is recommended that the Board should annually review, and disclose in the annual report, its policies for remuneration, including incentives, of the Board and senior executives. The justification for these policies and their relationship to the performance of the company should be similarly reviewed and disclosed. (Guideline 10)</p>	<p>Not covered.</p>	<p>The value of non-executive directors is the independence and experience that they contribute to the deliberations of the Board. Their responsibility in law is indistinguishable from the executive director. They should receive appropriate remuneration to reflect their responsibilities and their contribution. (p. 3)</p>

<sup>20</sup>. See also 1994 NACD Report at 20 (“Each board must decide what plan best serves the needs of the company, its shareholders, and its directors. For companies that wish to increase stock ownership by directors, there is a range of possibilities, from restricted stock grants with prohibitions on resale, to stock options, to voluntary guidelines for stock purchases. Every board should develop clear and comprehensive criteria for director pay, making occasional exceptions when unforeseen events make this necessary. Also, each board must decide the most appropriate mechanics for disclosing its process for setting director compensation. Director pay should be set annually, but evaluated on an ongoing basis.”); ABA Guidebook at 18-19 (“Directors have an unavoidable conflict of interest in fixing their own compensation. That conflict is not reduced if the recommendation is made by management. When directors recognize they have the responsibility to determine their own compensation, they are more likely to make sure they have the data necessary to reach a fair conclusion. That includes data on comparable companies, together with analysis of any special factors that may relate to the particular corporation.”).

CalPERS Core Principles & Guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>11. Board Compensation Review</b>			
<p>Director compensation is a combination of cash and stock in the company. The stock component is a significant portion of the total compensation. Core Principle A6 (p. 8)</p> <p>No director may also serve as a consultant or service provider to the company. Core Principle A5 (p. 8)</p>	<p>Absent unusual and compelling circumstances, all directors should own company common stock, in addition to any options and unvested shares granted by the company. Policy E2 (p. 5)</p> <p>Directors should be compensated only in cash or stock, with the majority of the compensation in stock. Policy E3 (p. 5)</p> <p>Absent special circumstances, companies should encourage directors to acquire and maintain a meaningful position in company common stock. Position A6 (p. 6)</p> <p>Equity-based pay for directors and managers should be indexed to peer or market groups, absent unusual and specified reasons for not doing so. Boards should consider options with forward contracts to align managers' interests with shareholders'. Position D1 (p. 7)</p>	<p>Not covered directly, but the Policy Statement notes that:</p> <ul style="list-style-type: none"> <li>■ All monetary arrangements with directors for services outside normal board activities should be approved by a committee of the board that is composed of independent directors and should be reported in the proxy statement. (p. 2)</li> </ul> <p>and that:</p> <ul style="list-style-type: none"> <li>■ The board should request an increase in the authorized 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 -- for example, an excessively generous stock option plan. (p. 6)</li> </ul>	<p>[Directors] should be held accountable for actions taken that may not be in shareholders' best interests, such as awarding [themselves] excessive compensation . . . . (p. 4)</p> <p>[R]easonable compensation should be awarded to [outside directors]. Shareholder evaluation of director compensation is especially important since directors are responsible for compensating themselves. . . . Thus, full disclosure in the proxy statement of the philosophy and process used in establishing director compensation and the total value of the compensation is critically important to shareholders. (p. 6)</p> <p>The trustees support compensating directors in a fashion that rewards excellent service, not marginal performance, and enhances directors' links to shareholders. Further, director compensation should be accomplished in a manner that does not compromise the independence of directors. (pp. 6-7)</p> <p>[P]ayment of directors [should be] solely in the form of equity and cash . . . . [P]ension and benefit programs [should be eliminated]. (p. 7)</p> <p>[P]roposals providing for a significant component of directors' total compensation to be in the form of stock [deserve support]. . . . [S]ignificant stock holdings by directors [are to be encouraged]. . . . Stock grants should be structured to avoid short-term holdings by directors. (p. 7)</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>12. Executive Sessions of Outside Directors<sup>21</sup></b>			
The independent Directors of the Board will meet in Executive Session two or three times each year. Executive Sessions will be chaired by the Chairman of the Executive Committee. The format of these meetings will include a discussion with the Chief Executive Officer on each occasion. <sup>22</sup> (Guideline No. 14)	It is recommended that the non-executive directors should meet on their own at least once annually to review the performance of the Board, the company and management and to discuss any other items raised by any of them. Other directors and/or management may be invited to attend part of the meeting but the business of the meeting should be decided in the absence of such persons. (Guideline 7)	Not covered.	Not covered.

<sup>21</sup>. See also [1994 NACD Report](#) at 4 (noting that the CEO should respect the outside directors' need to meet independently); [ABA Guidebook](#) at 17 (suggesting ways to strengthen the role of independent directors, including having "the independent directors meet periodically as a body to review the performance of management and of the members of the board").

<sup>22</sup>. The second sentence reflects a June 1997 revision to the August 1995 Revision of the General Motors Guidelines.

CalPERS Core Principles & guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>12. Executive Sessions of Outside Directors</b>			
<p>Independent directors meet periodically (at least once a year) alone, without the CEO or other non-independent directors. Core Principle A2 (p. 7)</p> <p><u>See</u> Lead Independent Director Position Duty Statement, Appendix A, p. 14: [The Lead Independent Director will] develop the agenda for and moderate executive sessions of the Board's independent directors [and] act as the principal liaison between independent directors and the Chair on sensitive issues. . . .</p> <p><u>See</u> Independent Chair Position Duty Statement, Appendix C, p. 20: [The Independent Chair will] develop the agenda for and moderate executive sessions of the Board's independent directors [and] act as the principal liaison between independent directors and the CEO on sensitive issues. . . .</p>	<p>The board should hold regularly scheduled executive sessions at which only directors (and no staff) are present in person. Independent directors should also hold regularly scheduled in-person executive sessions. Position C4 (p.7)</p>	<p>The board should hold periodic executive sessions. (p. 4)</p>	<p>Not covered.</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>13. Evaluating Board Performance<sup>23</sup></b>			
<p>The Committee on Director Affairs is responsible to report annually to the Board an assessment of the Board's performance. This will be discussed with the full Board. This should be done following the end of each fiscal year and at the same time as the report on Board membership criteria.</p> <p>This assessment should be of the Board's contribution as a whole and specifically review areas in which the Board and/or the Management believes a better contribution could be made. Its purpose is to increase the effectiveness of the Board, not to target individual Board members. (Guideline No. 15)</p>	<p>It is recommended that the non-executive directors should meet on their own at least once annually to review the performance of the Board, the company and management and to discuss any other items raised by any of them. Other directors and/or management may be invited to attend part of the meeting but the business of the meeting should be decided in the absence of such persons. (Guideline 7)</p> <p>It is recommended that the Board should at least annually review the allocation of the work of the company between the Board and management. (Guideline 9)</p>	Not covered.	Not covered.

<sup>23</sup>. See also 1994 NACD Report at 13-14 (“Directors should evaluate board performance as a whole. Each board should consider developing goals for the board as a whole and for each of its committees. . . . The board can then measure board, chairmen, and committee performance against these goals, position descriptions, and responsibilities, making any appropriate recommendations for improvement. . . . The board should evaluate not just its process for nominating director candidates, but also its process for educating and renominating new directors. It should evaluate the evaluation process itself. The focus of the evaluation should also include some evaluation of individual director performance.”); ABA Guidebook at 5 (The board has the responsibility to “evaluate the overall effectiveness of the board.”).

CalPERS Core Principles & Guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>13. Evaluating Board Performance</b>			
<p>The board has adopted a written statement of its own governance principles, and regularly re-evaluates them. Core Principle B1 (p. 9)</p> <p>The board establishes performance criteria for itself, and periodically reviews board performance against those criteria. Core Principle B3 (p. 9)</p> <p>Each board should establish performance criteria, not only for itself (acting as a collective body) but also individual behavioral expectations for its directors. Minimally, these criteria address the level of director: attendance, preparedness, participation, and candor. Governance Guideline C1 (p. 11)</p> <p>To be re-nominated, directors must satisfactorily perform based on the established criteria. Re-nomination on any other basis should neither be expected nor guaranteed. Governance Guideline C2 (p. 11)</p>	<p>Boards should evaluate themselves and their individual members on a regular basis. Board evaluation should include an assessment of whether the board has the necessary diversity of skills, backgrounds, experiences, ages, race and gender valuable to the company's on-going needs. Individual director evaluations should include high standards for in-person attendance at board and committee meetings and disclosure of all absences or conference call substitutions. Position A8 (p. 6)</p> <p>Shareholders should have meaningful opportunity to suggest processes and criteria for director selection and evaluation. Position A5 (p. 6)</p>	<p>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. (p. 4)</p>	<p>Not covered.</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>14. Board Interaction with Institutional Investors, Press, Customers, etc.</b> <sup>24</sup>			
<p>The Board believes that the 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. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman. (Guideline No. 16)</p>	<p>Not covered.</p>	<p>Corporate Communications [include] clear, true and current information to the capital market and the shareholders (investor relations). (Guideline B, 1)</p> <p><u>See</u> DSW Newsletter, edition No. 1, January 1998, p. 4: Shareholder value means communication to the outside. . . . In detail this means</p> <ul style="list-style-type: none"> <li>— the documentation of the company’s strategy and its targets,</li> <li>— quarterly reporting,</li> <li>— active investor relations’ politics and</li> <li>— transparency in reporting.</li> </ul>	<p>Not covered.</p>

<sup>24</sup>. See also American Society of Corporate Secretaries, Suggested Guidelines for Public Disclosure and Dealing with the Investment Community (1997) at 4-9 (“Corporate Secretaries Guidelines”) (Suggested guidelines include instituting an “open-door” policy in relating to the investment community, avoiding selective disclosure and curing any such occurrences with press releases, distinguishing between voluntary and required disclosure of forward-looking information in management’s discussion and analysis, adopting a prudent approach to commenting on analysts’ reports, and advice on how to avail oneself of the benefits of the “bespeaks caution” and “safe harbor” protections regarding liability for omissions or misrepresentations.); ABA Guidebook at 14, 17 (“[A]n individual director is not usually authorized to be a spokesperson for the corporation and, particularly when market-sensitive information is involved, should avoid responding to such inquiries. A director normally should refer investors, market professionals, and the media to the CEO or other individual designated by the corporation.” The Guidebook suggests that the role of independent directors can be strengthened by having “independent directors available to meet with substantial shareholders, particularly when those shareholders are not satisfied with responses they have received from management.”).

CalPERS Core Principles & Guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>14. Board Interaction with Institutional Investors, Press, Customers, etc.</b>			
<p><u>See</u> Topic Headings G-I.</p>	<p>Directors should respond to appropriate communications from shareholders, and should seek shareholder views on important governance, management and performance matters. Policy D4 (p. 4)</p> <p>Shareholders should have meaningful ability to participate in the major fundamental decisions that affect corporate viability. Position A3 (p. 6)</p>	<p>TIAA-CREF supports 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. (p. 6)</p> <p>[T]he board should . . . [p]rovide an explicit mechanism for major shareholders to communicate directly with the board (e.g., designating a non-executive chairman, a lead director, or a committee of independent directors). (p. 11)</p>	<p>[Directors] should be held accountable for actions taken that may not be in shareholders' best interests, such as . . . acting against shareholders' properly expressed wishes, [e.g.,] failing to implement an appropriate proposal approved by a majority of shareholders [or] refusing to provide information to which the shareholders are entitled . . . . (pp. 4-5)</p> <p>Issues that may have a significant impact on a company . . . often are not addressed in a company's proxy. Where such an issue is identified . . . , the voting fiduciary may consider alternative action [including] meeting with management or seeking special committees or reports of the board to study the issue. (p. 11)</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>15. Attendance of Non-Directors at Board Meetings / Board Access to Senior Management<sup>25</sup></b>			
<p>The Board welcomes the regular attendance at each Board meeting of non-Board members who are members of the President’s Council.</p> <p>Should the Chief Executive Officer want to add additional people as attendees on a regular basis, it is expected that this suggestion would be made to the Board for its concurrence. (Guideline No. 17)</p> <p>Board members have complete access to GM’s Management.</p> <p>It is assumed that Board members will use judgment to be sure that this contact is not distracting to the business operation of the Company and that such contact, if in writing, be copied to the Chief Executive and the Chairman of the Executive Committee.</p> <p>Furthermore, the Board encourages the Management to, from time to time, bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) represent managers with future potential that the senior management believes should be given exposure to the Board. (Guideline No. 18)</p>	<p>One or more non-executive directors should be entitled, with the approval of the chairperson (or, if the chairperson is not an independent director, the lead director), to obtain such resources and information from the company, including direct access to employees of and advisers to the company, as they may require. (Guideline 6, p. 20)</p>	<p>Not covered.</p>	<p>Not covered.</p>

<sup>25</sup>. See also ABA Guidebook at 41 & 21 (“[S]ome argue that attendance at board meetings of senior [management] officers in a non-director, nonvoting capacity is sufficient to ensure that directors have ready access to all necessary information regarding the business and operations of the corporation, without compromising the independence of judgment that an effective director must enjoy. . . . The law recognizes certain prerogatives as necessary to performance of a director’s duties. Among the most important [is] the right to communicate with key executives, subject to reasonable time constraints. . . .”)

CalPERS Core Principles & Guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>15. Attendance of Non-Directors at Board Meetings / Board Access to Senior Management</b>			
<p>All directors should have access to senior management. However, the CEO, chair, or independent lead director may be designated as liaison between management and directors to ensure that the role between board oversight and management operations is respected. Governance Guideline B2 (p.11)</p> <p><u>See also</u> Lead Independent Director Position Duty Statement, Appendix A, p. 14, and Independent Chair Position Duty Statement, Appendix C, p. 20.</p>	<p>[D]irectors should be allowed reasonable access to management to discuss board issues. Position C1 (p. 7)</p>	<p>Not covered.</p>	<p>Not covered.</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>16. Board Agenda<sup>26</sup></b>			
The Chairman of the Board/Chief Executive Officer will establish the agenda for each Board meeting. The Chairman of the Executive Committee will serve as a resource for the Chief Executive Officer. Each Board member is free to suggest the inclusion of item(s) on the agenda. (Guideline No. 19)	Not covered.	Not covered.	Not covered.

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<sup>26</sup>. See also ABA Guidebook at 10, 20 (“While agendas for both board and committee meetings are generally initiated by management, a director is entitled to place matters the director reasonably considers to be important on the agenda. . . . Further, the board should satisfy itself that there is an overall annual agenda of matters that require recurring and focused attention, such as achievement of principal operational or financial objectives and review of the performance of the CEO and other members of executive management.”).

CalPERS Core Principles & Guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>16. Board Agenda</b>			
<p><u>See</u> Lead Independent Director Position Duty Statement, Appendix A, p. 14: [The Lead Independent Director will] provide the Chair with input as to the preparation of the agendas for the Board . . . meetings. . . .</p> <p><u>See</u> Independent Chair Position Duty Statement, Appendix C, p. 20: [The Independent Chair will] prepare, in consultation with the CEO and other directors and Committee chairs, the agendas for the Board . . . meetings. . . .</p>	Directors should be allowed to place items on board agendas. Position C2 (p. 7)	Not covered.	Not covered.

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>17. Board Materials and Presentations<sup>27</sup></b>			
<p>It is the sense of the Board that information and understanding of the business be distributed in writing to the Board before the Board meets. The Management will make every attempt to see that this material is as brief as possible while still providing the desired information. (Guideline No. 20)</p> <p>As a general rule, presentations on specific subjects should be sent to the Board members in advance so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the material. On those occasions in which the subject matter is too sensitive to put on paper, the presentation will be discussed at the meeting. (Guideline No. 21)</p>	Not covered.	Not covered.	Not covered.

<sup>27</sup>. See also ABA Guidebook at 10 & 20 (“When specific actions are contemplated, directors should receive appropriate information sufficiently in advance of the board or committee meeting to allow study of and reflection on the issues raised. Important time-sensitive materials that become available between meetings should be distributed to board members . . . . A balance should be sought between management presentations and discussion among directors and management” at board and committee meetings.).

CalPERS Core Principles & Guidelines (U.S.A.)	CII Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines) (U.S.A.)
<b>17. Board Materials and Presentations</b>			
<p>Not covered directly, but the Lead Independent Director Position Duty Statement states that: although Company management is responsible for the preparation of materials for the Board, the Lead Independent Director may specifically request the inclusion of certain material. Appendix A, p. 14.</p> <p>The Independent Chair Position Duty Statement similarly states that: although Company management is responsible for the preparation of materials for the Board, the Independent Chair may specifically request the inclusion of certain material. Appendix C, p. 20.</p>	<p>Directors should be provided meaningful information in a timely manner prior to board meetings. . . . Position C1 (p. 7)</p> <p><u>See also</u> Position C3 (p. 7) (Directors have an affirmative obligation to become and remain independently familiar with company operations - - directors should not rely exclusively on information provided to them by the CEO to do their jobs.)</p>	<p>Not covered.</p>	<p>Not covered.</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>18. Number, Structure and Independence of Committees<sup>28</sup></b>			
<p>The current Committee structure of the Company seems appropriate. There will, from time to time, be occasions in which the Board may want to form a new Committee or disband a current Committee depending upon the circumstances. The current seven Committees are Audit, Capital Stock, Director Affairs, Executive, Executive Compensation, Investment Funds and Public Policy. Except for the Investment Funds Committee, committee membership will consist only of independent Directors as defined in By-law 2.12. (Guideline No. 22)</p>	<p>It is recommended that committees of the Board of Directors should:</p> <ol style="list-style-type: none"> <li>generally be constituted with a majority who are non-executive directors;</li> <li>be entitled to obtain independent professional or other advice at the cost of the company; and</li> <li>be entitled to obtain such resources and information from the company, including direct access to employees of and advisers to the company, as they may require. (Guideline 4)</li> </ol> <p>The composition and resourcing of board committees is fundamental to their effectiveness and ensures that they operate on behalf of, and not to bypass, the full board. (Guideline 4, p. 18)</p> <p>It is recommended that the Board should appoint an audit committee, a nomination committee and a remuneration committee constituted as defined in these guidelines. (Guideline 5)</p> <p>The Audit Committee, the Remuneration Committee, and the Nomination Committee:</p> <ul style="list-style-type: none"> <li>■ should be chaired by an independent director and be composed entirely of non-executive directors; and</li> <li>■ should be composed of directors with mix of skills, experience and other qualities appropriate for its role. (Continued on next page)</li> </ul>	<p>[Duties of the supervisory board include] establishment of committees (such as audit, remuneration committee, etc.) (Guideline E, 2)</p> <p>The independence of the auditor should be strengthened. Any entanglement of consulting business on the one side and the auditing on the other side should be avoided. (Guideline E, 3)</p> <p>See DSW Newsletter, edition No. 1, January 1998, pp. 3-4 (a value-oriented controlling system . . . should imply the operation of internal control instruments such as CFROI, EVA, DCF, etc.).</p>	<p>The Audit Committee facilitates the Board in carrying out its responsibilities primarily through:</p> <ul style="list-style-type: none"> <li>■ reviewing the accounting policies, financial statements and the financial reporting process;</li> <li>■ communicating with the external auditor throughout the audit process;</li> <li>■ reviewing the appointment of external auditors;</li> <li>■ reviewing the findings of the external auditors;</li> <li>■ reviewing the internal controls structure and the internal audit function;</li> <li>■ reviewing legal and other statutory obligations of the Company;</li> <li>■ reviewing and monitoring exposures of all types, e.g., financial exposures and computer systems security;</li> <li>■ reviewing, where appropriate, compliance with the corporate code of conduct;</li> <li>■ reporting back to the Board. (p. 3, 4)</li> </ul> <p>An effective audit committee must have the full support of the Board and must be independent of management. . . .</p> <ul style="list-style-type: none"> <li>■ [C]ompanies should establish an audit committee comprised solely of non-executive directors;</li> <li>■ [M]embership of the committee should be disclosed in the company's Annual Report. (p. 4)</li> </ul> <p style="text-align: right;">(Continued on next page)</p>

<sup>28</sup>. See also ABA Guidebook at 24 (“Diversity in board structure and size does not allow uniform mandates for a particular committee organization.” Note that the Guidebook specifically discusses the Nominating, Audit and Compensation Committees (at 27-42). It also mentions the executive, finance and strategic planning committees, stating that each corporation needs to tailor the functions of these committees to its own needs (at 26).)

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>18. Number, Structure and Independence of Committees</b>			
	<p><i>(Continued from preceding page)</i></p> <p><u>See</u> Guideline 5 commentary, p. 18-19, for greater detail. (Guideline 5, p. 18)</p>		<p><i>(Continued from preceding page)</i></p> <p>[C]ompanies should establish a remuneration committee which should be comprised of non-executive directors and, where appropriate, the Chief Executive.</p> <p>The remuneration committee should</p> <ul style="list-style-type: none"> <li>■ determine the salaries and emoluments of executive directors, including participation in share option and profit sharing schemes and other incentivisation schemes;</li> <li>■ approve the service contracts of executive directors. (p. 4-5)</li> </ul> <p>In the event of a Management Buy-Out, the Board should appoint a separate committee consisting wholly or mainly of non-executive directors with direct access to independent advisers. (p. 6)</p>

CalPERS Core Principles & Guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>18. Number, Structure and Independence of Committees</b>			
<p>Certain board committees consist entirely of independent directors. These include the committees who [sic] perform the following functions:</p> <ul style="list-style-type: none"> <li>Audit</li> <li>Director Nomination</li> <li>Board Evaluation &amp; Governance</li> <li>CEO Evaluation and Management</li> <li>Compensation</li> <li>Compliance and Ethics</li> </ul> <p>Core Principle A4 (p. 8)</p>	<p>All members of a board's nomination, audit and compensation committees should be independent. Committees should have the opportunity to select their own chairs and service providers. Some regularly scheduled committee meetings should be held with only the committee members (and, if appropriate, the committee's independent consultants) present. The process by which committee members and chairs are selected should be disclosed to shareholders. Core Policy 4 (p. 2).</p>	<p>The board committee structure should include audit, compensation and nominating committees consisting entirely of independent directors. (p. 2)</p> <p>All monetary arrangements with directors for services outside normal board activities should be approved by a committee of the board that is composed of independent directors and should be reported in the proxy statement. (p. 2)</p> <p>[O]rdinarily [TIAA-CREF] would not support shareholder resolutions concerning . . . the formation of shareholder advisory committees. (p. 3)</p> <p>[T]he board should . . . [a]ppoint an audit committee composed exclusively of outside independent directors. The audit committee has the primary responsibility to select independent audit firms to conduct an annual audit of the company's books and records. (p. 11)</p> <p>Focus on good practice (e.g., a board compensation committee composed entirely of independent directors; and a clear and convincing statement by the compensation committee in the proxy statement of the principles followed in developing the company's compensation package) . . . . (p. 14)</p>	<p>The voting fiduciary should support proposals that all, or a majority of, directors on [the nominating, compensation and audit] committees be independent directors. . . . Such independence is necessary for the effective functioning of these committees. (p. 5)</p> <p>[Shareholder resolutions may be put forth for establishing] special committees of the board to address broad corporate policy and provide a forum for an ongoing dialogue on issues including but not limited to shareholder relations, the environment, occupational health and safety and executive compensation. In evaluating these proposals, the voting fiduciary must consider the fact that such committees are a potentially effective method of enhancing shareholder influence on company policy. (pp. 10-11)</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>19. Assignment and Rotation of Committee Members<sup>29</sup></b>			
<p>The Committee on Director Affairs is responsible, after consultation with the Chief Executive Officer and with consideration of the desires of individual Board members, for the assignment of Board members to various Committees.</p> <p>It is the sense of the Board that consideration should be given to rotating Committee members periodically at about a five year interval, but the Board does not feel that such a rotation should be mandated as a policy since there may be reasons at a given point in time to maintain an individual Director's Committee membership for a longer period. (Guideline No. 23)</p>	Not covered.	Not covered.	Not covered.

<sup>29</sup>. See also ABA Guidebook at 25, 27, 34, 38, 40 (“The composition of the committee should be appropriate to its purpose. This includes relevant experience and independence from management by all or at least a majority of the members of such key committee as audit, nominating, and compensation. . . . “The role of the Nominating Committee in some corporations has been broadened to include making recommendations to the board regarding the responsibilities, organization, and membership of board committees. . . . The Compensation Committee should be composed solely of non-management directors. The Audit Committee should be composed solely of independent directors. The Nominating Committee should be composed of directors who are not officers or employees of the corporation.”).

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<b>19. Assignment and Rotation of Committee Members</b>			
<p><u>See</u> Lead Independent Director Position Duty Statement, Appendix A, p. 14: [The Lead Independent Director will] recommend to the Chair the membership of the various Board Committees, as well as the selection of the Committee chairs. . . .</p> <p><u>See</u> Independent Chair Position Duty Statement, Appendix C, p. 20: [The Independent Chair will] recommend to the full Board the membership for the various Board Committees, as well as selection of the Committee chairs. . . . [The Independent Chair will] serve as an ex-officio member of each of the committees of the Board of which the Independent Chair is not a member. . . .</p>	<p><u>See</u> Topic Heading No. 18.</p>	<p>Not covered.</p>	<p>Not covered.</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>20. Committee Meeting Frequency, Length and Agenda<sup>30</sup></b>			
<p>The Committee Chairman, in consultation with Committee members, will determine the frequency and length of the meetings of the Committee. (Guideline No. 24)</p> <p>The Chairman of the Committee, in consultation with the appropriate members of Management and staff, will develop the Committee's agenda.</p> <p>Each Committee will issue a schedule of agenda subjects to be discussed for the ensuing year at the beginning of each year (to the degree these can be foreseen). This forward agenda will also be shared with the Board. (Guideline No. 25)</p>	Not covered.	Not covered.	Not covered.

<sup>30</sup>. See also ABA Guidebook at 20 & 25 (“Time at . . . committee meetings should be budgeted carefully. A balance should be sought between management presentations and discussion among directors and management. Written reports that can be given concisely and effectively in advance should be furnished. . . . The full board should satisfy itself that its committees are following an appropriate schedule of meetings and have agendas and procedures to enable them to fulfill their delegated functions. Furthermore, the full board should be kept informed of committee activities. This includes periodic reports at board meetings and circulation of committee minutes and reports of meetings to all directors.”).

CalPERS Core Principles & Guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>20. Committee Meeting Frequency, Length and Agenda</b>			
<p><u>See</u> Lead Independent Director Position Duty Statement, Appendix A, p. 14: [The Lead Independent Director will] advise the Chair as to an appropriate schedule of Board meetings, seeking to ensure that the independent directors can perform their duties responsibly while not interfering with the flow of Company operations. . . .</p> <p><u>See</u> Independent Chair Position Duty Statement, Appendix C, p. 20: [The Independent Chair will] schedule Board meetings in a manner that enables the Board and its Committees to perform their duties responsibly while not interfering with the flow of Company operations. . . .</p> <p><u>See</u> Lead Independent Director Position Duty Statement, Appendix A, p. 14: [The Lead Independent Director will] provide the chair with input as to the preparation of the agendas for the Board and Committee meetings. . . .</p> <p><u>See</u> Independent Chair Position Duty Statement, Appendix C, p. 20: [The Independent Chair will] prepare, in consultation with the CEO and other directors and Committee chairs, the agendas for the Board and Committee meetings. . . .</p>	<p><u>See</u> Topic Heading No. 18.</p>	<p>Not covered.</p>	<p>Not covered.</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>21. Formal Evaluation of the Chief Executive Officer<sup>31</sup></b>			
<p>The full Board (independent Directors) should make this evaluation annually, and it should be communicated to the Chief Executive Officer by the Chairman of the Executive Committee.</p> <p>The evaluation should be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives, development of Management, etc.</p> <p>The evaluation will be used by the Executive Compensation Committee in the course of its deliberations when considering the compensation of the Chief Executive Officer. (Guideline No. 26)</p>	Not covered.	Not covered.	Not covered.

<sup>31</sup>. See also 1994 NACD Report at 1, 3 (“Formal performance reviews of the CEO are necessary. The process can take many different forms, depending on the company. Every board should consider developing a job description for the CEO. The CEO and the board should agree to performance objectives, established in advance of each fiscal year. Such objectives might include quantitative performance factors and qualitative ones, such as integrity, vision and leadership.”); ABA Guidebook at 4 (The board has the responsibility to evaluate “the performance of senior management and to take appropriate action, including removal, when warranted. . . . Nominating Committee members should actively and directly review the performance of the CEO and members of senior management.”).

CalPERS Core Principles & Guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>21. Formal Evaluation of the Chief Executive Officer</b>			
<p>The independent directors establish performance criteria and compensation incentives for the CEO, and regularly reviews [sic] the CEO's performance against those criteria. The independent directors have access to advisers on this subject, who are independent of management. Minimally, the criteria ensure that the CEO's interests are aligned with the long-term interests of shareowners, that the CEO is evaluated against comparable peer groups, and that a significant portion of the CEO's total compensation is at risk. Core Principle B4 (p. 9)</p> <p><u>See</u> Lead Independent Director Position Duty Statement, Appendix A, p. 14: [The Lead Independent Director will] evaluate, along with members of the [compensation committee/full board], the CEO's performance [and] meet with the CEO to discuss the Board's evaluation. . . .</p> <p><u>See</u> Independent Chair Position Duty Statement, Appendix C, p. 20: [The Independent Chair will] evaluate, along with the members of the [compensation committee/ full board], the CEO's performance [and] meet with the CEO to discuss this evaluation. . . .</p>	<p>Not covered.</p>	<p>The evaluation of a corporation's chief executive officer is a critical board responsibility. A clear understanding between the board and the CEO regarding the corporation's expected performance and how that performance will be measured is very important. (p. 9)</p> <ul style="list-style-type: none"> <li>■ Compensation should include salary and performance components.</li> <li>■ 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. (pp. 7-8)</li> </ul>	<p>[D]irectors . . . select, monitor and compensate management. (p. 5)</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	I AIM Statement (Ireland)
<b>22. Succession Planning<sup>1</sup> / Management Development<sup>32</sup></b>			
<p>There should be an annual report by the Chief Executive Officer to the Board on succession planning.</p> <p>There should also be available, on a continuing basis, the Chief Executive Officer's recommendation as to a successor should he/she be unexpectedly disabled. (Guideline No. 27)</p> <p>There should be an annual report to the Board by the Chief Executive Officer on the Company's program for Management development.</p> <p>This report should be given to the Board at the same time as the succession planning report noted previously. (Guideline No. 28)</p>	Not covered.	Not covered.	Not covered.

<sup>32</sup>. See also ABA Guidebook at 41 (“[N]on-management directors may wish to utilize one or more board positions to evaluate the succession prospects of certain individuals and to ensure that they themselves develop a peer relationship and firsthand contact with senior executives who have detailed knowledge of the corporation’s business.”).

CalPERS Core Principles & Guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>22. Succession Planning / Management Development</b>			
The board should have in place an effective CEO succession plan, and receive periodic reports from management on the development of other members of senior management. Governance Guideline B1 (p. 11)	The board should approve and maintain a CEO succession plan. Position C6 (p. 7)	Not covered.	Not covered.

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	I AIM Statement (Ireland)
<b>A. Board Job Description<sup>33</sup></b>			
Not covered directly, but see Topic Heading #1.	Not covered.	<p>Supervisory board:</p> <ul style="list-style-type: none"> <li>— [C]ompetent and reliable experts as members of the supervisory board;</li> <li>— establishment of committees (such as audit, remuneration committee, etc.);</li> <li>— no cross—entanglement between management and supervisory board;</li> <li>— no mandates on the board of competing companies;</li> <li>— disclosure of any conflict of interest of members of the supervisory board. (Guideline E, 2)</li> </ul> <p><u>See</u> DSW Newsletter, edition No. 1, January 1998, p. 3 (Due to the German co-determination and the two—tier board system (with employees on the supervisory board), other groups’ interests besides those of the shareholders are already part of the German system of ‘sozialer Marktwirtschaft’ (social market economy)).</p>	<p>The responsibilities of directors are well established in company law. In essence, directors have a fiduciary responsibility to act in good faith and to exercise care and skill in the short and long term interests of the company as a whole. (p. 1)</p> <p>The Board must at all times be conscious that it is responsible to shareholders for the activities and performance of subsidiary companies. This involves, inter alia, that the appointment of directors to the boards of subsidiary companies is the sole prerogative of the parent company Board. (p. 7)</p>

<sup>33</sup>. See also ABA Guidebook at 4-5 (Under Model Act Section 8.01(b) “[a]ll corporate powers shall be exercised by or under authority of, and the business and affairs of the corporation managed under the direction of, its board of directors. . . . This language is used to emphasize the responsibility of directors, especially directors of publicly held corporations, to oversee the management of the corporation — not to manage, but to oversee.”).

CalPERS Core Principles & Guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>A. Board Job Description</b>			
Not covered.	<p>The [CII] believes that the meaningful oversight a board provides may owe most, on a routine basis, to the quality and commitment of the individuals on that board . . . . Preamble (p. 1)</p> <p>Directors have an affirmative obligation to stay up to date on developments in finance, accounting and corporate governance. Directors have an affirmative obligation to become and remain independently familiar with company operations - - directors should not rely exclusively on information provided to them by the CEO to do their jobs. Position C3 (p. 7)</p>	<p>TIAA-CREF supports the primary authority of the board in such areas as . . . review of the corporation’s long-term strategy . . . (p. 2)</p> <p>TIAA-CREF recognizes the responsibility of the board to organize its functions and conduct its business in the manner it deems most efficient, consistent with these or similar good guidelines. (p. 3)</p> <p>The evaluation of a corporation’s chief executive officer is a critical board responsibility. (p. 9)</p> <p>Every company needs a strategic plan to ensure future economic success. The strategic allocation of corporate resources to each of the company’s businesses is critical to its future success and to increased shareholder value needed for efficient capital formation. The board should discuss the strategic plan of each of the company’s businesses at least annually. (p. 10)</p> <p>[T]he board should [f]oster and encourage a corporate environment of strong internal controls, fiscal accountability, high ethical standards and compliance with applicable laws and regulations. (p. 11)</p>	<p>Directors bear ultimate responsibility to shareholders for the success or failure of the company. Therefore, they should be held accountable for actions taken that may not be in shareholders’ best interests, such as awarding excessive compensation to executives or themselves; for acting against shareholders’ properly expressed wishes, such as failing to implement an appropriate proposal approved by a majority of shareholders; for demonstrating a “lack of duty of care” in approving corporate restructurings or downsizings that are not in the shareholders’ best interest; for adopting anti-takeover provisions not in the shareholders’ best interests; for refusing to provide information to which the shareholders are entitled; or for other actions taken by their company that may not be in the shareholders’ best interests. (pp. 4-5)</p> <p>[D]irectors . . . select, monitor and compensate management. (p. 5)</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>B. Outside Advice</b> <sup>34</sup>			
Not covered.	One or more non-executive directors should be entitled, with the approval of the chairperson (or, if the chairperson is not an independent director, the lead director), to obtain independent professional or other advice at the cost of the company. (Guideline 6, p. 20)	The independence of the auditor should be strengthened. Any entanglement of consulting business on the one side and the auditing on the other side should be avoided. (Guideline E, 3)	In the event of a Management Buy-Out, the Board should appoint a separate committee consisting wholly or mainly of non-executive directors with direct access to independent advisers.  The independent advisers should have access to all information necessary to enable them to give a fully informed opinion on the merits of the offer. The committee should be responsible for a separate statement to shareholders, giving both its views and those of the independent advisers on the bid. (p. 6)

<sup>34</sup>. See also ABA Guidebook at 7 (“A director should be able to communicate directly with the corporation’s principal external and internal advisers, including its auditors, legal counsel, and, when such relationships exist, its investment banking and executive compensation advisers. Further, there may be occasions when an outside adviser should be specially retained to assist the board or a committee in connection with a particular matter.”).

CalPERS Core principles & Guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>B. Outside Advice</b>			
<p><u>See</u> Core Principle B4 (p. 9) (Topic Heading No. 21).</p> <p><u>See</u> Lead Independent Director Position Duty Statement, Appendix A, p. 14: [The Lead Independent Director will] recommend to the Chair the retention of consultants who report directly to the Board. . . .</p> <p><u>See</u> Independent Chair Position Duty Statement, Appendix C, p. 20: [The Independent Chair will] approve, in consultation with other directors, the retention of consultants who report directly to the board. . . .</p>	<p>[N]omination, audit and compensation committees . . . should have the opportunity to select their own . . . service providers. Core Policy 4 (p. 2)</p>	<p>Not covered.</p>	<p>Not covered.</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>C. Content and Character of Disclosure<sup>35</sup></b>			
Not covered.	<p>It is recommended that every listed company should prominently and clearly disclose in a separate section of its annual reports its approach to corporate governance, including the standards with which it complies. (Guideline 1)</p> <p>It is recommended that the quantum and components of the remuneration of each director and each of the 5 highest paid executives should clearly be disclosed in one section of the annual report. This should include the existence and length of any service contracts for the CEO. (Guideline 11)</p> <p>It is considered that full disclosure is appropriate with respect to share options and other forms of executive compensation. If options are used as a means of attracting an executive by means of an effective payment up front, then that fact should be communicated to shareholders. Directors should fully declare their entitlement, exercise of any option and their subsequent sale to the ASX. (p. 26)</p>	<p>1. [C]lear, true and current information to the capital market and the shareholders (investor relations);</p> <p>2. an informative annual report including:</p> <p style="padding-left: 40px;">— extensive segment reporting</p> <p style="padding-left: 40px;">— indication of all major changes in the financial statement/profit-and-loss account</p> <p style="padding-left: 40px;">— reporting about derivatives</p> <p style="padding-left: 40px;">— cash flow report</p> <p style="padding-left: 40px;">— quarterly reports</p> <p>(Guideline B)</p>	<p>The IAIM considers that the following information should be disclosed in the Annual Report:</p> <ul style="list-style-type: none"> <li>■ the composition of the Remuneration Committee;</li> <li>■ a summary of all types of share options, profit sharing and other incentive schemes;</li> <li>■ details of an <i>ex gratia</i> payments to directors by way of compensation;</li> <li>■ a schedule setting out details of directors' total remuneration;</li> <li>■ a schedule setting out, in £5,000 bands, the total remuneration of top management.</li> </ul> <p>The independent advisers should have access to all information necessary to enable them to give a fully informed opinion on the merits of the offer. The committee should be responsible for a separate statement to shareholders, giving both its views and those of the independent advisers on the bid. (p. 6)</p> <p><u>See</u> Topic Heading No. 7.</p>

<sup>35</sup>. See also Corporate Secretaries Guidelines at 9-10 (In outlining how to design disclosure policies and procedures, the Guidelines suggest the following components: careful due diligence, designation of press/analyst spokespersons, centralized accountability for the disclosure process, approval of speeches to the investment community, avoidance of leaks and protection of confidential information, and monitoring of electronic communication.).

CalPERS Core Principles & Guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>C. Content and Character of Disclosure</b>			
Not covered.	<p>A corporation should disclose information necessary for shareholders to determine whether each director qualifies as independent, whether or not the disclosure is required by state or federal law. Corporations should disclose all payments to directors and their families and all significant payments to companies, non-profits, foundations and other organizations they served as employees, officers or directors. Core Policy 3 (p. 2)</p> <p>Companies should disclose individual director attendance figures for board and committee meetings. Disclosure should distinguish between in-person and telephonic attendance. Excused absences should not be categorized as attendance. Policy D5 (p. 4)</p>	See Topic D., below.	Not covered.

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	I AIM Statement (Ireland)
<b>D. Disclosure Regarding Compensation and Director Assessment</b>			
Not covered.	<p>It is recommended that the quantum and components of the remuneration of each director and each of the 5 highest paid executives should clearly be disclosed in one section of the annual report. This should include the existence and length of any service contracts for the CEO. (Guideline 11)</p> <p>It is considered that full disclosure is appropriate with respect to share options and other forms of executive compensation. If options are used as a means of attracting an executive by means of an effective payment up front, then that fact should be communicated to shareholders. Directors should fully declare their entitlement, exercise of any option and their subsequent sale to the ASX. (p. 26)</p>	<p>Motivation of Leading Employees and Management by the Issuance of Stock Options — DSW recommendations on stock options. (Guideline C)</p> <p><u>See</u> DSW Newsletter, edition No. 1, January 1998, p. 4: In general, employees should participate in the company's success. Stock option programs or any other bonus systems are therefore desirable.</p>	<p>The IAIM considers that the following information should be disclosed in the Annual Report:</p> <ul style="list-style-type: none"> <li>■ the composition of the Remuneration Committee;</li> <li>■ a summary of all types of share options, profit sharing and other incentive schemes;</li> <li>■ details of any <i>ex gratia</i> payments to directors by way of compensation;</li> <li>■ a schedule setting out details of directors' total remuneration;</li> <li>■ a schedule setting out, in £5,000 bands, the total remuneration of top management.</li> </ul> <p>The independent advisers should have access to all information necessary to enable them to give a fully informed opinion on the merits of the offer. The committee should be responsible for a separate statement to shareholders, giving both its views and those of the independent advisers on the bid. (p. 6)</p>

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<b>D. Disclosure Regarding Compensation and Director Assessment</b>			
Not covered.	<p>Corporations should disclose all payments to directors and their families and all significant payments to companies, non-profits, foundations and other organizations they served as employees, officers or directors. Core Policy 3 (p. 2)</p> <p>Companies should disclose individual director attendance figures for board and committee meetings. Disclosure should distinguish between in-person and telephonic attendance. Excused absences should not be categorized as attendance. Policy D5 (p. 4)</p>	<p>TIAA-CREF believes a board and its compensation committee should . . .</p> <ul style="list-style-type: none"> <li>■ [decide] what constitutes adequate disclosure of executive compensation to shareholders and the public. (p. 7)</li> <li>■ The board should fairly set forth annually in the proxy statement the criteria used to evaluate the 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. (p. 8)</li> <li>■ 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. (pp. 8-9)</li> </ul>	<p>The voting fiduciary also should support proposals seeking to expand the disclosure of executive compensation when the information is useful to shareholders. The trustees generally believe that shareholders benefit from full disclosure of all forms of compensation received by the highly paid managers of the company . . . . (p. 10)</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>E. Disclosure Regarding Corporate Governance<sup>36</sup></b>			
Not covered in the Guidelines, but the Guidelines are published by the company and widely available.	<p>It is recommended that every listed company should prominently and clearly disclose in a separate section of its annual reports its approach to corporate governance, including the standards with which it complies. (Guideline 1)</p> <p>It is recommended that every listed company should have a company Code of Ethics that is adopted by the Board and all employees and is available to shareholders on request. (Guideline 14)</p>	[Corporate governance includes] extensive, immediate and true reporting of the management to the supervisory board and the shareholders. (Guideline E, 1)	Not covered.

<sup>36</sup> While American stock exchanges do not require any significant disclosure of corporate governance practices, some companies in the United States are beginning to voluntarily and formally disclose in annual reports and proxy statements information about corporate governance practices. See, e.g., Campbell Soup Company, Proxy Statement (1996) at 8. In contrast to American exchanges, some foreign exchanges have listing rules requiring companies to make annual disclosures about their corporate governance practices. See The Stock Exchange of Hong Kong Limited, Code of Best Practice contained in Guide for Directors of Listed Companies (1996); Toronto Stock Exchange, Listing Packet: "Once Your Company is Listed"; London Stock Exchange, Listing Rules, 12.43(j); Australian Stock Exchange, Listing Rules, 3C(3)(j).

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<b>E. Disclosure Regarding Corporate Governance</b>			
<p>The board has adopted a written statement of its own governance principles and regularly re-evaluates them. Core Principle B1. (p. 9)</p> <p>See Lead Independent Directors Position Duty Statement, Appendix A, p. 14: [The Lead Independent Director will] assist the Board and Company officers in assuring compliance with and implementation of the Company's [Governance Guidelines], [and is] principally responsible for recommending revisions to the guidelines. . . .</p> <p>See Independent Chair Position duty Statement, Appendix C, p. 20: [The Independent Chair will] assist the Board and Company officers in assuring compliance with and implementation of the Company's [Governance Guidelines], [and will be] principally responsible for recommending revisions to the guidelines. . . .</p>	<p>The [CII] believes that all publicly traded companies and their shareholders and other constituencies benefit from written, disclosed governance procedures and policies. Although the [CII] believes that the meaningful oversight a board provides may owe most, on a routine basis, to the quality and commitment of the individuals on that board, policies also play an important governance role. Policies can help an effective board perform optimally in both routine and difficult times, and policies can help individual directors and shareholders address problems when they arise. Preamble (p. 1)</p>	<p>Good corporate governance must be expected to maintain an appropriate balance between the rights of shareholders -- the owners of the corporation -- and the need of management and the board to direct the corporation's affairs . . . . (p. 1)</p> <p>The board should [require] that all directors own common shares in the company. (p. 3)</p> <p>TIAA-CREF believes that its policies on corporate governance should be shaped and allowed to evolve in collaboration with the companies in which it invests. (p. 12)</p> <p>TIAA-CREF . . . encourage[s] more widespread adoption of effective corporate governance practices. We would encourage dialogue to create a better understanding of corporate governance issues . . . . (p. 13)</p>	<p>Some [corporate governance] proposals occur in the context of a . . . contest for corporate control, while others have a direct effect on the likelihood of material transactions such as tender offers, leveraged buyouts, mergers, acquisitions, restructurings and spinoffs. In these situations, the voting fiduciary must make an independent and thorough cost/benefit analysis of the likely outcome of such transactions. (p. 7)</p> <p>With regard to corporate governance proposals not in the context of a . . . contest for corporate control, the voting fiduciary must consider the impact of the vote on plan assets as well as the ability of shareholders to hold management accountable for corporate performance. (p. 7)</p> <p>The voting fiduciary should support proposals that establish "zero tolerance" policies for illegal insider trading activity. (p. 8)</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>F. Accuracy of Disclosure / Liability<sup>37</sup></b>			
Not covered.	The guidelines contained in this booklet are considered to set the appropriate standard for disclosure by Australian companies to their owners. In particular, this disclosure standard is designed to build on the requirements of any listing rule or other regulation which may be introduced. It is therefore recognized that this standard may go further than any listing rule or regulation. (Rationale, p. 8)	Not covered.	Not covered.

<sup>37</sup>. See also Corporate Secretaries Guidelines at 1 (“Developing and continually refining procedures to manage ‘formal’ and ‘informal’ communications to avoid legal liability and enhance company credibility is a challenging but essential exercise for all public companies.”).

CalPERS Core Principles & Guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>F. Accuracy of Disclosure / Liability</b>			
Not covered.	Not covered.	Directors should be held liable to the corporation for violations of their fiduciary duty involving gross or sustained and repeated negligence. (pp. 3-4)	<p>[T]he trustees believe the great responsibility and authority of directors justify holding them accountable for their actions. . . . The voting fiduciary may support liability-limiting proposals when the company persuasively argues that such action is necessary to attract and retain directors [but may] support shareholder proposals for director liability in light of trustees' philosophy of promoting director accountability. (p. 6)</p> <p>[T]he voting fiduciary should oppose management proposals that limit a director's liability for (i) a breach of the duty of loyalty, (ii) acts or omissions not in good faith or involving intentional misconduct or knowing violations of the law, (iii) acts involving the unlawful purchase or redemption of stock, (iv) the payment of unlawful dividends or (v) the receipt of improper personal benefits. In addition, the voting fiduciary generally should oppose proposals to reduce or eliminate directors' personal liability when litigation is pending against current board members. (p. 6)</p> <p>The voting fiduciary may support [proposals for indemnification of directors] when the company persuasively argues that such action is necessary to attract and retain directors, but the voting fiduciary generally should oppose indemnification when it is being proposed to insulate directors from actions they have already taken. (p. 6)</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>G. Shareholder Voting Practices (Cumulative &amp; Confidential Voting, Broker Non-Votes, One Share—One Vote)</b>			
Not covered.	<p>It is recommended that major corporate changes which in substance or effect may erode share ownership rights should be submitted to a vote of shareholders. Ample time and clear and sufficient information should be given to shareholders to enable them to review and make informed judgments on these resolutions. (Guideline 13)</p> <p>The purpose of this guideline is to ensure that share ownership rights are not eroded through board or executive action which is not subject to informed shareholder review. This guideline applies irrespective of any existing legal authority for action by the Board or management. (Guideline 13, p. 23)</p>	<ol style="list-style-type: none"> <li>1. [E]ach company should respect the principle 'one share—one vote';</li> <li>2. multiple voting rights or voting rights limitations should be abolished;</li> <li>3. preferred shares without a voting right should in general not be issued;</li> <li>4. if the company increases its capital, then the pre—emptive rights of the shareholder should not be excluded. (Guideline F)</li> </ol>	Not covered.

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<b>G. Shareholder Voting Practices (Cumulative &amp; Confidential Voting, Broker Non-Votes, One Share—One Vote)</b>			
<p>Every director should be elected annually. Governance Guideline D6 (p. 12)</p> <p>Proxies should be kept confidential from the company, except at the express request of shareowners. Governance Guideline D7 (p. 12)</p> <p>Broker non-votes should be counted for quorum purposes only. Governance Guideline D8 (p. 12)</p>	<p>Directors should be elected annually by confidential ballots counted by independent tabulators. Confidentiality should be automatic and permanent. Rules and practices concerning the casting, counting and verifying of shareholder votes should be clearly disclosed. Core Policy No. 1 (p. 2)</p> <p>Each share of common stock, regardless of class, should have one vote. Corporations should not have classes of common stock with disparate voting rights. Authorized unissued common shares that have voting rights to be set by the board should not be issued without shareholder approval. Policy A1 (p. 3)</p> <p>Shareholders should be allowed to vote on unrelated issues individually. Individual voting issues, particularly those amending a company's charter, bylaws, or anti-takeover provisions, should not be bundled. Policy A2 (p. 3)</p> <p>Broker non-votes and abstentions should be counted only for purposes of a quorum. Policy A4 (p. 3)</p> <p>Shareholders' right to vote is inviolate and should not be abridged. Position A1 (p. 6)</p>	<p>TIAA-CREF opposes . . . the practice of cumulative voting in the election of directors. (p. 3)</p> <p>[W]e [do] not support shareholder resolutions concerning mandated election of directors on an annual basis, or that directors attend a specific percentage of board meetings . . . (p. 3)</p> <p>[W]e vote for alternative candidates when our analysis indicates that those candidates will better represent shareholder interests. We may withhold our vote from unopposed candidates when their record indicates that their election to the board would not be in the interest of shareholders, or when we have requested a meeting with independent directors and have been refused. We may also withhold our vote from unopposed directors when [they] raise serious concerns about board independence. (p. 4)</p> <p>TIAA-CREF takes the position that, in exercising its votes, the corporation should adhere to the following principles:</p> <ul style="list-style-type: none"> <li>■ The board should adopt confidential voting. . .</li> <li>■ The board should adhere to the principle that each share of common stock has one vote.</li> <li>■ The board should not issue any previously authorized shares -- with voting rights to be determined by the board -- unless it has prior shareholder approval for the specific intended use.</li> <li>■ The board should not combine disparate issues and present them for a single vote. (pp. 5-6)</li> </ul>	<p>Although the voting fiduciary generally may support a non-contested management slate, the voting fiduciary must consider taking other appropriate actions if an analysis . . . indicates that the board candidate has not served in the long-term economic best interests of plan participants and beneficiaries. (p. 4)</p> <p>Contested Election of Directors. By definition, this type of board candidate or slate runs for the purpose of seeking a significant change in corporate policy or control. Therefore, the economic impact of a vote for or against that director or slate must be analyzed using the higher standard or review appropriate for changes in control. (p. 4)</p> <p>The voting fiduciary should support management proposals requesting shareholder approval to increase authorized common stock when management provides persuasive justification for the increase. . . . The voting fiduciary should oppose requests to authorize blank-check preferred stock -- stock authorized by shareholders that gives the board of directors broad powers to establish voting, dividend and other rights without shareholder review. (pp. 7-8)</p> <p>The voting fiduciary's analysis must consider the fact that cumulative voting is a method of obtaining minority shareholder representation on a board and of achieving a measure of board independence from management control. (p. 8)</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>H. Shareholder Voting Powers</b>			
Not covered.	<p>It is recommended that separate issues should not be combined and presented for a single vote by shareholders. (Guideline 12)</p> <p>Bundling separate issues into one resolution prevents shareholders from exercising the right to say yes or no to each issue. This right is an important principle of best practice in corporate governance. (Guideline 12, p. 23)</p>	<p>Not covered directly, <u>but see</u> DSW Newsletter, edition No 1, January 1998, pp. 1-3 (DSW fears the danger of accidental majorities due to the fact that foreign institutional investors do not seem strongly interested in voting their shares in Germany. DSW can only assume that one of the major obstacles in the voting process is the lending of shares at the time of the [Annual General Meeting].).</p>	Not covered.

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<b>H. Shareholder Voting Powers</b>			
<p>A majority of shareowners should be able to amend the company's bylaws by shareowner proposal. Governance Guideline D1 (p. 12)</p> <p>Any shareowner proposal that is approved by a majority of proxies cast should either be implemented by the board, or the next annual proxy statement should contain a detailed explanation of the board's reason for not implementing. Governance Guideline D9 (p. 12)</p> <p>Shareowners should have effective access to the director nomination process. Governance Guideline D10 (p. 12)</p> <p>No board should enact or amend a poison pill except with shareowner approval. Governance Guideline D5 (p. 12)</p>	<p>A majority vote of common shares outstanding should be required to approve major corporate decisions concerning the sale or pledge of corporate assets which would have a material effect on shareholder values. Core Policy No. 5 (p. 2)</p> <p>A majority vote of common shares outstanding should be sufficient to amend company bylaws or take other action requiring or receiving a shareholder vote. Policy A3 (p. 3)</p> <p>A majority vote of common shares outstanding should be required to approve major corporate decisions including: (a) the corporation's acquiring, other than by tender offer to all shareholders, 5 percent or more of its common shares at above-market prices; (b) provisions resulting in or being contingent upon an acquisition other than by the corporation of common shares having a pro forma basis 20 percent or more of the combined voting power of the outstanding common shares, or a change in the ownership of 20 percent or more of the assets of the corporation; (c) abridging or limiting the rights of common shares to (i) vote on the election or removal of directors or the timing or length of their term of office, or (ii) make nominations for directors or propose other action to be voted on by shareholders, or (iii) call special meetings of shareholders or take action by written consent or affect the procedure for fixing the record date for such action; (d) permitting or granting any executive or employee of the corporation upon termination of employment, any amount in excess of two times that person's average annual compensation for the previous three years; and (e) result in the issuance of debt to a degree which would leverage a company and imperil the long-term viability of the corporation. Policy B1 (p. 3)</p>	<p>[C]ommon shareholders do not have contractual protection of their interests. They must rely on the board of directors -- whom they elect -- and on their right to vote on proposals the corporation is required to submit for shareholder approval. The proxy vote is thus the key mechanism by which shareholders play a role in the governance of the corporation. (p. 4)</p> <p>The board should oppose any action to adopt "super-majority" requirements that interfere with a shareholder's right to elect directors and ratify corporate actions. (p. 5)</p> <p>TIAA-CREF does not oppose an increase in the authorized number of preferred shares unless they can be used without further shareholder approval as part of an anti-takeover program. For example, they should not confer "super-voting" rights on particular shareholders friendly to management. (p. 6)</p> <p>While [the TIAA-CREF Corporate Governance Statement] is intended primarily for domestic corporations, we will endeavor to apply comparable principles, as appropriate, in voting proxies on the foreign corporations in our portfolio. (p. 13)</p>	<p>In reviewing proxy voting issues that arise during the term of the management contract, the voting fiduciary shall take into consideration the general positions of the trustees outlined below in deciding how to vote proxies in each of the following categories: Board of Directors Proposals; Corporate Governance and Changes in Control; Employee-Related Proposals; Executive Compensation; Corporate Responsibility; and Other Issues. (p. 4)</p> <p>Re: Dual Class Voting: The voting fiduciary must take into consideration the principle of one share, one vote; the impact of any dilution in shareholder voting rights; and any decrease in share price likely to result from issuing a new class of stock with unequal voting rights. (p. 8)</p> <p>The voting fiduciary's analysis must consider the interest in assuring that proxy voting be protected from potential management coercion and management's use of corporate funds to lobby shareholders to change their votes. (p. 8)</p> <p>The voting fiduciary's analysis must weigh the consideration that supermajority voting requirements may be used to undermine voting rights against the potential benefit . . . of protecting minority stockholder interests. (p. 8)</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>I. Shareholder Meetings</b>			
Not covered.	Not covered.	Not covered.	Not covered.

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<b>I. Shareholder Meetings</b>			
<p>A majority of shareowners should be able to call special meetings. Governance Guideline D3 (p. 12)</p> <p>A majority of shareowners should be able to act by written consent. Governance Guideline D2 (p. 12)</p>	<p>Corporations should make shareholders' expense and convenience primary criteria when selecting the time and location of annual shareholder meetings. Policy C1 (p. 4)</p> <p>Appropriate annual meeting notice should be given to shareholders, including appropriate notice concerning any change in meeting date, time, place or shareholder action. Policy C2 (p. 4)</p> <p>Directors should attend the annual shareholders' meeting and make themselves available to answer shareholder questions at annual meetings. Policy C3 (p. 4)</p> <p>Polls should remain open at annual meetings until all business matters have been discussed and shareholders have had an opportunity to ask and receive answers to questions concerning them. Policy C4 (p. 4)</p>	<p>[I]t is management's prerogative to set the [shareholders' annual] meeting date. (p. 3)</p>	<p>In analyzing proposals to limit or eliminate the right of shareholders . . . to call special meetings on issues of importance, the voting fiduciary must weigh the fact that this right enhances the opportunity for shareholders to raise issues of concern with the board of directors against their potential for facilitating changes in control. (p. 8)</p>

General Motors Board Guidelines 1997	AIMA Guidelines (Australia)	DSW Guidelines (Germany)	IAIM Statement (Ireland)
<b>J. Anti-Takeover Devices</b>			
Not covered.	Not covered.	Acceptance of the Code for Takeovers (Version of January 1, 1998) — DSW recommendations for takeover rules in Germany. (Guideline D)	In the event of a Management Buy-Out, the Board should appoint a separate committee consisting wholly or mainly of non-executive directors with direct access to independent advisers. The independent advisers should have access to all information necessary to enable them to give a fully informed opinion on the merits of the offer. The committee should be responsible for a separate statement to shareholders, giving both its views and those of the independent advisers on the bid. (p. 6)

CalPERS Core Principles & Guidelines (U.S.A.)	CII Core Policies, Positions & Notes (U.S.A.)	TIAA-CREF Policy Statement (U.S.A.)	AFL-CIO Voting Guidelines (U.S.A.)
<b>J. Anti-Takeover Devices</b>			
<p>Every company should prohibit greenmail. Governance Guideline D4 (p. 12)</p> <p>No board should enact or amend a poison pill except with shareowner approval. Governance Guideline D5 (p. 12)</p>	<p>Not covered.</p>	<p>The board should submit for prior shareholder approval any action that alters the fundamental relationship between shareholders and the board. This includes “anti-takeover” measures. (p. 5)</p> <p>The board should propose a change in the corporation’s domicile only for valid business reasons, and not to obtain protection against unfriendly takeovers. (p. 5)</p> <p>The board should opt out of coverage, where possible, under state laws mandating anti-takeover protection. (p. 6)</p> <p>TIAA-CREF does not oppose an increase in the authorized number of preferred shares unless they can be used without further shareholder approval as part of an anti-takeover program. For example, they should not fund a “poison pill” plan that has not been approved by shareholders . . . (p. 6)</p>	<p>[Directors] should be held accountable for actions taken that may not be in shareholders’ best interests, such as . . . adopting anti-takeover provisions not in the shareholders’ best interests. . . . (pp. 4-5)</p> <p>The voting fiduciary should oppose [proposed increases in authorized common stock] when the company intends to use the additional stock to implement a poison pill or other takeover defense [and] should oppose requests to authorize blank-check preferred stock . . . that . . . can be used as an anti-takeover device . . . . (p. 8)</p> <p>The voting fiduciary’s analysis must consider whether a poison pill proposal by management requires management to submit the pill periodically to a shareholder vote. In evaluating any poison pill proposal, the voting fiduciary must consider the impact of acquisition attempts that may be detrimental to the long-term economic best interests of plan participants and beneficiaries. (p. 8)</p>

Partial Listing of Corporate Governance Guidelines and Codes of “Best Practice”

Australia

- Working Group representing Australian Institute of Company Directors, Australian Society of Certified Practising Accountants, Business Council of Australia, Law Council of Australia, The Institute of Chartered Accountants in Australia & The Securities Institute of Australia, Corporate Practices and Conduct (Bosch Report) (3d ed. 1995).
- Australian Investment Managers Association, A Guide for Investment Managers & A Statement of Recommended Corporate Practice (June 1995; revised July 1997).

Belgium

- Report of the Belgium Commission on Corporate Governance (Brussels Stock Exchange - Cardon Report) (1998).
- Federation of Belgian Companies, Corporate Governance Principles (1998).

Brazil

- Brazilian Institute of Corporate Directors, Brazilian Code of Best Practices (Preliminary Proposal, April 1997)

Canada

- Toronto Stock Exchange Committee on Corporate Governance in Canada, “Where Were The Directors?” Guidelines For Improved Corporate Governance in Canada (Dey Report) (December 1994).

France

- Conseil National du Patronat Francais (CNPF) & Association Francaise des Entreprises Privees (AFEP), The Boards of Directors of Listed Companies in France (Vienot Report) (July 10, 1995).

Germany

- Deutsche Schutzvereinigung für Wertpapierbesitz e.V., DSW Guidelines (June 1998).

Hong Kong

- The Stock Exchange of Hong Kong, Code of Best Practice (December 1989; revised June 1996).

India

- Confederation of Indian Industry, Desirable Corporate Governance—A Code (Final Report, April 1998).

Ireland

- Irish Association of Investment Managers, Statement of Best Practice on the Role and Responsibilities of Directors of Public Limited Companies (1991; revised 1993).

Japan

- Japan Federation of Economic Organizations (Keidanren), Urgent Recommendations Concerning Corporate Governance (Provisional Draft, Sept. 16, 1997).
- Corporate Governance Forum of Japan, Corporate Governance Principles—A Japanese View (Final Report, May 26, 1998). Kyrgyz Republic

Kyrgyz Republic

- Working Group on Corporate Governance, Handbook on Best Practice Corporate Governance in the Kyrgyz Republic (Draft, June 1997).

The Netherlands

- Committee on Corporate Governance, Corporate Governance in the Netherlands — Forty Recommendations (Peters Code) (June 25, 1997).

South Africa

- The Institute of Directors in Southern Africa, The King Report on Corporate Governance (King Report) (Nov. 29, 1994).

Sweden

- The Swedish Academy of Directors, Western Region, Introduction to a Swedish Code of “Good Boardroom Practice” (March 1994).

United Kingdom

- Report of the Committee on the Financial Aspects of Corporate Governance (Cadbury Report) (December 1, 1992).
- Committee on Corporate Governance Final Report (Hampel Report) (January 1998)

United States

- American Bar Association Section of Business Law, Corporate Directors Guidebook (1978; revised 1994).
- American Federation of Labor and Congress of Industrial Organizations (“AFL-CIO”), Investing in Our Future: AFL-CIO Proxy Voting Guidelines (1997).
- The American Law Institute, Principles of Corporate Governance: Analysis & Recommendations (1992).
- The Business Roundtable (“BRT”), Statement on Corporate Governance (September 1997).
- California Public Employees’ Retirement System (“CalPERS”), Corporate Governance Market Principles (adopted April 13, 1998).
- Council of Institutional Investors (“CII”), Core Policies, Policies, Positions & Explanatory Notes (draft adopted March 31, 1998).
- General Motors Board of Directors, GM Board of Directors Corporate Governance Guidelines on Significant Corporate Governance Issues (January 1994; revised August 1995; revised June 1997).
- National Association of Corporate Directors, Report of the NACD Commission on Director Professionalism (November 1996).
- Teachers Insurance and Annuity Association—College Retirement Equities Fund (“TIAA-CREF”), TIAA-CREF on Corporate Governance (1996).





**INTERNATIONAL COMPARISON OF BOARD “BEST PRACTICES”  
— INVESTOR VIEWPOINTS —**

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