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2006 REVIEW OF THE IMPLEMENTATION STATUS OF CORPORATE GOVERNANCE DISCLOSURES

Report by the UNCTAD secretariat

Executive summary

During the 21st session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), it was agreed that an annual survey to assess the state of reporting on corporate governance would be useful. This report is the third annual survey of corporate governance disclosure and follows surveys prepared by the UNCTAD secretariat for the 21st session of ISAR in 2004 and the 22nd session of ISAR in 2005.

The first part of the report gives an overview of important recent developments in corporate governance disclosure, with a focus on an increased global emphasis on the exercise of shareholder ownership rights, especially voting rights. This is reflected in developments in the area of majority voting rules, fund governance and disclosure and regulatory reforms in Asia, Europe and North America. The second part of the report presents the results of the 2005 review of the implementation status of corporate governance disclosure. The survey was conducted by comparing actual disclosure practices of 105 enterprises from 70 economies with a benchmark of good practices identified in the 2006 UNCTAD publication "Guidance on Good Practices in Corporate Governance Disclosure". The analysis compares rates of disclosure between enterprises grouped by type of listing and country income. The analysis also provides a special focus on disclosure among state-owned enterprises.

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INTRODUCTION

The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) has considered corporate governance an important area of work since 1989 (E/C.10/AC.3/1989/6). During the 21st and 22nd sessions of ISAR in 2004 and 2005 respectively, the Group of Experts supported an annual review of the implementation status of corporate governance disclosure.

The 2006 third annual review, uses as a benchmark ISAR's deliberations on corporate governance disclosure found in the 2006 UNCTAD publication "Guidance on Good Practices in Corporate Governance Disclosure". The 2004 and 2005 Reviews were based on earlier versions of that document, namely TD/B/COM.2/ISAR/15 and TD/B/COM.2/ISAR/30, respectively. Compared to the 2004 Review, the 2005 Review employed a significantly enhanced methodology with a much larger sample size consisting of 105 enterprises from 70 economies. The methodology and survey sample of the 2006 Review is largely the same as the 2005 Review, with some additional improvements to research methods and some minor changes to the population of enterprises surveyed. These are described in more detail in Section II below.

The objectives of this survey are to: (1) provide a brief overview of recent developments in corporate governance since the 22nd session of ISAR, and; (2) to present and analyse the results of the 2006 survey of corporate governance disclosure practices. The overview of recent developments is provided in Section I, which also examines the emerging trend of corporate governance indexes, funds and information services for investors. Section II analyses the survey results based on the type of the company's listing (i.e. local or international) and the income level of the country in which the firm operates (OECD and other high income, or low and middle income). It also discusses disclosure practices of state-owned enterprises (SOEs).

The findings of the 2006 Review are relatively consistent with those of the earlier reviews. In particular, it is observed that enterprises from low- and middle-income countries tend to have lower rates of corporate governance disclosure compared to enterprises in high income countries; and enterprises that have only a local stock market listing tend to have lower rates of disclosure than enterprises that are listed internationally. Important nuances within these broader patterns are discussed in Section II below.

I. OVERVIEW OF RECENT DEVELOPMENTS IN THE AREA OF CORPORATE GOVERNANCE DISCLOSURE

The trends identified in ISAR's 2005 Review as applying to the 2004/2005 ISA intersession period have continued to be relevant in shaping disclosures in the 2005/2006 period.

An overarching theme within recent developments in corporate governance disclosure is the increased global emphasis on the exercise of shareholder ownership rights, especially voting rights, as vitally important to good governance. This is found in a number of recent developments, including: more timely and accessible information about general meetings and proxy materials, the removal of regulatory barriers and use of available technologies to facilitate voting, promoting accountability of large institutional investors, the growth of an

industry aimed at providing proxy advice, remuneration disclosure tailored to investors and increased shareholder power with respect to director elections and remuneration.

Developments over the past year reflect the double-sided approach of many governments to improving corporate governance practices and promoting investor confidence in the stock market: (1) regulation strengthening shareholder rights, whether more of a 'rules-based' or a 'comply or explain' approach; and (2) pressure on institutional investors to exercise their ownership rights in the long-term interest of their beneficiaries. Another continuing trend is the convergence of governance practices and regulatory approaches to good corporate governance. This overview begins with a review of recent developments in the convergence of corporate governance practices. It continues with an examination of new developments in Asia with respect to disclosure and regulatory changes that strengthen shareholder rights, with particular focus on China. The review then considers major themes that have dominated developments internationally, including: share voting reform in Europe and the United States; majority voting rules; shareholder control over executive remuneration; and fund governance and disclosure, among others.

Convergence of governance practices

The US and UK due to their large capital markets, continue to stand out as dominant influencers of international governance practices and therefore developments in these countries would appear to deserve special attention. The corporate governance model that prevails in these two countries (often referred to as the Anglo-American model) includes dispersed ownership, a strong role for investment institutions, emphasis on director independence and the oversight role of the board, and the primacy of shareholders relative to other stakeholder groups.

However, the disclosure regimes in the US and UK differ somewhat, with the UK's 'comply or explain' disclosure regime more similar to that of Continental Europe than to the 'rules-based' style of the US regime. The 'comply or explain' disclosure style places greater emphasis on full voluntary disclosure, often narrative, guided by principles and enforced through market scrutiny, whereas the 'rules-based' style places greater emphasis on compliance, standardized disclosure and legal enforcement and litigation.

In assessing prospects for international conversion in governance disclosure, the European 'comply or explain' model, given its flexibility and lower enforcement costs, is considered by some to provide a more viable alternative to the 'rules-based' US approach for many countries. However, its success depends on the responsiveness of the market to non-compliance. Standardized disclosures, more characteristic of the 'rules-based' approach exemplified by the Sarbanes-Oxley Act of 2002, provide for greater transparency in specified areas, such as compensation disclosure, and appear to be more suitable for reporting to a single stakeholder group, namely, shareholders.

Developments with respect to disclosure regimes internationally indicate US influence in the development of rules requiring disclosures to shareholders, and European influence in the spread of the 'comply or explain' approach to governance disclosure and enforcement. However, the most recent changes to the UK company law and to EU regulation also require regulators and governments to exercise compulsion, for instance, with respect to improving shareholder rights.

In the past year Belgium, Estonia, Jamaica, Latvia, Portugal and Spain have produced new governance codes and Denmark, Italy, Singapore, Sweden and the United Kingdom have revised their Codes. A number of countries base their codes on the UK code.¹ The most recent amendments to the UK's Combined Code on Corporate Governance were published in June 2006 and will come into effect towards the end of 2006. They allow for greater use of corporate websites to disclose committee remits and convey proxy information to shareholders. The revisions also suggest companies include a 'withhold vote' option on proxy forms to allow investors to express reservations about a proposal by abstaining from it without voting for or against. This practice is already widely used by UK listed companies.² The 'comply or explain' model predominates as the model for disclosure: all new codes, except for that of Belgium, are based on the 'comply or explain' model.

Regulatory reform in Asia

According to the annual report³ by CLSA (a financial services firm based in Hong Kong, China) and the Asian Corporate Governance Association (ACGA), there continues to be a split among large Asian companies in their commitment to transparency and accountability, in particular with respect to disclosure of internal controls and mechanisms for addressing conflicts of interest. However, the report does observe a considerable improvement in financial reporting standards and practices in most markets. It views rules on disclosure of 'material transactions' and other price-sensitive information as having become stricter. It also notes that 'voting by poll' (whereby votes are fully counted and the results published) is moving onto the agenda of leading companies in some Asian markets, notably Hong Kong (China), and argues that this is likely to become more of an issue in the future. And, the report finds that the best companies are responding to market demands for quicker release of annual and interim results. The report concludes, however, that due to inconsistent enforcement of rules, there tends to be a wide variation in compliance within markets, with larger companies tending to have better compliance.

One significant development in Asia during the intersession period was the new Company Law of the People's Republic of China (PRC), which came into effect in January 2006. It contains shareholder protections which compare to global best practice in many respects. These include, for example, conditions under which a company must repurchase shareholders' shares, conditions under which shareholders can put forward resolutions and petition the Peoples' Court to liquidate the company, and new shareholder rights to view and make copies of the company's articles of association, accounts and minutes of board and shareholders' meetings. The new law also establishes conditions for personal liability of insiders (including directors) and stipulates that directors of listed companies cannot vote on matters in which they have an interest. However, ownership rights of foreigners may differ from those of domestic investors where laws governing foreign investment differ from the new Company Law.⁴ China also recently announced its intention to adopt International Financial Reporting Standards, which will improve the quality of disclosure. The Institutional Shareholder Services (ISS) 2006 Institutional Investor Survey found that better disclosure, transparency, and reporting were amongst the most desired corporate governance reforms cited by Chinese investors.

Share voting reform in Europe and the US

In strengthening shareholder rights, there has been considerable international attention on share voting reform. Recognizing the complexity of voting procedures across Europe as well

as the increasing base of foreign institutional ownership, in 2003 the EC embarked on a consultation process aimed at removing obstacles to the exercise of domestic and cross-border shareholder rights⁵. The European Commission's official proposal⁶ for a directive on shareholder rights was released in January 2006 and proposes: removing the practice of share blocking⁷ and replacing this with record date⁸ (as in the US); removing restrictions in national laws that make cross-border proxy voting costly and difficult;⁹ allowing electronic voting and voting by proxy; and facilitating the timely distribution of information on general meetings using available electronic technologies. The ISS 2006 Institutional Investor Survey notes that cross-border voting is increasing internationally with investors in the US, Canada, and the UK being the most likely to cast proxy votes outside their home market, and investors in other markets also increasing their cross-border voting.

In April 2005, the New York Stock Exchange (NYSE) created the Proxy Working Group to review rules regulating the proxy voting process.¹⁰ This panel focused in particular on the rule which allows brokers to vote on certain 'routine' proposals on behalf of beneficiaries if no instructions have been received from the beneficiary by a specified date. The panel recommended that the uncontested election of directors be made a 'non-routine' matter and therefore not eligible for broker voting, recognizing the value of board elections to good governance. With brokers typically controlling up to 25 per cent of the vote, this could have a significant impact on the level of support for board nominees in future director elections.

In the UK, the voting rights of shareholders are being strengthened through recent amendments (introduced in May 2006) to the Company Law Reform Bill¹¹ (and still before parliament in mid-2006), which extend voting power to holders of nominee accounts, since an increasing number of private investors' shares are held this way. While these investors already have voting rights, they are rarely exercised. The amendments therefore require that companies include in the notice of their general meeting an explanation of how such rights can be exercised and nominee companies are allowed to split their vote to reflect underlying investors' proxy votes.¹²

While some have argued that if the one-share-one-vote principle is to gain any standing in EC regulations in the future it will probably be in the form of a recommendation in line with the 'comply or explain' governance regimes prevalent throughout Europe. However, other bodies e.g. the International Corporate Governance Network (ICGN), consider that, while the 'comply or explain' approach works best in most respects, this is one area that would require legislation and enforcement from the perspective of shareholder rights as fundamental to good governance.¹³

Majority voting on director elections

Key legal impediments to the election of directors by a majority affirmative vote of shareholders have been dealt with in the US during the first half of 2006. While the plurality vote standard remains the default, recent changes to the Model Business Corporation Act and to Delaware General Corporation Law now enable shareholders to make binding changes to the bylaws of companies to install a majority voting system for the election of directors. On 20 June, the American Bar Association's Committee on Corporate Laws adopted a change to the Model Business Corporation Act regarding voting by shareholders for the election of directors to enable boards or shareholders to vote to amend corporate bylaws to provide for a majority vote standard. On 27 June legislation amending the Delaware General Corporation Law was enacted and became effective in August 2006, giving shareholders the power to

introduce changes to director elections by-laws requiring the resignation of directors who fail to get a requisite number of votes.¹⁴

Institutional Shareholder Services reports that by 21 June 2006, shareholder support for proposals seeking to apply a majority vote standard in director elections had averaged 47 per cent support for 80 resolutions on this subject during the 2006 proxy season. This is up from 44 per cent for the 60 resolutions in 2005.¹⁵ Shareholder pressure is also driving adoption of director elections by majority vote in Canada. The Canadian Coalition for Good Governance (CCGG), a coalition of institutional shareholders, made majority rule a top priority for 2006 and many companies, including all the large banks, are voluntarily adopting this standard.¹⁶

Remuneration

Efforts to enhance shareholder control can also be seen in recent rules and proposals regarding remuneration. In July 2006, the ICGN released new remuneration guidelines, which include guidelines on remuneration disclosure.¹⁷ The ICGN standards recommend a shareholder vote on the remuneration report. The French Clement-Breton law, enacted in July 2005 and coming into effect in 2006, creates a binding simple majority vote at AGMs for golden parachutes and managing directors' retirement schemes.¹⁸ Britain and Australia now require corporations to put remuneration committee reports to an annual non-binding vote. Following a number of years of debate in the United States, the Financial Accounting Standards Board (FASB) has directed companies to start expensing stock option grants against earnings effective as of fiscal year 2006. Guidance has been issued by the International Accounting Standards Board (IASB) in the form of IFRS 2, which requires companies to start expensing share based payments for fiscal periods after 1 January 2005. In June 2006 the CCGG updated its 'Guidelines for Principled Executive Compensation' working paper, first published in June 2005.¹⁹ Important trends reflected in these disclosure rules and guidelines are giving shareholders more power to approve the remuneration policy, promoting standardized disclosures and allowing shareholders to vote on the remuneration report.

The US Securities and Exchange Commission (SEC) adopted new compensation disclosure rules to take effect on 15 December 2006.²⁰ The SEC's new disclosure rules build on the existing approach to compensation disclosure, (which emphasize standardized, quantitative data presented in tables), by broadening the amount of information required, as well as requiring fuller narrative disclosure in a special section on 'Compensation Discussion and Analysis'. The three categories of standardized compensation disclosure proposed are: compensation for past fiscal year compared to two previous years; equity-related holdings; and post-employment compensation, including retirement and deferred compensation plans. Two new pieces of information required are: disclosure in one place and in a single figure of the total amount of compensation paid to CEO, CFO and the three other highest paid executive officers and directors (where director compensation is higher), and inclusion of a Director compensation table.²¹ The new SEC rules on compensation disclosure also require more comprehensive disclosure by companies on how stock option grant dates are chosen and how valuations are set.²²

Fund governance and disclosure

Fund governance (i.e. how large institutional funds such as pension funds or mutual funds are governed) is seen as a key element in promoting good corporate governance globally. Two

areas being addressed internationally are voting disclosure and the ability of the board of trustees to provide oversight. A number of national and international initiatives are taking place in this area. In an earlier initiative, investment companies registered with the SEC in the US were required for the first time to disclose their voting records in reports filed with the SEC by 31 August 2004. More recently, new securities rules issued by the Canadian Securities Association (CSA) require Canadian mutual funds to disclose their 2005/2006 proxy voting records by 31 August 2006. Draft legislation before Parliament in 2006, in the Netherlands would require pension funds, insurance firms and banks to disclose their voting records, in addition to releasing voting policies.²³ While disclosure of voting records by institutional investors in the UK has up to now been voluntary, both the Combined Code and the Institutional Shareholders' Committee (ISC), representing a number of British institutional investor associations, recommend disclosure of proxy voting by institutional investors, as well as voluntary disclosure levels are increasing from year to year.²⁴ Changes to the ISC Statement of Principles on the Responsibilities of Institutional Shareholders and their Agents, announced in the UK in September 2005, strengthen the call for institutions to engage with investee companies and vote on governance matters.²⁵ If the voluntary approach fails, a clause in the UK Company Law Reform Bill, which is before Parliament in 2006, would allow the government to at some point in the future mandate disclosure on whether and how institutional investors exercised their voting rights. The German 'Corporate Governance Code for Asset Managers', a voluntary code released in April 2005, calls for funds to disclose how they vote on all contentious AGM items.²⁶

At the international level, a governance code specifically directed at institutional investors, called 'Statement of Principles on Institutional Shareholder Responsibilities', may soon be adopted by the ICGN. This code promotes the exercise of ownership rights by institutions (including engagement and considered voting of shares) as essential to external governance. According to the principles, Institutional investors have the responsibility to report to beneficiaries on how they exercise governance rights. The principles also recommend an annual summary of how voting policies are implemented, an annual summary of voting records and full voting records in 'important cases'.²⁷

At the same time as requiring proxy voting disclosure, efforts to tighten fund governance are directed at the role and composition of the board of trustees. In the UK and Australia member representation on trustee boards has been practiced for some time. The German Corporate Governance Code for Asset Managers requires that at least one member of the supervisory board should avoid any contacts with management. A SEC rule, which came into effect in January 2006, imposed a 75 per cent independence requirement on funds' board of trustees and the requirement that the board chairman be an independent trustee.²⁸ These requirements were overturned by a US Court in April 2006 and, although the SEC has initiated another consultation process on these requirements, it appears unlikely that they will be imposed by the SEC in the near future.²⁹ Internationally, the ICGN draft Statement of Principles on Institutional Shareholder Responsibilities recommends representation of pension plan beneficiaries on the board of trustees, especially where the board of trustees is dominated by the employer or sponsor of the plan.

Reinforcing fund governance, new ratings are emerging that grade funds based on their governance practices and the degree to which they exercise their rights and responsibilities as shareholders. With the increased disclosure of proxy voting policies and decisions, a new opportunity has been grasped by the private sector to rate fund managers' execution of their ownership responsibilities. Services established in recent years include Morningstar's

'Stewardship Grades'³⁰ and Planet Ratings' evaluation of 480 European funds.³¹ In October 2005 Mercer Investment Consulting began rating UK-based asset managers on their voting behaviour, and the environmental, social and governance (ESG) criteria that they apply to screening their portfolios and their propensity for engagement.³²

Governance-related funds and indices

The 2005 Review highlighted the growing trend in the number of stock indices and funds which select companies for inclusion in the fund or index based on good corporate governance. This trend continues into the present review period. Corporate governance engagement funds launched in the 2005/2006 intersession period include: the Audley European Opportunities Fund³³; a new Governance for Owners (GO) focus fund targeting under-performing European public companies³⁴; and a fund targeting underperforming Korean companies called the Korea Corporate Governance Fund (KCGF).³⁵ In Brazil a number of funds focused on corporate governance engagement have outperformed the Bovespa index and in May 2006 Banco Fator launched a third corporate governance activist fund, Fundo Fator Sinergia III.³⁶ In late 2005 three influential institutions, the Florida State Board of Administration (SBA), the Canadian Pension Plan Investment Board (CPP)³⁷, and the Norwegian Petroleum Fund (the world's largest pension system), individually committed to shareholder engagement.³⁸

Ratings agencies

The 2005 Review also highlighted the growth of the private sector in the area of corporate governance ratings. While private providers of corporate governance research and ratings have been around for a number of years, the market for these services appears to continue to expand globally as reflected in a number of alliances, some new entrants and moves to consolidate market share by larger players during the 2005/2006 intersession period. However, attention to the conflicts inherent in providing proxy voting advice and research and corporate governance ratings has recently been spotlighted.³⁹ A recommendation of the NYSE Proxy Working Group is that the US SEC investigates the role of third party (non-owner) institutional advisory services and proxy voting groups, making voting recommendations and/or decisions with respect to the potential for conflicts of interest.⁴⁰

Collective engagement

The ISS 2006 Institutional Investor Survey notes that collective engagement by associations of investors on behalf of its members is likely to increase and is already well-established for Canadian and Australian and New Zealand institutions. Collective engagement is seen by member institutions as a way of lowering costs and increasing the effectiveness of engagement with companies on governance issues. Most large Canadian investment institutions are represented through the CCGG. Australian and New Zealand pension funds are represented through the Australian Council of Superannuation Investors (ACSI). Pension funds in the Netherlands are represented through a coalition known as Eumedion. Each of these coalitions has been active in 2006: CCGG in highlighting majority voting in director elections; ACSI in the shareholder vote on 'poison pill' anti-takeover measures at News Corp.; and Eumedion in pressing for approval of companies' corporate governance statements by shareholder vote.

Cross-border shareholder activism has become a reality with a groundbreaking case led by ACSI. Thirteen funds from Australia, the Netherlands, the US and UK filed a lawsuit in Delaware to compel News Corp. (a transnational enterprise active in the media industry) to put the company's takeover defence policies to a shareholder vote. They recently won a settlement in which the management of News Corp. agreed to a vote on these policies at its October 2006 AGM.⁴¹ In recognition of its success in this initiative, ACSI was honoured for its role in promoting cross-border activism and engaging a multinational company at the 2006 awards of the ICGN.

XBRL and electronic reporting

Development and adoption of eXtensible Business Reporting Language (XBRL), an open standard eXtensible Markup Language (XML) protocol for electronic communication of business and financial data, continues to be promoted by XBRL International, an international consortium of regulators, audit and accounting firms, technology vendors, data providers, academics and professional associations.

On 1 July 2006, the Swedish Companies Registration Office, Bolagsverket, launched a service that can accept full annual accounts from small- and medium-sized enterprises. Recently the Spanish Senate has called on the government to promote the use of XBRL following the successful introduction of XBRL by the Spanish Central Bank and the Spanish Securities Regulator. The Canadian Securities Administrators (CSA), representing Canadian securities regulators, is seeking comment on the use of XBRL to improve provision of information to investors. The government-led Dutch XBRL project has recently released its taxonomy and XBRL data will be accepted from companies by at least three government departments on 1 January 2007, with plans for the extension of XBRL reporting into more areas after that. The International Accounting Standards Committee Foundation (IASCF) is building an International Financial Reporting Standards (IFRS) XBRL taxonomy and also exploring ways of promoting IFRS and US GAAP XBRL taxonomy convergence. The US SEC is encouraging more of its filers to adopt XBRL this year in exchange for quicker processing of reports as a pilot project.

Conclusion

The main regulatory developments shaping corporate governance internationally over the past year have aimed to strengthen shareholder rights and have placed particular emphasis on shareholder voting rights. Regulation has been motivated by the recognition of the value of corporate governance to market confidence. Key conditions necessary for the exercise of voting rights are information and access. Proposed regulation in both Europe and the US promotes the use of electronic technologies, both for proxy dissemination and for voting. International attention on fund governance and voting disclosure, coupled with examples of successful campaigns by institutions, may inspire institutional investors to become more active on issues of corporate governance.

II. STATUS OF IMPLEMENTATION OF GOOD PRACTICES ON CORPORATE GOVERNANCE DISCLOSURE AT THE COMPANY LEVEL

A. Background and methodology

The purpose of the survey is to evaluate the level of implementation of good practices in corporate governance disclosure highlighted in UNCTAD's 2006 "Guidance on Good Practices in Corporate Governance Disclosure" (based on the ISAR document TD/B/COM.2/ISAR/30).

Compared to the 2005 Review, several changes were made to the benchmark list of indicators used in the 2006 Review following the discussions at the 22nd session of ISAR. The changes include the addition of four disclosure items, the removal of one item, and the revision of seven others. The four items that were added are:

- (a) Duration of current auditors;
- (b) Rotation of audit partners;
- (c) Auditors involvement in non-audit work and the fees paid to the auditors; and
- (d) The role of employees in corporate governance.

The disclosure item that was subtracted was the "identification of the 'financial expert' in the audit committee" as this issue was covered under the disclosure item on "Qualifications and biographical information on board members". Seven disclosure items were also subject to revisions which ranged from minor to significant; these are listed below, with a comparison to how they appeared in the 2005 Review:

Table 1. List of revised disclosure items

2006 Review: revised disclosure item	2005 Review: item before revision
Board responsibilities regarding financial communications	CEO/CFO certification of financial statements
The scope of work and responsibilities for the internal audit function and the highest level of leadership to which it reports	Process of appointment of internal auditors
Internal control systems	Internal control systems and their effectiveness
Mechanisms protecting the rights of other stakeholders in business	Mechanisms protecting the rights of stakeholders in business
Types and duties of outside board and management positions	Duties of the directors
Existence of a plan of succession	Plan of succession
Compensation policy for senior executives departing from the firm as a result of a merger or acquisition	Compensation payable clauses in directors contracts

The additional disclosure items are marked with a star (*) and the revised disclosure items are marked with a double-star (**) in Table 2 below. The complete set of disclosure items are grouped into five broad categories, or subject areas, of corporate governance disclosure, and are presented and analysed by category in section B below. These categories are:

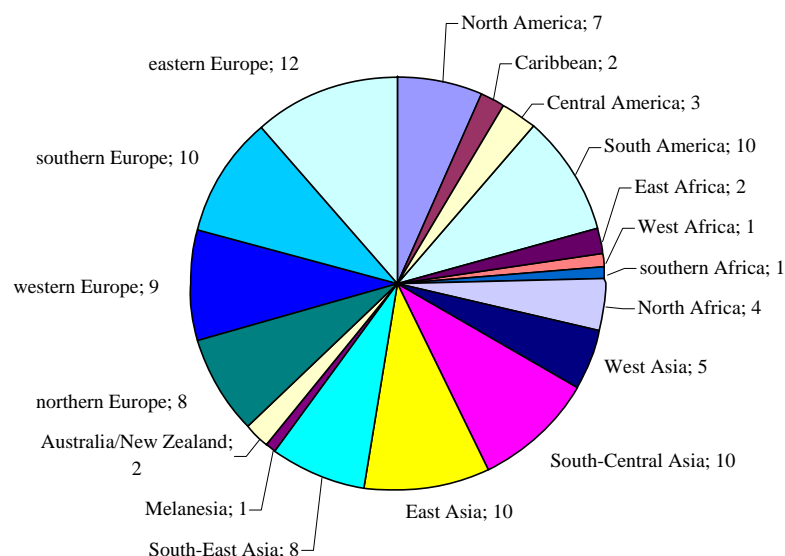
- (a) Financial transparency and information disclosure;
- (b) Ownership structure and exercise of control rights;
- (c) Board and management structure and process;
- (d) Corporate responsibility and compliance; and
- (e) Auditing.

As in the previous annual reviews, the sample of enterprises examined in the 2006 Review was comprised of leading enterprises making a significant contribution to the economy in which they are based. The 2006 Review examined 105 enterprises from 70 economies, with a broad regional distribution (see Figure 1 below). Enterprises selected for the survey were drawn from the top ten largest enterprises found within each region; the relative size of the enterprises was determined using sales and market capitalization data. The survey included publicly-listed enterprises, privately-held enterprises and SOEs. The enterprises included in the survey represent a wide range of industries including: energy, financial services, telecommunications, pharmaceuticals, manufacturing, and retail, among others.

In an effort to continually improve the research methodology of the survey, an expanded range of corporate reports were surveyed for the 2006 Review including: annual reports, corporate governance reports, exchange filings, and other information available from financial databases and enterprise websites. These included: Company website; Annual Report; Financial Report; Management Report; Proxy Circular/Proxy Statement; Articles of Association; Company By Law; Corporate Social Responsibility Report / Sustainability Report / Corporate Citizen Report / HSE Report / Environmental Report; Corporate Governance Report / Corporate Governance Charter (Code); Codes of Ethics / Code of Conduct / General Business Principles; Board of Directors Charter; Constitution; Institutional Report; Risk Management Policy; Audit and Risk Management Committee Charter; External Audit Independence Policy / Audit Committee Policies (Codes); Shareholders Charter; United States Securities and Exchange Commission filings (20-F Form; 10-K/10Q/Form DEF 14A).

Where information on an enterprise was not available electronically, enterprises were contacted directly in an effort to obtain paper reports. As in the previous annual reviews, this report is not intended as a measure of the quality of disclosure of individual items, rather it is a measure of the existence of the selected disclosure items.

Figure 1. Distribution of the 105 enterprises by region
(Number indicates the number of enterprises surveyed)



The enterprises in the survey are based in both high income and middle and lower income countries, and represent both locally listed enterprises as well as internationally listed ones (see Figure 2 below). The enterprises in the survey include a significant number of state owned enterprises. The inner box of Figure 2 indicates how many companies in the larger box are SOEs. Therefore, these companies received additional analysis (see section F). Four of the enterprises in the survey (all from low or middle income countries) were not listed and therefore do not appear in Figure 2; of these two were privately-held, and two were non-listed SOEs.

Figure 2. Distribution of the 100 listed enterprises by type of listing and country income

	OECD and other high income	Low and middle income
Only local listing	5	24
	SOE	
	1	7
International listing	4	10
	37	35

B. Main outcomes of the survey: overview of all disclosure items

Table 2 (below) displays the results of the survey within each of the five broad categories discussed in section A above. This allows readers to draw their own conclusions based on the importance they assign to a particular category or subject area, and within that category, a particular disclosure item. It also facilitates the analysis that follows on the relative level of disclosure within each category.

Table 2. Main findings of survey on corporate governance disclosure
(Number of enterprises in parentheses)

Disclosure items by category	All (105)	Type of listing		Country income		Special focus
		Inter- national listing (72)	Only local listing (29)	OECD & other high income (42)	Low & middle income (63)	SOEs (24)
Financial transparency and information disclosure (in per cent)						
Financial and operating results	100	100	100	100	100	100
Nature, type and elements of related-party transactions	94	99	90	100	90	88
Company objectives	92	96	86	95	90	88
Critical accounting estimates	90	96	79	98	84	83
Board responsibilities regarding financial communications**	80	89	66	90	73	88
Impact of alternative accounting decisions	75	82	66	86	68	67
Rules and procedure governing extraordinary transactions	59	65	48	62	57	75
The decision making process for approving transactions with related parties	53	57	48	52	54	63
Disclosure practices on related party transactions where control exists	47	51	41	52	43	50
Ownership structure and exercise of control rights (in per cent)						
Process for holding annual general meetings	91	96	86	98	87	92
Ownership structure	90	93	90	93	89	96
Control structure	86	86	86	86	86	92
Control rights	82	88	76	90	76	79
Availability and accessibility of meeting agenda	78	89	62	98	65	83
Control and corresponding equity stake	75	88	52	88	67	58

Disclosure items by category	All (105)	Type of listing		Country income		Special focus
		Inter-national listing (72)	Only local listing (29)	OECD & other high income (42)	Low & middle income (63)	SOEs (24)
Changes in shareholdings	69	78	52	74	65	63
Rules and procedures governing the acquisition of corporate control in capital markets.	30	35	21	36	25	38
Anti-takeover measures	30	39	10	40	22	25
Board and management structure and process (in per cent)						
Composition of board of directors (executives and non-executives)	99	100	97	100	98	96
Risk management objectives, system and activities	89	96	76	95	84	83
Governance structures, such as committees and other mechanisms to prevent conflict of interest	88	96	72	98	81	83
“Checks and balances” mechanisms	88	93	79	93	84	83
Composition and function of governance committee structures	86	94	66	90	83	75
Role and functions of the board of directors	84	92	69	93	78	83
Qualifications and biographical information on board members	83	93	66	86	81	79
Number of outside board and management position directorships held by the directors	79	90	59	90	71	71
Duration of director's contracts	76	88	55	98	62	63
Types and duties of outside board and management positions**	74	88	48	93	62	58
Determination and composition of directors' remuneration	68	81	41	88	54	75
Independence of the board of directors	68	82	38	88	54	67
Existence of procedure(s) for addressing conflicts of interest among board members	67	75	55	81	57	63
Performance evaluation process	67	75	52	81	57	71
Material interests of members of the board and management	57	68	34	64	52	58
Existence of plan of succession**	52	63	28	62	46	50
Availability and use of advisorship facility during reporting period	41	47	28	52	33	33
Compensation policy for senior executives departing the firm as a result of a merger or acquisition**	38	54	3	55	27	21

Disclosure items by category	All (105)	Type of listing		Country income		Special focus
		Inter- national listing (72)	Only local listing (29)	OECD & other high income (42)	Low & middle income (63)	SOEs (24)
Professional development and training activities	36	43	24	50	27	33
Corporate responsibility and compliance (in per cent)						
Policy and performance in connection with environmental and social responsibility	91	96	79	98	87	83
Impact of environmental and social responsibility policies on the firm's sustainability	78	82	66	88	71	63
A code of ethics for the board and waivers to the ethics code	73	88	45	88	63	63
A code of ethics for all company employees	72	86	45	83	65	67
Mechanisms protecting the rights of other stakeholders in business**	57	67	38	71	48	46
Policy on "whistle blower" protection for all employees	50	64	21	71	35	33
The role of employees in corporate governance*	25	25	24	36	17	29
Auditing (in per cent)						
The scope of work and responsibilities for the internal audit function and the highest level of leadership to which it reports**	84	92	69	95	76	75
Process for appointment of external auditors	81	92	62	90	75	75
Internal control systems**	75	89	48	88	67	75
Process for interaction with internal auditors	74	82	59	95	60	63
Process for interaction with external auditors	70	82	48	90	57	54
Board confidence in independence and integrity of external auditors	58	69	34	83	41	50
Auditors involvement in non-audit work and the fees paid to the auditors*	56	71	28	79	41	46
Duration of current auditors*	32	38	21	55	17	33
Rotation of audit partners*	21	24	14	33	13	17

* New disclosure items included in the 2006 survey.

** Revised disclosure item.

General overview

The main findings of the 2006 Review remain consistent with those of the 2005 Review. As shown in Figure 3, the financial transparency category is subject to the highest level of disclosure while the auditing category is subject to the lowest. The level of disclosure for internationally-listed enterprises remains generally higher than the level of disclosure for only locally-listed enterprises. As Figure 4 indicates, the rates of disclosure of enterprises from high income countries remain higher than those of lower income countries. The special focus on SOEs reveals a change from the findings of the 2005 Review, showing good disclosure among many of the SOEs surveyed, and again confirming that SOEs with international listings tend to have very good disclosure practices. These general observations are the subject of more detailed analysis in sections C to F below.

Table 2 also shows that the average disclosure rate for all enterprises fell below 50 per cent for nine of the disclosure items, though these nine items were not concentrated in any one category: one item was in the category financial transparency, two were in ownership structure, three were in board and management structure, one in corporate responsibility, and two in auditing. The least prevalent item in the 2005 Review, the disclosure of anti-takeover measures, still remains one of the five least disclosed items (see Table 3 below).

Table 3. Most prevalent and least prevalent disclosure items
(in per cent)

Top 5 most prevalent disclosure items among all 105 enterprises surveyed	Disclosure rate	Bottom 5 least prevalent disclosure items among all 105 enterprises surveyed	Disclosure rate
Financial and operating results	100	Duration of current auditors*	32
Composition of board of directors (executives and non-executives)	99	Rules and procedures governing the acquisition of corporate control in capital markets	30
Nature, type and elements of related-party transactions	94	Anti-takeover measures	30
Company objectives	92	The role of employees in corporate governance*	25
Process for holding annual general meetings	91	Rotation of audit partners*	21

* New disclosure items included in the 2006 survey

Of the four new disclosure items added to the 2006 Review, three are among the least disclosed items in Table 3 above. Two of these reflect new disclosure practices which were created in the wake of the Enron-style disasters of the early 2000s; these two items both relate to the auditing category, and are the disclosure on the *duration of current auditors* and the disclosure on the *rotation of audit partners*. The third item found among the least prevalent disclosures, *the role of employees in corporate governance*, while not prevalent, is found to be disclosed among enterprises in 20 different countries across all major world regions. This suggests that the disclosure item, while not common, is also not limited to a particular region or model of corporate governance. The fourth new disclosure item added to the 2006 Review,

auditors involvement in non-audit work and the fees paid to the auditors, is found among 56 per cent of all the enterprises surveyed; this number however, rises to 71 and 79 per cent, respectively, for internationally listed enterprises and enterprises in high income countries. The difference suggests that this item has already become the subject of widespread disclosure in the more developed markets, and may be in the future become the subject of increased disclosure among all enterprises.

Concerning the most prevalent disclosure items, four out of the top five remain the same as in the 2005 Review. The addition to the top five is the disclosure item on *company objectives*. The *critical accounting estimates*, which appeared in the top five in the 2005 Review does not appear in the top five for the 2006 review. It should be noted however that *critical accounting estimates* achieved a nearly identical disclosure rate in the 2006 Review as in the 2005 Review, yet the disclosure rates for other items were found to have increased, thus pushing it out of the top five. Three of the top five disclosure items are from the category financial transparency, which is similar to the 2005 Review, where four of the top five were from this category.

C. Comparison of disclosure items between internationally-listed companies and only locally-listed companies

Figure 3 presents the average frequency of disclosure within each category and compares the disclosure practices of enterprises listed on international exchanges with those listed only on a local or national exchange. The figure displays an average for each category of disclosure items: to produce an overview of the rate of disclosure for that subject area, this category average is calculated by taking the average of each disclosure item within a category. Disclosure rates for individual disclosure items within a category can be found in Table 2 above.

The dark centre line in Figure 3 below represents all enterprises in the survey and provides a clear overview of the disclosure rates for the different categories. The category of auditing, on average, remains the subject of lower rates of disclosure than all of the other categories. This finding, and the relative rates of disclosure for each category, are both consistent with ISAR's 2004 Review and 2005 Review.

Figure 3. Comparison between internationally-listed companies and only locally-listed companies

Average rate of disclosure by group
(Number in parentheses indicates sample size)

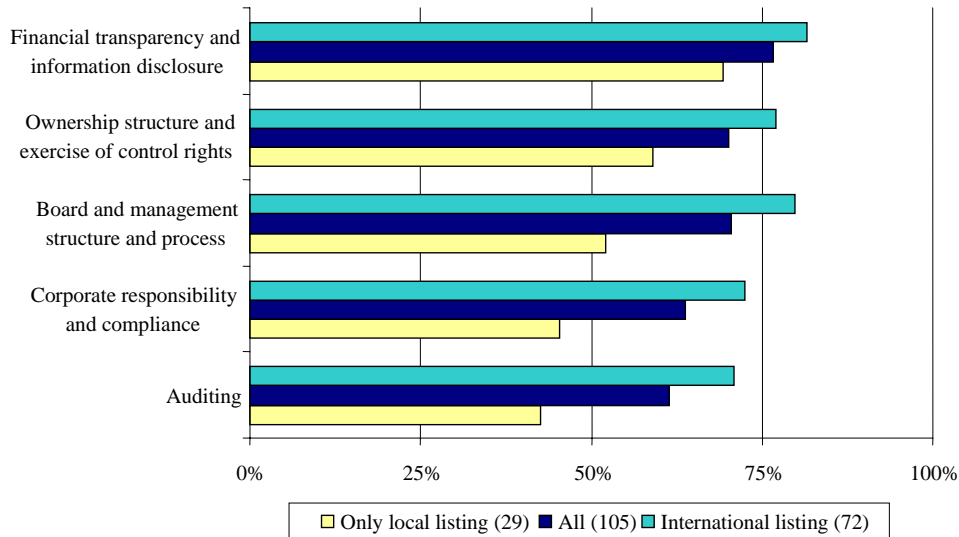


Figure 3 also provides a view of the difference in disclosure rates between enterprises based on their type of listing. The results presented in Figure 3 support earlier observations that companies with an international listing demonstrate a higher rate of corporate governance disclosure across all categories. This result is also consistent with the comparison of these two categories in ISAR's earlier surveys. This suggests that listing requirements for the more prominent international exchanges continue to demand higher rates of disclosure than those found in many national securities markets.

The category of accounting continues to be an area of consistent large differences between the disclosure rates of internationally listed enterprises and enterprises with only a local listing. Examining the details for accounting disclosure in Table 2 (above), one finds that for 7 out of the 9 disclosure items, there is a greater than 20 per cent disparity in disclosure rates. Table 4 below highlights the highest disparities in disclosure rates for the two types of listings across all 53 disclosure items.

Table 4. Top 5 greatest disparities in disclosure rates, by type of listing
(Number in parentheses indicates sample size)

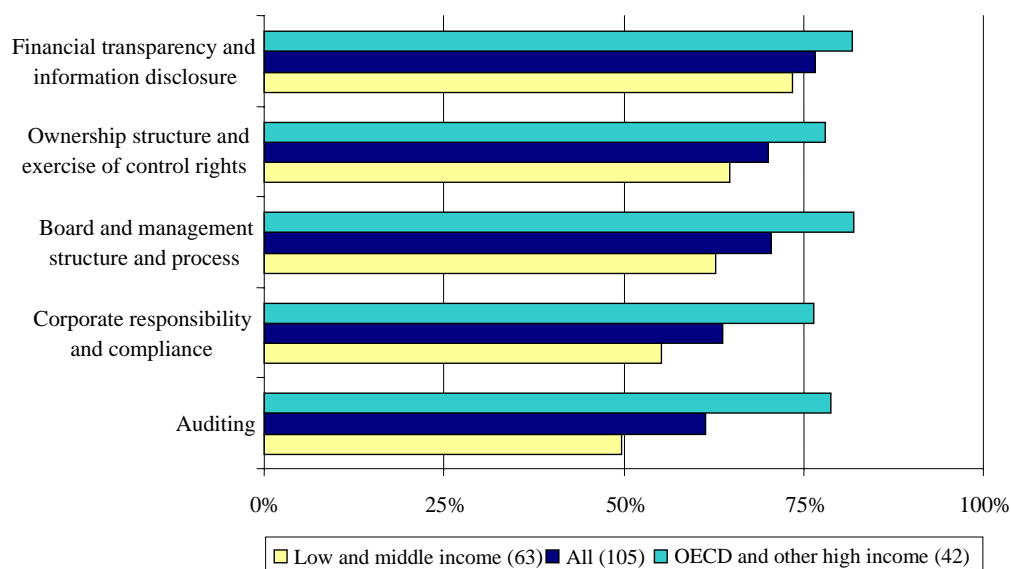
Disclosure item	Disclosure rates (in per cent)		
	International listing (72)	Only local listing (29)	Disparity
Compensation policy for senior executives departing the firm as a result of a merger or acquisition	54	3	51
Independence of the board of directors	82	38	44
Auditors involvement in non-audit work and the fees paid to the auditors	71	28	43
Policy on "whistleblower" protection for all employees	64	21	43
A code of ethics for the board and waivers to the ethics code	88	45	43

D. Comparison of disclosure items between enterprises from high-income and low- and middle-income countries

Figure 4 compares the disclosure practices of enterprises based in high income countries with those based in middle and lower income countries. The figure displays an average for each category of disclosure items: to produce an overview of the rate of disclosure for each subject area, this category average is calculated by taking the average of each disclosure item within a category. Disclosure rates for individual disclosure items within a category can be found in Table 2 above.

Figure 4. Comparison between enterprises from high-income countries and low- and middle-income countries

Average rate of disclosure by group
(Number in parentheses indicates sample size)



The findings of the 2006 Review presented in Figure 4 are consistent with the findings of ISAR's earlier surveys. On average, enterprises based in high-income countries demonstrate a higher rate of corporate governance disclosure across all categories than do enterprises based in middle- and lower-income countries. The analysis presented in Figure 4 also reveals an exception to the general pattern previously noted of financial transparency being the most prevalent and auditing being the least prevalent. While this pattern remains strong among enterprises from low- or middle-income countries, enterprises from high-income countries display a different pattern: for these enterprises, the categories of financial transparency, board and management structure and process, and auditing are all subject to nearly equal and relatively high rates of disclosure, while the categories of ownership structure and corporate responsibility, lag somewhat. Even these lagging categories for the enterprises from high income countries, however, still exceed the average level of disclosure for the entire survey sample.

The largest disparity in reporting practices between country income groups can be found in the Auditing category, which is the only category where less than 50 per cent of enterprises from low- and middle-income countries, on average, disclose the selected items. Among the largest disparities between country income groups, differences in disclosure rates for auditing items make up 3 out of the top 5 for all disclosure categories (see Table 5 below).

Table 5. Top 5 greatest disparities in disclosure rates, by country income
(Number in parentheses indicates sample size)

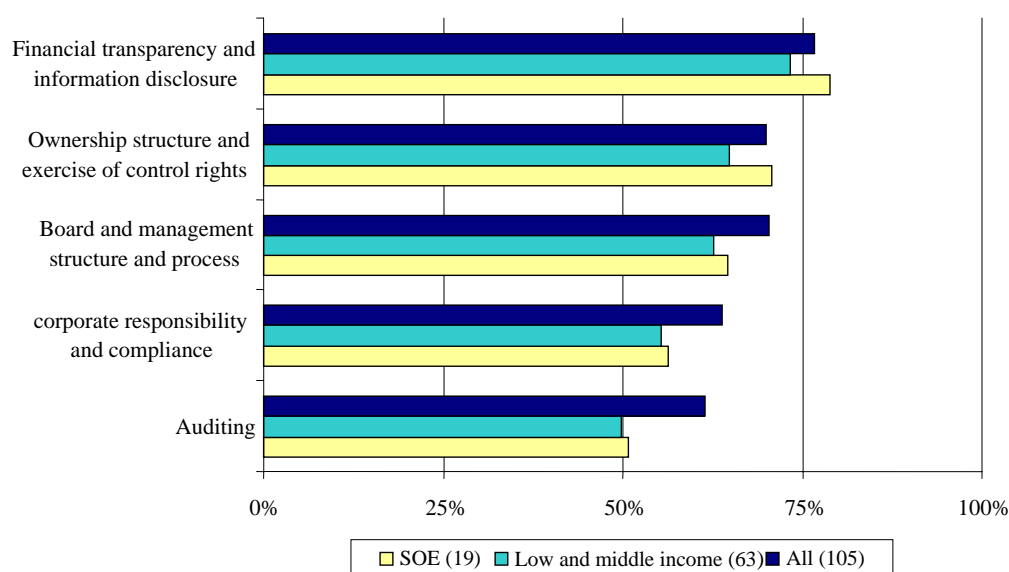
Disclosure Item	Disclosure Rates (Per cent)		
	OECD and other high income (42)	Low and middle-income (63)	Disparity
Board confidence in independence and integrity of external auditors	83	41	42
Auditors involvement in non-audit work and the fees paid to the auditors	79	41	37
Duration of current auditors	55	17	37
Policy on "whistleblower" protection for all employees	71	35	37
Duration of director's contracts	98	62	36

E. Special focus: State-owned enterprises

Nearly one quarter of the enterprises in the 2006 Review were SOEs: 24 out of 105 enterprises surveyed. As in the previous year's review, the significant number of SOEs has allowed a special focus on this type of enterprise. As indicated in Figure 2 above, most of the SOEs in the survey were from low or middle income countries (19 out of 24). The SOE model continues to be a common feature of the industrial strategy of many developing countries, and as this survey has found, SOEs are often among the largest enterprises found in developing countries.

One of the major differences in the findings of the 2006 Review, compared to the 2005 Review, is the higher disclosure rates of SOEs. Figure 5 below, provides an overview of disclosure rates by category specifically for SOEs from low and middle income countries. When viewed as a group, SOEs in the 2005 Review tended to under perform the average rate of disclosure for enterprises from low and middle income countries and significantly under perform the average rate of disclosure for all the enterprises surveyed. The 2006 Review presents a different picture: in all categories, the SOEs surveyed in the 2006 Review *outperform* the average rate of disclosure for enterprises from low and middle income countries. In two categories, the SOEs also outperform the average for all enterprises in the survey.

Figure 5. Comparison of disclosure between SOEs from low- and middle-income countries and all enterprises from low- and middle-income countries
(Number in parentheses indicates sample size)



This change in the survey's view of the relative performance of SOEs is attributable in part to slight changes in the survey sample. The sample of SOEs from low- and middle-income countries has changed only slightly, from 23 in the 2005 Review down to 19 in the present survey. This change, however, reduced the number of SOEs without an international listing, while keeping the number of SOEs with an international listing the same. This creates a shift in the sample towards SOEs with an international listing. As was recognized in the previous survey, SOEs that list on international exchanges typically display a disclosure rate that is similar to all internationally-listed enterprises in the survey (see Table 6 below). Thus the higher rates of disclosure for SOEs in the 2006 Review can be attributed in part to the higher number of internationally-listed SOEs in the sample. This again reinforces the strong correlation between higher rates of disclosure and an international listing.

Table 6. Detailed analysis of SOE disclosure rates
(Number in parentheses indicates sample size)

SOE from low- and middle-income countries (19)	Avg rate of disclosure (Per cent)	"Score" out of 53			
		Min	Max	Avg	Median
International listing (72)	77				
SOE with international listing (10)	75	16	50	40	44
Low and middle income (63)	62				
Other SOEs (9)	53	9	41	28	30

III. CONCLUSIONS

This report is the third annual survey of corporate governance disclosure prepared by the UNCTAD secretariat for ISAR. The methodology of this survey continues to be the subject of refinement and improvement, but is substantially consistent with the methodology employed in the 2005 Review.

Given the similar nature of the survey sample and methodology between the 2005 Review and the 2006 Review, a number of comparisons between the two sets of data have been made. In particular, the 2006 Review provides further support to two central findings of the 2004 and 2005 Reviews: that enterprises in low- and middle-income countries, on average and as a group, tend to have lower rates of disclosure when compared to enterprises in high income countries; and enterprises with only a local listing have a general tendency towards lower rates of disclosure than enterprises that are listed internationally. The 2006 Review also supported the finding of last year's survey regarding SOEs from developing countries: that internationally-listed SOEs tend to have rates of disclosure comparable to global best practice, while non-listed and only locally-listed SOEs tend to be among those enterprises with the lowest rates of disclosure.

An important difference in the findings of the 2006 Review compared to the 2005 Review was in the area of SOE disclosure. In the 2006 Review, SOE disclosure rates were noticeably higher, slightly exceeding the average of enterprises from low- and middle-income countries in every category, and slightly exceeding the average of all the enterprises in the survey in two categories. This is in part a reflection of the change in the survey sample, with the 2006 Review having a higher proportion of internationally listed SOEs in its sample; as noted above, these internationally-listed SOEs tend to have relatively high rates of disclosure. But it is also recognized that some enterprises have displayed real and significant improvement in the number of disclosure items being reported, in some cases more than doubling the number of items reported.

With regard to disclosure rates within specific subject categories, the findings of the 2006 Review was consistent with the 2005 Review. A continuing area of weakness is the relatively lower level of corporate governance disclosure regarding auditing functions. The large disparities between the disclosure rates of enterprises that are internationally listed, or based

in high income countries, compared with the disclosure rates of enterprises that are only locally listed or based in low- and middle-income countries, suggests that access to capital on international exchanges and or high income countries, requires increased attention to auditing disclosures.

One issue that was noted in Section II A, is the location of corporate governance disclosures within enterprise reports. As noted, these disclosure items are often spread across a range of different reports. While consolidating all of the benchmark corporate governance disclosures into a single report would be helpful, this may not be practical for some enterprises. However, a useful and practical tool that could be recommended to enterprises would be the inclusion of an "index of corporate governance disclosure". Such an index would list all 53 of the disclosure items recommended in the ISAR guidance, and next to each disclosure item give the location where it is reported (e.g. report name and page number). This index could be published in the enterprise's annual report, corporate governance report, or on the enterprise's website. (If done on the website, the index could include links to each disclosure item). A sample of such an index has been prepared based on the actual results of the one of the enterprises in the 2006 Review and can be found in Appendix I below. The location of disclosure items is an important component of the overall transparency of an enterprise: the easier it is for users to find the information for which they are looking, the greater the transparency of the enterprise.

The preparation of these annual reviews of corporate governance disclosure have provided a number of insights into the actual disclosure practices of enterprises. Further work on this subject could build on the findings of these surveys through case studies of individual enterprise reporting practices and the challenges faced. Such case studies could serve to answer some of the questions raised by the survey, such as why disclosure in the category of auditing is relatively low in developing countries, or why enterprises with an international listing perform so much better than enterprises without an international listing.

APPENDIX

INDEX OF CORPORATE GOVERNANCE DISCLOSURE

Company Name: *Example*

Reports: Annual Report 2005 / Citizenship Report 2005/ Proxy Statement 2006

Disclosure item	Report	Page No.
Ownership structure and exercise of control rights		
Ownership structure	Citizenship Report	5
Process for holding annual general meetings	Proxy Statement	4
Changes in shareholdings	Proxy Statement	52
Control structure	Proxy Statement	52
Control and corresponding equity stake	Proxy Statement	51
Availability and accessibility of meeting agenda	Annual Report	113
Control rights	Proxy Statement	51
Rules and procedures governing the acquisition of corporate control in capital markets	Annual Report	46, 47
Anti-takeover measures	Proxy Statement	60
Financial transparency and information disclosure		
Financial and operating results	Annual Report	2, 50
Critical accounting estimates	Annual Report	61, 71
Nature, type and elements of related-party transactions	Annual Report	71
Company objectives	Annual Report	6, 10, 13
Impact of alternative accounting decisions	Annual Report	64
Disclosure practices on related party transactions where control exists	N/A	N/A
The decision making process for approving transaction with related parties	Annual Report	20-21
Rules and procedure governing extraordinary transactions	Annual Report	48, 90

Disclosure item	Report	Page No.
Board's responsibilities regarding financial communications	Annual Report	113
Auditing		
Process for interaction with internal auditors	Annual Report	39
Process for interaction with external auditors	Annual Report	39
Process for appointment of external auditors	Annual Report Proxy Statement	43 41
Process for appointment of internal auditors	Annual Report	39, 43
Board confidence in independence and integrity of external auditors	Annual Report Proxy Statement	43 41
Internal control systems	Annual Report	43-44
Duration of current auditors	Proxy Statement	38
Rotation of audit partners	Annual Report	40
Auditors' involvement in non-audit work and the fees paid to the auditors	Proxy Statement	39-40
Corporate responsibility and compliance		
Policy and performance in connection with environmental and social responsibility	Annual Report Citizenship Report	7, 34, 37, 54 32-34
Impact of environmental and social responsibility policies on the firm's sustainability	Annual Report Citizenship Report	34, 37, 54 32
A code of ethics for the board and waivers to the ethics code	Annual Report Proxy Statement	22 12
A code of ethics for all company employees	Annual Report Proxy Statement	22 12
Policy on "whistle blower" protection for all employees	Citizenship Report	7, 23
Mechanisms protecting the rights of other stakeholders in business	Citizenship Report	14-15, 23, 73
The role of employees in corporate governance	Annual Report	84
Board and management structure and process		
Governance structures, such as committees and other mechanisms to prevent conflict of interest	Annual Report	39
"Checks and balances" mechanisms	Proxy Statement	54-55
Composition of board of directors (executives and non-executives)	Annual Report	40-41, 111-112

Disclosure item	Report	Page No.
Composition and function of governance committee structures	Annual Report	39-41, 111-112
Role and functions of the board of directors	Annual Report	39
Risk management objectives, system and activities	Annual Report	48-49
Qualifications and biographical information on board members	Proxy Statement	6-11
Types and duties of outside board and management positions	Proxy Statement	6-11
Material interests of members of the board and management	Proxy Statement	19
Existence of plan of succession	Proxy Statement	54, 59
Duration of director's contracts	Proxy Statement	55, 57
Compensation policy for senior executives departing the firm as a result of a merger or acquisition	N/A	N/A
Determination and composition of directors' remuneration	Proxy Statement	15-16, 34
Independence of the board of directors	Annual Report	13, 39
Number of outside board and management position directorships held by the directors	Proxy Statement	6-11
Existence of procedure(s) for addressing conflicts of interest among board members	Proxy Statement	12, 58
Professional development and training activities	Citizenship Report Proxy Statement	18 60
Availability and use of advisorship facility during reporting period	Citizenship Report Proxy Statement	18 60
Performance evaluation process	Annual Report Proxy Statement	49 13

Note: N/A = Not Available

ENDNOTES

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⁵ Commission of the European Communities (2006). Annex to the Proposal for a Directive of the European Parliament and of the Council on the exercise of voting rights by shareholders of companies having their registered office in a Member State and whose shares are admitted to trading on a regulated market and amending Directive 2004/109/EC – IMPACT ASSESSMENT, 17 February 2006, <http://ec.europa.eu>.

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⁷ Share blocking: the practice of halting the trading of a company's shares ahead of a shareholder vote.

⁸ Record date: the practice of only allowing voting by shareholders who owned shares on a specified date. The EU proposed directive requires that this date should be no earlier than 30 days before the general meeting.

⁹ Sweden, Denmark, and Finland require proof of ownership by having custodians to register their clients’ shares into local accounts at an institution designated by the company several days prior to the date of the general meeting (p. 14 of Annex to the Proposal).

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