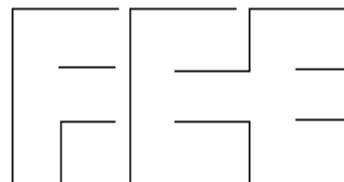


Date  
26 July 2002

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Général

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cc Karel Van Hulle

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Dear Mr Winter,

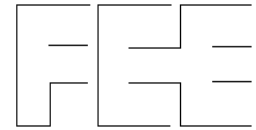
Re: Extension of Mandate of High Level Group of Company Law Experts

Further to our letter of 27 June in which we responded to the consultative document "A Modern Regulatory Framework for Company Law in Europe: A Consultative Document of the High Level Group of Company Law Experts", we are now pleased to submit some further thoughts on two of the subjects included in the extension of the mandate: the responsibility of management for the preparation of financial information; and the role of non-executive directors and of Supervisory Boards.

In our letter of 27 June we expressed our regret that no further consultation is planned about the subjects included in the extension of the mandate, and we suggested that the conclusions on the subjects forming part of the extension of the mandate should be regarded as provisional in nature and subject to a further consultation. We again strongly urge you to consult further.

It is necessary to restore confidence in the capital markets in Europe by enhancing corporate governance. Efforts to improve and strengthen corporate governance are necessary and important for efficient business in the EU. Some enforcement of disclosures perhaps through stock exchange listing requirements should be considered. An approach similar to the Lamfalussy recommendations may also be the appropriate way forward in the corporate governance area in that at EU level only framework legislation should be provided, covering common principles. A principles-based approach is desirable since business processes and technology change rapidly, any framework needs to be sufficiently flexible to accommodate these changes. It should however have sufficient common detail to avoid excessive variety across the single capital market, but allow for a substantial period of convergence through experience of best practice. A principles-based approach allows for evolution and convergence. The EU principles need, however, take into account the existence of different corporate governance systems within the EU – namely the one-tier board system and the two-tier board system. Further guidance can be provided at national level in form of a codex or other forms of "soft law" setting out the corporate governance codes principles, meeting the different cultural, company law and other backgrounds. It may be helpful if these could be used to describe in one document both the applicable law and codes perhaps along the lines of the German codex. Careful consideration and further consultation needs to be undertaken in this area to avoid unintended consequences.

With regard to the responsibility for financial information and the role of non-executive directors the principles in such a framework, which should fit for both one-tier and two-tier board systems, should address the following issues:



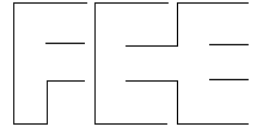
With respect to the responsibility for financial information the framework legislation

- should set out the principal elements for a framework for high quality financial reporting
- should indicate that directors of the company have the ultimate collective responsibility for financial information
- should require a positive statement in the annual report by directors of their responsibility for financial information and proper application of IFRS or the applicable accounting standards and compliance with other relevant legal and regulatory reporting requirements
- should cover reporting in the annual report on the board's performance in applying and complying with the principles of a specified corporate governance code, with disclosure of any instances of non-compliance with the code.
- should cover reporting by directors whether the business is a going concern
- should ensure active involvement of non-executive directors in reviewing and approving the annual financial statements, including review of processes for preparing financial information and review of the financial statements as well as the application of accounting policies and for assessing the significant judgements and estimates made in preparing financial information.

With respect to the role of non-executive directors the framework legislation

- should encourage the use of audit committees within the Board of Directors or Supervisory Board, and make the performance of the audit committee function mandatory for listed companies. The audit committee function needs to be fulfilled by non-executive directors, where there is no separate audit committee
- should set out the principal features of the role of non-executive directors, many of which could be addressed in codex or soft law, covering such matters as:
  - tasks and due process, including reviewing and monitoring an ethics policy for the company
  - membership and independence
  - skills and competence
  - time commitment
  - appraisal of performance
  - access to information and right to independent advice
  - reporting and communication obligations
  - maintaining an appropriate relationship with the external auditors
- should recognise that all directors have to act in accordance with the company's best interest. No member of the Board or Supervisory Board may pursue personal interests in decisions to use business opportunities intended for the company for him or herself, at the expense of other stakeholders, without full transparency and consideration of the consequences by the full board
- should recognise the need to attract experienced and competent people to the function of non-executive director and therefore should propose a range of possible mechanisms for addressing at national level the risk and liability issues and related protection in law and by insurance.

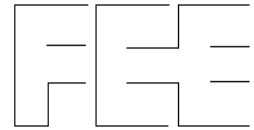
Further details are provided in the annex to this letter



We would be pleased to discuss any aspect of this letter you may wish to raise with us.

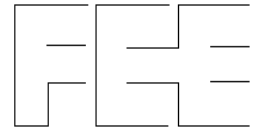
Yours sincerely,

Göran Tidström  
President



## DETAILED FEE POSITION ON THE EXTENSION OF THE MANDATE OF THE HIGH LEVEL GROUP OF COMPANY LAW EXPERTS

1. Responsibility of management for the preparation of financial information
  - 1.1 A Framework for high quality financial reporting
  - 1.2 Definition of Management
  - 1.3 Responsibilities of Management
  - 1.4 Internal accounting and internal audit function
  - 1.5 Collective responsibility of directors
  - 1.6 Access to information
  - 1.7 Summary
2. Role of non-executive directors and of Supervisory Boards
  - 2.1 One-tier and two-tier board systems
  - 2.2 Definition
  - 2.3 Importance of non-executive directors
  - 2.4 Audit committee function
  - 2.5 Features of an appropriate audit committee function
    - 2.5.1 Tasks and due process
    - 2.5.2 Membership of audit committee and independence of non-executive directors
    - 2.5.3 Skills and competence of individual members
    - 2.5.4 Time commitment of individual members
    - 2.5.5 Appraisal of performance
    - 2.5.6 Access to information and right to independent advice by non-executive directors
    - 2.5.7 Reporting and communication obligations
    - 2.5.8 Maintaining an appropriate relationship with the external auditors
  - 2.6 Summary



## 1. Responsibility of management for the preparation of financial information

### 1.1 *A Framework for high quality financial reporting*

FEE believes that there is a need to strengthen corporate governance arrangements so that they are equally effective across Europe in providing financial information of the highest quality to the capital markets. This requires a thorough debate on the responsibilities of all that have a role or influence in financial reporting. The principal elements of this framework are:

- Preparation of true and fair financial information and assessment of appropriateness of accounting policies by an effective and well resourced company accounting function
- Effective internal audit (where such a function exists) (covering not only financial audits but also risk-oriented control procedures) with a direct reporting line to the audit committee function
- Effective compliance function (where such a function exists).
- Informed review by audit committee or Supervisory Board
- Proper financial information approval procedures by the body responsible within the company
- External audit conducted by auditors which are subject to quality assurance systems that inspire public confidence
- Effective enforcement bodies<sup>1</sup>
- Stock Exchanges with supportive listing agreements
- Sponsors, advisers and investment bankers committed to high quality financial reporting particularly in respect of complex transactions
- Investors, analysts, rating agencies and the financial press, all of which should have clear ethical obligations to raise issues of dubious financial reporting.

### 1.2 *Definition of Management*

The term “management” may have different connotations in the context of a two-tier and one-tier (unitary) board system. Different terms are used: Board, Executive Board, executive directors, Management Board, Board of Directors, etc. We therefore recommend to include a clear definition of “management” in order to indicate what is covered by “management” recognising the differences of a one-tier and two-tier board system. Any recommendation of the High Level Group of Experts should fit both for one-tier and two-tier board systems and any hybrids therefore. In our text we use the term “management” for those board members with executive responsibilities. Where the term “directors” is used both management and non-executive directors are meant.

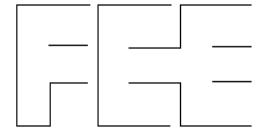
### 1.3 *Responsibilities of Management*

FEE already addressed in its Discussion Paper on Responsibilities for Financial Reporting by Companies of 1994 following the 1993 European Commission strategic programme “making the most of the internal market” the now still highly relevant questions:

- “How users may be assured that directors have a sound process of management and robust systems of control
- The way reasonable assurance can be given that the directors are able to safeguard the assets of the business and that they do so in fact
- How users can be confident that directors act with integrity and detect and deal properly with misdeeds.”

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<sup>1</sup> Section 6 of the FEE Discussion Paper on Enforcement of IFRS in Europe addresses the features of effective enforcement systems.



The 1994 FEE paper states:

“Directors are in the best position to know the affairs of their company and to maintain its records and to prepare its accounts. The law on statutory annual accounts in most countries requires directors to ensure that the accounts present a true and fair and/or regular and sincere view. If the accounts do not do so, it is their responsibility that is first engaged.

Directors must publish information that is complete to the best of their knowledge and belief. The reader should be able to understand the financial position of the business. Law, good practice and, for listed companies, the rules of their stock exchange, require the directors to give a business commentary. Users are likely to focus their expectations more and more on these commentaries.

The process of management determines the quality of internal management information and this depends in turn on the quality of the control systems which the assets of the business are safeguarded and its good conduct ensured. Users are expecting the directors of a company to affirm that proper controls are in place, thus publicly acknowledging their responsibility.

The responsibility of directors generally extends to all directors of a company. The law normally assumes that each director knows or should put himself into the position of knowing whether the duties have been properly discharged by all the directors. Typically, a director with responsibility in one area of expertise cannot deny responsibility for acts by a director in other areas of expertise. There is a particular burden of responsibility on executive directors to ensure that Supervisory Boards or non-executive directors are properly informed. The management process of a well run business will achieve this.

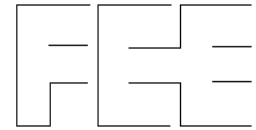
Directors have the primary duty to meet the expectations of users. They must, however be attracted to their role and not discouraged. The hope of success and reputation must outweigh the risk of failure and litigation for the vast body of honest, competent and conscientious managers. The balance is not easy.”

The management is responsible for managing the company, acting in the company’s best interest. They ensure appropriate risk management and internal control systems are in place within the company. No director may pursue personal interests in his decisions or use business opportunities to enrich himself at the expense of any other stakeholders.

It is the responsibility of management and non-executive directors of the company to provide other stakeholders with proper financial information. The auditor should not and cannot take the role of management as explained in the Commission Recommendation on Independence of the Statutory Auditor. An appropriate corporate governance structure needs to be in place. Following the IAS Regulation management and non-executive directors need to make themselves adequately informed and resourced about IAS. The management should explain their responsibility for preparing financial information including financial statements, interim statements and other price-sensitive public reports. The directors should disclose the responsibility for financial information and proper application of IFRS or the applicable accounting standards in the annual report. It would also be helpful if the directors report each year on the company’s corporate governance in the annual report. This could include explanation of deviations from the recognised national corporate governance codes that are applicable to the company.

The management is responsible in law for preparing the accounts in accordance with the applicable accounting standards, in case of listed European companies from 2005 onwards IFRS. Annual accounts which are defective can lead to civil court action as well as criminal court action. This emphasises the importance of the care which the directors should take to ensure, as the first line of defence of high quality financial reporting, that:

- the internal company accounting function is effective and properly resourced
- internal audit (where such a function exists) is applied to a high standard
- as directors, they are adequately informed and resourced about IFRS
- their review of financial information is thorough and is based on good corporate governance practices, such as use of Audit Committees.



An open exchange of information and regular communication is envisaged between management, non-executive directors and the external auditor, and the internal auditor if there is one.

#### *1.4 Internal accounting and internal audit function*

An effective internal accounting and internal audit function should encompass procedures and adequate resources to check the:

- existence and effectiveness of financial controls;
- reliability of the data capture for each transaction;
- application of appropriate policies for recognition and measurement of transactions and balances (those policies being chosen with board approval);
- completeness of the resulting disclosure of transactions, balances, risks and uncertainties.

The work of internal audit functions in some countries may now be more directed to providing assurance on the wider aspects of internal control and the risks associated therewith, rather than financial audit alone.

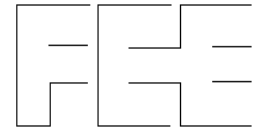
#### *1.5 Collective responsibility of directors*

Whereas the preparation of the financial information is the responsibility of management, all directors – executive and non-executive – have a collective responsibility for financial information and have to agree the financial information (approval, certification or otherwise depending on the national company law). We consider it important to emphasise the collective responsibility for agreeing financial information rather than emphasising only the responsibility of management for the preparation of financial information. The active involvement of non-executive directors in reviewing and approving of the annual financial statements needs to be underlined. This involvement should include review of processes for preparing financial information as well as the application of accounting policies and for assessing the significant judgements and estimates made in preparing financial information. This does not exclude the possibility that the non-executive directors could choose to seek formal assurances from management about the integrity of financial information. The directors should report that the business is a going concern with supporting assumptions and disclosures and qualifications if needed.

The corporate governance processes should result in a necessary system of internal checks that cover all transactions, balances and disclosures that are reported in management accounts, interim financial information, annual financial statements, financial information in listing particulars and similar documents. The corporate governance system only functions with proper checks and balances at the top of the company. However, a clear division of responsibilities is needed, for example, the High Level Group may wish to express a preference for a distinction between Chairman of the Board of Directors (in a one-tier board system) and the Chief Executive Officer (CEO), the latter being responsible for running the company's business.

#### *1.6 Access to information*

In case of enquiries by competent authorities, such as enforcement bodies, management and non-executive directors should supply the responses, explanations and additional information that the authority might need in terms of the information. It is important that the directors and management of the company form their own views on issues. The authority may request companies to obtain a special report on the issue from their auditors but should not normally need to request their audit working papers. Provided there are accepted legal and professional frameworks for their provision, auditors can prepare a considered paper on basis of their work on a special issue to support the company. The fact that the auditors give their view on certain issues within their competence does not impact their opinion on the financial statements as a whole. The auditors are responsible solely for their report. Their information and working papers for example will therefore be relevant to only supporting that opinion and will not have been



prepared for any other purpose nor for any form of publication or disclosure even to a competent authority.

### 1.7 Summary

A good corporate governance system is of ultimate importance since it increases the effectiveness of the audit and the quality of financial information.

In summary we believe that the High Level Group Recommendations in relation to the responsibility of management for the preparation of financial information:

- should set out the principal elements for a framework for high quality financial reporting
- should indicate that directors of the company have the ultimate collective responsibility for financial information
- should require a positive statement in the annual report by directors of their responsibility for financial information and proper application of IFRS or the applicable accounting standards and compliance with other relevant legal and regulatory reporting requirements
- should cover reporting in the annual report on the board's performance in applying and complying with the principles of a specified corporate governance code, with disclosure of any instances of non-compliance with the code.
- should cover reporting by directors whether the business is a going concern
- should ensure active involvement of non-executive directors in reviewing and approving the annual financial statements, including review of processes for preparing financial information and review of the financial statements as well as the application of accounting policies and for assessing the significant judgements and estimates made in preparing financial information.

## 2. Role of non-executive directors and of Supervisory Boards

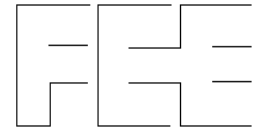
### 2.1 *One-tier and two-tier board systems*

Non-executive directors in a one-tier board system and the Supervisory Board in a two-tier board system have fundamental responsibilities and an important role to play in the overall corporate governance system. The same is applicable to the audit committee as a permanent committee of the Board of Directors in a one-tier board system or of the Supervisory Board in a two-tier board system. It is as such not the audit committee that is important, but the function it fulfils. In both a one-tier and two-tier-board system the audit committee is a preparatory committee, not absolving the non-executive directors (Supervisory Board in a two-tier-board system) or management from their responsibilities. When referring to the audit committee we therefore address the audit committee function rather than the audit committee itself.

### 2.2 *Definition*

“Non-executive director” is not defined, they are generally regarded as those directors that do not hold any executive or management position in the company in addition to their role as a member of the board. Best practice includes requirements of independence. In a two-tier system non-executive directors form the Supervisory Board.





### *2.3 Importance of non-executive directors*

The greatest need for non-executive directors is to encourage well run businesses to continue to be so and to encourage change in businesses that are less well run. The skills of entrepreneurial management and the need for accountability potentially conflict. It is when a business is less well run that the quality of information provided to non-executive directors by the management is poorest and the risks of collegiate responsibility are greatest. It is then that the non-executive directors are called upon to act. Non-executive directors receive the least rewards. They should not be most at risk when the interests of all users most rely on them.

The main tasks of the non-executive directors are to contribute to the overall collegiate responsibility of the Board (or Supervisory Board) by:

- reviewing the performance as well as the risk management practices of the management (monitoring)
- solving potential conflicts of interest (specific interests of management versus wider interests of the company)
- monitoring the effectiveness of the relationship of management with the internal and external audit function
- reviewing and monitoring the ethics policy for the company

It is important to enhance the role of non-executive directors in order to restore the confidence in capital markets and enhance the influence on the performance of the company. In today's environment important issues to address are how to increase the pool of non-executive directors and how to enhance their quality. The non-executive directors have an important oversight role to fulfil. Non-executive directors can play a crucial role in improving company performance and accountability and therefore a central role in corporate governance.

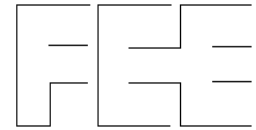
The non-executive directors should establish arrangements for considering how they should assess the application of financial reporting standards and internal control principles and for maintaining an appropriate relationship with the external auditors. The use of audit committee function in this respect should be encouraged

### *2.4 Audit committee function*

There is a growing consensus that the audit committee function is a key element of corporate governance best practice, because of its role in helping to ensure high quality financial reporting and effective internal control. It is less evident, however, that there is full, widespread and consistent agreement on what their roles and responsibilities should be, or on which practices are most effective. National requirements diverge across Europe and the world, especially between one-tier and two-tier systems, and different business and governance cultures have varying impacts on the effectiveness of the audit committee function. Restricting the role of audit committees, as perhaps implied in the Oviedo paper, to supporting the work of external auditors, or even just monitoring the auditor's independence would certainly be inappropriate and wholly inadequate. Non-executive directors serving on audit committees are undoubtedly a useful support for external auditors but such a role cannot be considered in isolation.

### *2.5 Features of an appropriate audit committee function*

We would especially welcome specifically addressing the role of non-executive directors in the audit committee function in respect to financial reporting. The audit committee is an additional process in order to ensure that the inevitably close working relations between the auditors and the executive do not affect the external auditor's objectivity. A good functioning audit committee or Supervisory Board facilitates and enhances the effectiveness of the audit function.



In our view the following aspects need to be addressed:

#### 2.5.1 Tasks and due process

The audit committee should establish arrangements for considering how it should apply financial reporting and internal control principles and for maintaining an appropriate relationship with the external auditors. Its authorities and duties should be clearly established and evidenced in terms of reference.

The duties of the audit committee function should include reviewing and advising on approval of financial information; keeping under review the scope and results of the audit and the independence and objectivity of the auditors. It also has the responsibility to review regularly the relationship between management and the external and internal auditors. The audit committee should review whether the accounting policies selected are appropriate and adequately applied. The audit committee should also discuss the quality of the accounting policies applied and not only the acceptability as well as assess the significant judgements and estimates made in preparing financial information.

It is good practice for a company to have an internal policy of business ethics to promote fair dealing and to support best practice in corporate governance and the day-to-day conduct of business. It can also help to prevent, or improve, the detection of fraud and dishonesty. A clear ethics policy enables all the staff of a company to understand the importance which directors attach to the proper conduct of business throughout the organisation. The audit committee has as task to review and monitor the ethics policy for the company.

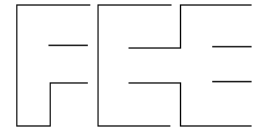
However, it should always be borne in mind that the audit committee is only a preparatory committee, not absolving the Board or the Supervisory Board as a whole from their responsibilities.

#### 2.5.2 Membership of audit committee and independence of non-executive directors

When an audit committee is separately created as a committee which prepares matters for consideration by the full board, the committee consists of at least a majority of non-executive directors. Non-executive directors should be independent from the management of the company. In relation to the independence of non-executive directors, the issues at stake have some similarities to those for the independence of the external auditor: objectivity in interest of the shareholders and stakeholders. Therefore a broadly similar approach to independence could be considered in assessing the threats to independence, for example self-review threat. In this respect we refer to the Independence Recommendation published in May by the Commission. Issues that need to be considered in relation to independence also include remuneration, disclosure of transactions with directors and other related parties and disclosure of conflicts of interest. It is important that the non-executive directors form a strong platform to balance to the influence of management. The risk that they have to monitor the outcome of decisions they have been taken in earlier positions has to be assessed and result in an overall balanced membership. The overall independence of the non-executive directors as a whole needs to be considered on a yearly basis and practice needs to be reported on to the shareholders meeting.

All non-executive directors have to act in accordance with the company's best interest. No member may pursue personal interests in decisions or use business opportunities intended for the company of himself/herself, at the expense of the other stakeholders, without full transparency and consideration of the consequences by the full board.

Each member should inform the Board of Directors or Supervisory Board of any conflicts of interests or impairment of independence which may result from a consultant or directorship function or material business relationship with clients, suppliers, lenders or other business partners. Threats to independence and related safeguards should be disclosed in the annual report.



Other issues to be addressed include risks and insurance provision for non-executive directors.

### 2.5.3 Skills and competence of individual members

The quality of the non-executive directors is determined by knowledge, skills and experience but also by personal qualities and attributes. The audit committee chairman should, personally or through advice, have accounting or related financial management expertise. Members of the audit committee need to make themselves adequately informed and resourced about IFRS, personally or through advice, to avoid that they do not understand the accounting principles applied by management, or the consequences of using different principles or different assumptions, so that they collectively have enough expertise to discharge their role.

### 2.5.4 Time commitment of individual members

All non-executive directors must take care that they have sufficient time to adequately perform their mandate. This time would impact on the number of mandates a member can hold.

### 2.5.5 Appraisal of performance

The Chairman of the Board or Supervisory Board needs to formally review the performance of the non-executive directors on a regular basis. Non-executive directors should examine the efficiency of the audit committee's activities and the performance of the audit committee on a regular basis.

The non-executive directors or Supervisory Board and the audit committee should review and reassess their terms of reference on an annual basis.

### 2.5.6 Access to information and right to independent advice by non-executive directors

Management needs to provide non-executive directors with sufficient information to be effective. The management should inform the non-executive directors without delay and comprehensively of all the main issues important to the company and the group with regard to planning, business development and risk management, including deviations from previously formulated plans and targets and the reasons therefore. In addition the non-executive directors should have the right to examine accounting records contracts as well as other relevant company information.

Non-executive directors should be entitled to obtain independent advice.

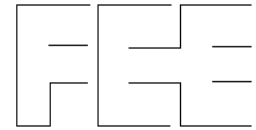
The auditor should communicate with the non-executive directors with emphasis on material audit findings, misstatements and suspected fraud. The details of such a report are developed in professional standards, notably ISA 260 Communication of Audit Matters with Those Charged with Governance (copy attached). The Independence Recommendation of the Commission addresses in section 4.1.2 the involvement of the governance body.

### 2.5.7 Reporting and communication obligations

An active dialogue between the non-executive directors with respectively management, internal audit function and external audit function is important. An open exchange of information and regular communication is envisaged between management, non-executive directors and the external auditor.

The non-executive directors – in addition to the management – should provide the auditors with the necessary information. There should be full transparency also from the side of non-executive directors.

The auditor should take part in the audit committee or Supervisory Board's deliberations on the financial information and should report on the findings of the audit. Communication could also include reporting in writing, if so written and oral communication are complementary: whereas the written report conveys an overall impression of findings and important issues, there is an



opportunity to discuss particularly complex commercial and legal matters in the meeting. Each member of the audit committee or Supervisory Board should have the right to request information from the auditor regarding the results of the audit during the process of finalising the financial statements and the reporting of other audit findings in the meeting of the audit committee or Supervisory Board in which the financial statements are discussed.

The non-executive directors should also report to the shareholders meeting.

#### 2.5.8 Maintaining an appropriate relationship with the external auditors

- The audit committee function should be engaged in the selection and appointment of auditors and for setting of audit fees.
- The audit committee or Supervisory Board should regularly meet with the external auditor, potentially with at least one meeting a year without management.
- The auditors should present their audit approach to and discuss it with the audit committee or Supervisory Board in order to enhance understanding of the responsibilities of the auditors and the implications of the auditors' findings for its own tasks. The non-executive directors can ask for additional audit procedures and additional reporting requirements.
- The auditors should report on independence including the provision of non-audit services to the audit committee or Supervisory Board (based on recently issued Commission Recommendation on Independence). The audit committee or Supervisory Board has the right and obligation to examine the auditors' independence. Therefore the audit committee or Supervisory Board should obtain a statement from the auditors stating whether, and where applicable, which professional, financial and other relationships exist between the auditors and its executive bodies that could call its independence into question. Where the auditors also supply non-audit services to the company, the audit committee or Supervisory Board should keep the nature and extent of such services under review.

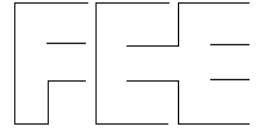
#### 2.6 *Summary*

Ensuring a strong relationship between the non-executive directors and the auditors facilitating two way communication is key to increasing the effectiveness of the audit function.

The audit committee function should be made compulsory for listed companies as part of the Framework legislation supplemented by codex or other forms of soft law.

In summary we believe that the High Level Group Recommendations in relation to the role of non-executive directors and Supervisory Boards:

- should encourage the use of audit committees within the Board of Directors or Supervisory Board, and make the performance of the audit committee function mandatory for listed companies. The audit committee function needs to be fulfilled by non-executive directors, where there is no separate audit committee
- should set out the principal features of the role of non-executive directors, many of which could be addressed in codex or soft law, covering such matters as:
  - tasks and due process, including reviewing and monitoring an ethics policy for the company
  - membership and independence
  - skills and competence
  - time commitment
  - appraisal of performance
  - access to information and right to independent advice



- reporting and communication obligations
- maintaining an appropriate relationship with the external auditors
- should recognise that all directors have to act in accordance with the company's best interest. No member of the Board or Supervisory Board may pursue personal interests in decisions to use business opportunities intended for the company for him or herself, at the expense of other stakeholders, without full transparency and consideration of the consequences by the full board
- should recognise the need to attract experienced and competent people to the function of non-executive director and therefore should propose a range of possible mechanisms for addressing at national level the risk and liability issues and related protection in law and by insurance.