

① KING III

CHAIRMAN — INDEPENDANT — NON EXECUTIVE
NOT CEO

- IF NOT INDEP — APPOINT LEAD INDEPENDANT
NON EXECUTIVE (LID)
- IF NON-EXECUTIVE BUT NOT INDEPENDANT
DISCLOSE IN INTEGRATED REPORT
- RETIRED CEO NOT BECOME CHAIRMAN FOR
3 YEARS
- NOT MEMBER AUDIT COM
- NOT CHAIR REM COM
- SHOULD MEMBER OF NOMINATION COM
- NOT CHAIR RISK COM

BOARD: BALANCE OF POWER

NON-EX IN MAJORITY

INDEP — NON-EX MUST BE MAJORITY

INDEPENDANCE

- DO NOT REPRESENT A SHAREHOLDER
- DO NOT HAVE INTEREST (D/E)
- HAS NOT MORE THAN 5% — MATERIAL TO OWN WEALTH
- NOT EMPLOYED — AUDITOR — LEGAL ADVISOR
- NOT IMMEDIATE FAMILY — OF A EMPLOYEE (3 YEARS)
- NOT PROFESSIONAL ADVISOR
- NOT BUSINESS OR OTHER RELATIONSHIP
- DOES NOT RECEIVE REM BASED ON PERFORMANCE

70. FACTORS TO CONSIDER TO STRUCTURE BOARD PROPERLY

AT LEAST 2 EXEC DIRECTORS

SERVE LONGER 9 YEARS

(2) KING ID

(2)

ISSUE OF INDEPENDANCE

FOCUS ON PERCEPTION OF INDEPENDANCE

IT IS A STATE OF MIND

TOO MUCH EMPHASIS ON INDEP MAY UNDERMINE
INDUSTRY SKILL AND EXPERIENCE

BOARD BE BALANCED IRO. SKILLS, EXPERIENCE
DIVERSITY, INDEPENDANCE AND KNOWLEDGE OF
THE CO.

INDEP IS BUT ONE CONSIDERATION

ALL DIR SHOULD HAVE COMPREHENSIVE UNDERSTANDING
OF THE INDUSTRY

HOW TO DECIDE ON INDEPENDANCE

CONCEPT - INFORMED THIRD PARTY

- DECIDE ON SUBSTANCE OVER FORM
- SIGNIFICANT PROVIDER OF CAPITAL
- PARTICIPATE IN SHARE BASED SCHEMES
- OWNS SECURITIES
- EMPLOY OF CO. IS EXEC 3 YEARS
- EXTERNAL AUDITOR 3 YEARS
- SIGNIFICANT ONGOING PROF ADVISOR
- MEMBER OF GOV BODY OF CUSTOMER OR SUPPLIER
- MEMBER OF ORG RELATED
- ENTITLED TO REMUNERATION - CONTINGENT ON PERFORMANCE

LENGTH - LONGER 9 YEARS

[6]

③ MEMO

ADVICE ON SEPERATION CHAIRMAN / CEO POSITION.
LEAD INDEPENDANT DIRECTOR
MAJORITY - INDEPENDANT.
AT LEAST TWO.

DE CAPRIO - NO LINKS WITH CO. KNOWS COMMUNITY (OK)
PACINO - NOT MAJOR OR SIGNIFICANT ADVISOR -
KNOWLEDGE INDUSTRY (OK)

ROBERTS - MUST LOOK AT FROM: INFORMED THIRD PERS
MAY HAVE INDEPENDANCE OF MIND - FALLS
OUTSIDE LIST.

SNIPES - FALLS WITHIN THE LIST - CHECK SUBSTANCE
OVER FORM. (NOT OK?)

CHANG - WITHIN LIST. - (NOT OK?)

HANKS - KNOWS ~~BUSINESS~~ INDUSTRY. NO RELATIONSHIP.
OK

PENN - NOT ON LIST. - COMMUNITY.

SPACEY - ON LIST - CONSIDER WITH CARE. INDEPENDANT.
ON CHOP-CHOP ALSO - ONE OF SUPPLIERS (NOT OK)

WHOOPE - SENIOR EXEC - NOT THREE YRS PAST.
SUBSTANCE IN INDEPENDANCE

MOUSE - SUBSTANCE OVER FORM

④ COMMITTEES (CONSIDER BALANCE)

[+6]

- MUST PROMOTE INDEPENDANCE
- MUST HAVE SPECIFIC TERMS OF REFERENCE
- COMMITTEES COOPERATE (CROSS MEMBERSHIP)

TYPES AUDIT. - NOMINATION - RISK - REMUNERATION.

[+2]