

## **Michael Napier**

---

**From:** "Michael Napier" <michael@napierl.fsnet.co.uk>  
**To:** <non-exec.review@dti.gov.uk>  
**Cc:**

**Sent:** 06 September 2002 15:08  
**Subject:** Consultation Paper on non-executive directors

Attention: Derek Higgs

A colleague in UKSA (United Kingdom Shareholders Association) has passed to me a copy of your interesting Consultation Paper relating to the forthcoming review of the role and effectiveness of non-executive directors. UKSA is this country's leading organisation representing the interests of private as opposed to institutional shareholders.

In my opinion one of the principal weaknesses of the present system is that so-called 'independent' non-executive directors tend to be much closer to the executive directors than to the shareholders to whose interests they owe legal responsibility. It is after all the executive directors who will probably have selected them in the first place and decided the often substantial fees which they are paid. In return, they have a clear incentive to err on the side of generosity when establishing the salaries and associated emoluments paid to their executive brethren.

My own solution to this problem in relation, for example, to a company wishing to have six non-executive directors on its board, would be for them to prepare a list of ten candidates, all suitably qualified, and leave it to shareholders to decide which six of these get the most votes and are thus elected to sit on the board for the next three years. To increase his chances of success, each candidate should publish brief biographical details emphasizing qualities and experience relevant to service as a non-executive director.

I very much hope that you and your associates will give careful consideration to this proposal.

Regards - Michael Napier

06/09/2002