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## Press Release

### **ShareSoc advocates Nomination Committees to improve Corporate Governance and Shareholder Engagement**

The UK Individual Shareholder Society (ShareSoc) is throwing its weight behind proposals for the involvement of investors in the process that leads to the nomination of directors to the boards of companies.

ShareSoc recently made a submission to the Financial Reporting Council (FRC) on the use of Nomination Committees to select auditors. In addition we would like to see this system also used for the appointment of directors and to set the remuneration of the directors.

ShareSoc Chairman Roger Lawson has this to say: *"We all know that shareholders now have little effective control over the boards of public companies. As we saw with the banks for example, they pursued risky strategies, while at the same time their remuneration has grown by leaps and bounds. Exhortations to institutions to 'improve engagement' or to the directors to moderate pay have had little effect. At the same time, individual shareholders have little influence even though they are substantial holders of UK shares because they are generally disenfranchised. The changes embodied in such documents as the Turner Report have been a damp squib, and are not likely to tackle the underlying problem.*

*But there is a tried and tested solution which already operates in Sweden. This is based on having a nomination committee that is made up primarily of shareholder representatives – mainly the largest institutional holders but it also enables representation from individual shareholders. It works and could be easily adopted in the UK to tackle the chronic failure of Plc boards to be accountable to the owners of the company".*

ShareSoc has made a representation to the recent FRC consultation explaining this in more detail – see [www.sharesoc.org/FRC\\_Consultation\\_Response\\_Supp\\_2011-02-17.pdf](http://www.sharesoc.org/FRC_Consultation_Response_Supp_2011-02-17.pdf) . It is based on the ideas promoted in the "Tomorrows Corporate Governance" report on the Swedish experience of investor led nomination committees produced by Tomorrow's Company and referenced in that note.

ShareSoc is so impressed by this approach that it is actively considering adopting such a structure for its own organisation (ShareSoc is a company limited by guarantee so is governed by Company Law in the same way as any public company).

**For further information, please contact:**

Roger W. Lawson,  
Chairman, ShareSoc  
Telephone: 020-8467-2686  
Email: [sharesoc@btconnect.com](mailto:sharesoc@btconnect.com)

Or Stan Grierson, ShareSoc, on Telephone 01628-522514

Or Mark Goyder  
Tomorrows Company  
Telephone: 020-7839-4040  
Email: [mark@tomorrowscompany.com](mailto:mark@tomorrowscompany.com)

**About the UK Individual Shareholders Society (ShareSoc)**

ShareSoc represents and supports individual investors who invest in the UK stock markets. We are a mutual association controlled by the members with "not-for-profit" articles and incorporated as a company limited by guarantee. The organisation is financed by member subscriptions, donations from supporters and by its commercial activities. Associate Membership of ShareSoc is free and is open to everyone with an interest in stock market investment (go to [www.sharesoc.org/membership.html](http://www.sharesoc.org/membership.html) to register). More information on ShareSoc can be obtained from our web site at [www.sharesoc.org](http://www.sharesoc.org) (our objects are fully defined on this page: [www.sharesoc.org/objects.html](http://www.sharesoc.org/objects.html) ).