



**ICGN**

International Corporate Governance Network

Hon. Christopher Dodd, Chairman  
Senate Committee on Banking, Housing and Urban Affairs  
United States Senate  
Washington, DC 20510

By e-mail: [dean\\_shahinian@banking.senate.gov](mailto:dean_shahinian@banking.senate.gov)

17 June 2010

Dear Chairman Dodd,

**Re: Legislation regarding majority voting**

I am writing on behalf of the International Corporate Governance Network (ICGN) and its Board of Governors regarding the principle of majority voting being considered by the Senate Committee on Banking, Housing and Urban Affairs.

The ICGN is a global membership organisation of around 500 institutional and private investors, corporations and advisors from 47 countries. Our investor members are responsible for global assets of US\$9.5 trillion. The mission of the ICGN is to contribute meaningfully to the continuous improvement of corporate governance best practices through the exchange of ideas and information across borders. Information about the ICGN, its members, and its activities is available on our website: [www.icgn.org](http://www.icgn.org).

A key priority for the ICGN is to promote shareholder rights and responsibilities world-wide and it is in this regard that we strongly support the principle of majority voting. The concept of majority voting whereby shareholders have the right to remove a director on the basis of a simple majority of votes cast is widely upheld amongst the global governance community. This is emphasised in Clause 2.9 of the ICGN's Global Corporate Governance Principles (2009): *"Shareholders should have a separate vote on the election of each director, with each candidate approved by a simple majority of shares voted, and sufficient time and information to make a considered voting decision"* (see attached Guidelines).

While it is encouraging to note voluntary adoption of majority voting by many US corporations, it is significant that the regulatory framework does not underpin such a basic premise. At a time in history when the US federal government spends billions of dollars supporting the democracies of fledgling nations abroad, it is ironic that, in the US itself, majority voting does not apply for the providers of capital in public markets. We ask for Congress to extend the basic fundamental obligation that requires a director that does not have a majority of votes cast to stand down from a board. Such lack of majority vote is a message from the shareowners that they want a new representative. The practice of majority voting is in-keeping with most other developed economies and we ask the US Congress to act now to make directors

more accountable to the shareholders which they represent by ensuring the principle of having a simple majority rule democracy in corporate board rooms of America.

I hope our comments will assist the Commission in its deliberations. If you would like to discuss any of these points, please do not hesitate to contact me or Carl Rosén, ICGN Executive Director, at +44 (0)207 612 7098.

Kind regards,

A handwritten signature in black ink, appearing to read 'CW', with a stylized flourish at the end.

Christianna Wood  
**Chairman, International Corporate Governance Network**