

INTERNATIONAL CORPORATE GOVERNANCE NETWORK

Minutes of the Sixth Annual Business Meeting
held on 13 July 2001
at the Hotel Okura, Tokyo, Japan

In attendance

Board of Governors:

Andre Baladi, Co-Chair
Peter Clapman, Co-Chair

Andre Baladi & Associates
TIAA-CREF

Peter Butler (Secretary)
Stephen Davis
Sandy Easterbrook
Claude Lamoureux
Pierre-Henri Leroy (Treasurer)
Jon Lukomnik
Lars Milberg
Ariyoshi Okumura
Linda Selbach

Hermes Lens Asset Management Ltd
Davis Global Advisors
Corporate Governance International Pty Ltd
Ontario Teachers' Pension Plan Board
Proxinvest
Sinclair Capital
Swedish Shareholders Assoc.
Lotus Corporate Advisory Inc
BZW Barclays Global Investors

Absent
Dario Trevisan

Trevisan & Associati

ICGN Members

1 – Call to Order

Mr. Peter Clapman called the annual business meeting to order at 14:05

2 – Approval of Agenda

Approval of the agenda as distributed was duly **Moved** and **Seconded**. There being no discussion, the **Motion** was put to a vote and **Carried**.

3 – Approval of Minutes of the Previous Meeting (New York, New York, July 14, 2000)

Approval of the July 14, 2000 minutes (**Paper 1**) was duly **Moved** and **Seconded**. There being no further discussion, the **Motion** was put to a vote and **Carried**.

4 – To Receive the Report of the Co-Chairs

Peter Clapman said that the Co-Chairs were proud of ICGN's record over the past year, which included:

- The current meeting, with its attendance of approximately 450 to 500 individuals from 25 countries in a country which does not normally hold conferences of this nature. This truly achieved ICGN's goal of being a global network.
- ICGN's rationale had moved beyond holding good conferences. Its objective during the year had been to develop committee activities in order to gain recognition of ICGN as the premier organization delivering global corporate governance. The Committees had certainly contributed to this.
- The Institute of Chartered Secretaries and Administrators (ICSA) had been retained as the secretariat for the organization. Caroline Phillips was introduced as the representative of the ICSA.
- The Bylaws Committee had produced a set of Bylaws under which the ICGN was now a non-profit organization based in the United Kingdom. There would be opportunity over time to see the Bylaws in operation and amend them as may be proved necessary.
- The board of governors consisted of 12 members who held a conference call once a month over 7 time zones.

5 – Approval of Financial Accounts

The Treasurer, Pierre-Henri Leroy, presented the financial accounts to the members. **(Paper 2)** Prior to this year, the funds of the organization were held by a member in a segregated account. The Paper attached represented accounts covering three periods. The accounts for the period ending December 31, 2001 would be audited by an outside firm in accordance with UK accounting standards. A discussion of the accounts followed.

Approval of the accounts as distributed was duly **MOVED** and **SECONDED**. There being no further discussion, the **MOTION** was put to a vote and **CARRIED**.

Approval of the auditors for the period to the end of December 2001, PKF (formerly known as Pannell Kerr Forster), as recommended by the Secretariat, was duly **MOVED** and **SECONDED**. There being no discussion, the **MOTION** was put to a vote and **CARRIED**.

6 – To receive the Report of the Nominating Committee and Elect Governors for the Ensuing Year

Mr. Marvin Hrubes presented the report (**Paper 3**). Four members of the board, Andre Baladi, Sandy Easterbrook, Pierre-Henri Leroy and Lars Milberg, were retiring. The Committee was recommending the following slate of 12 candidates for the coming year under the ICGN Guiding Principles (and prior to the introduction of the new Bylaws).

Peter C. Clapman	TIAA-CREF, New York	3rd term
Claude R. Lamoureux	Ontario Teachers' Pension Plan Board, Toronto	3rd term
Peter Butler	Hermes Lens Asset Management, London	2nd term
Stephen Davis	Davis Global Advisors, Boston	2nd term
Jon Lukomnik	Sinclair Partners, New York	2nd term
Ariyoshi Okumura	Lotus Corporate Advisory Inc, Tokyo	2nd term
Linda Selbach	BZW Barclays Global Investors, San Francisco	2nd term
Dario Trevisan	Studio Trevisan & Assoc., Milan	2nd term
Leo Goldschmidt	European Association of Securities Dealers, Belgium	1st term
Sandra Guerra	Brazilian Institute of Corporate Governance, Brazil	1st term
Peter de Koning	Corporate Governance Research for Pension Funds, Netherlands	1st term
Sophie L'Helias,	Franklin Global Services, France	1st term

It was MOVED and SECONDED that the slate of 12 candidates recommended by the Nominating Committee be elected to the Board of Governors for the ensuing year.

There being no further discussion, the MOTION was put to a vote and unanimously CARRIED.

Co-chair Peter Clapman thanked retiring members of the board for their contributions to the organization.

7 – To receive the report of the Bylaws Committee and to adopt new Bylaws for the organization.

Leo Goldschmidt, Co-Chair of the Bylaws Committee, presented the Committee's report (**Paper 4**). He pointed out that, given the organization's new status, the Founding Principles were no longer sufficient. The Bylaws submitted were based on the Founding Principles where possible, whilst needing to be simple and incorporate good governance, but they also had to be practical in nature. Many responsibilities and powers were delegated to the Board of Governors simply due to the inability of the membership to assemble more frequently than annually. The Bylaws were subject to interpretation under the Laws of England and Wales as ICGN was itself organized under those laws. The Committee and the Board proposed that the Bylaws, as presented, be accepted in toto since, notwithstanding communication one month ahead of the meeting, it had not been

practicable to enter into a full discussion with the membership in advance. The Board would consider points made during the discussion and come back with any necessary proposals for change next year.

It was MOVED and SECONDED that the Bylaws be adopted as presented.

A robust discussion followed, summarized as follows:

- Should the Chair of ICGN chair general meetings where he or she may be involved in the issues under discussion? No-one, however, knew of any organization where someone outside of the Board chaired general meetings. The Committee would discuss this issue and report back to the membership next year.
- Should member subscriptions be put to the members for approval? This had been debated by the Board as a matter of practicality. Subscriptions needed to be set early in the calendar year, long before the annual meeting, and also had to reflect the financial outlays needed, as determined by the Board. However, there was a limit in the Bylaws as to the amount of increase that could be made without reference to the members.
- Concern was raised over the provision for each organizational representative to have a vote, with no restriction on the number from any one organization. Some felt that this could give undue influence to an organization if it so wished. This matter, which had been the subject of much discussion by the Committee and the Board, represented only a slight change from the Founding Principles. It would be very difficult to identify who was the one official representative of an organization, when it was open to individuals from that organization to be members in their own right. It also needed to be noted that the organization had to bear the membership fees of all its representatives.
- Concern was expressed that there was no provision for expelling members if they brought the organization into disrepute. This matter had also been the subject of lengthy debate by the Committee. In practice it would prove very difficult for the Board to be able to assess any individual set of circumstances.
- Should there be provision for honorary membership?
- Should the closing date for the appointment of proxies be a date closer to the annual meeting than the ten days allowed for in the Bylaws? This was particularly relevant in an organization devoted to corporate governance, which was fighting these delays elsewhere. Whilst this had been debated, it had been drafted from a practical point of view. The matter would be considered further as a matter of principle.

A number of members rose to congratulate the committee on its excellent and hard work on the Bylaws.

On behalf of himself and his Co-Chair, Caroline Phillips, Leo Goldschmidt thanked his fellow committee members for work done on the Bylaws.

There being no further discussion, the MOTION was put to a vote and unanimously CARRIED.

8 - Awards to Departing Members of the Board of Governors

The Board presented Certificates of Appreciation to the outgoing members of the Board of Governors: Andre Baladi, Sandy Easterbrook, Pierre-Henri Leroy and Lars Milberg. Lars Milberg requested that the organization, which appears as increasingly oriented towards institutional investors, look to ways to strengthen the role of individual shareholders in the ongoing corporate governance debate.

9 – Discussion of Committee Reports

9.1 – Report of the Conference Site Selection Committee

The Committee chair Andre Baladi reported the Committee's recommendations for conference sites for 2002 and 2003 (**Paper 5**). It was MOVED and SECONDED that the Committee's recommendations – that the 2002 conference be held in Milano, Italy and the 2003 conference in Amsterdam, The Netherlands - be accepted. On behalf of ICGN Board Governor Dario Trevisan, Mrs Manuela Muller confirmed that a Milano Conference Committee would be set up to organize the Conference in July 2002, in co-operation with the Borsa Italiano Stock Exchange. For the 2003 Conference, it was confirmed that newly elected ICGN Board Governor Peter de Koning would set up a Committee to organize the Conference in co-operation with the Euronext Stock Exchange. For the 2004 Conference, Mr Bengt Hallquist, Chairman of the Brazilian Institute of Corporate Governance (IBCG), confirmed its invitation to hold the ICGN Conference in Rio de Janeiro, with the confirmed support of the BOVESPA Sao Paulo Stock Exchange, the Brazilian Securities and Exchange Commission (CVM), the Mayor of the City of Rio and other concerned Brazilian parties. Andre Baladi thanked the Brazilian ICGN group for its invitation and promised that the ICGN Board of Governors would investigate the feasibility of holding the 2004 Conference in Rio.

There being no further discussion, the MOTION was put to a vote and unanimously CARRIED.

9.2 – Report of Cross-Border Voting Committee

John Wilcox, Chair of the Committee presented the Committee's report (**Paper 6**) that outlined its current work. He asked the meeting to agree the proposed amendments to the ICGN global Share Voting Principles that had been circulated with the report. He also reported on a new project to track, in detail, the path of proxies for six large international companies in the 2001 proxy season. This would be a major task requiring assistance

from ICGN members in providing information and the provision of funding. A suggestion was made that a committee might be set up to raise funds for such matters.

During discussion of the report, it was noted that the work of the Committee was an important step in making the ICGN an active organization outside of the annual conference.

It was **MOVED** and **SECONDED** that the amendments to the Global Share Voting Principles be adopted as presented.

There being no further discussion, the **MOTION** was put to a vote and unanimously **CARRIED**.

9.3 – Report of the Accounting and Auditing Committee

The Chair of the Accounting and Auditing Committee, Peggy Foran, presented the Committee’s report, which recommended the following resolution (**Paper 7**).

“That the Board of the ICGN be authorized to (1) support and communicate its support of the International Accounting Standards Committee (IASC) and its objectives, and (2) comment constructively on IASC pronouncements and other relevant developments from time to time, under advice from the International Accounting and Auditing Practices Committee”

Sandy Easterbrook indicated that the Committee also had drafted a survey and asked ICGN members to cooperate in its completion when it was distributed.

It was **MOVED** and **SECONDED** that the resolution be adopted as presented.

There being no further discussion, the **MOTION** was put to a vote and unanimously **CARRIED**.

10 - Corporate Governance Awards

Stephen Davis reported that the recipients of the first ICGN Corporate Governance Awards were Sir Adrian Cadbury, Ira Millstein and Hasung Jang. The awards ceremony had taken place at the reception at the Tokyo Stock Exchange earlier in the week. Because neither Sir Adrian nor Ira Millstein had been able to be present, their awards would be presented at functions later in the year in New York and London.

The Awards Committee thanked the ICGN members for their nominations for the awards. It was intended to make awards each year.

11 – Organization of 2001-2002 Activities

Peter Clapman, the ICGN Co-Chair, stated that the level of ICGN activities was dependent on members being prepared to give time to the relevant committees. In addition to the Cross-border Voting Committee and the Accounting and Auditing Committee, Peter Clapman indicated that the Board had established two new committees looking at the responsibilities of investors and executive and director remuneration.

In the discussion that followed, it was proposed that the committee to look at the responsibilities of investors should also look at the rights of those investors. There was also the suggestion that there should be more activism in AGM's.

In response to a member's suggestion that convergence of Social Responsibility and Corporate Governance was an area of interest, Peter Clapman stated that the Board welcomed all suggestions for topics for the conference or for other ICGN activities.

Peter Clapman, thanked the members for their comments and asked them to send their thoughts to him via email.

12 – Other Business

In response to a question on ICGN's budgeting process, it was explained that, in terms of the new Bylaws, a budget had to be prepared and was available to members.

Thanks were given to the conference hosts and organizers and to all for attending the Conference.

There being no further business to come before the membership, the meeting was closed.

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Andre Baladi
Co-Chair

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Peter Clapman
Co-Chair