

## INTERNATIONAL CORPORATE GOVERNANCE NETWORK

Minutes of Annual General Meeting  
held on 12 July 2002  
at the Borsa Italiana, Milan, Italy

### **In attendance**

#### Board of Governors:

Peter C. Clapman (Chair)	TIAA-CREF, New York, USA
Stephen Davis	Davis Global Advisors, USA
Leo Goldschmidt	APCIMS-EASD, Belgium
Sandra Guerra	CPM/SA, Brazil
Peter de Koning (Treasurer)	Corporate Governance Research Foundation for Pension Funds, Netherlands
Claude R. Lamoureux	Ontario Teachers' Pension Plan Board, Canada
Jon Lukomnik	Sinclair Capital, USA
Ariyoshi Okumura	Lotus Corporate Advisory Inc, Japan
Linda Selbach	Barclays Global Investors, USA
Dario Trevisan	Studio Legale Trevisan & Associates, Italy

#### Absent

Peter Butler (Secretary)	Hermes Focus Asset Management, UK
Sophie L'Helias	Franklin Global Services, France

90 ICGN Members  
Other ICGN conference delegates, as onlookers

At the start of the meeting the members stood in silent remembrance of Marvin Hrubes in honour of his past service to the organization.

The Chairman called the annual general meeting to order at 14:35

### **1 – Approval of Minutes of the sixth Annual Business Meeting**

The minutes of the sixth Annual Business Meeting held on 13 July 2001 were approved.

## **2 – Report of the ICGN chairman on past and future activities**

The Chairman thanked the members of the board of governors for the accomplishments of the past year and their contributions to the future of the organization. He reviewed the work done during the past year and reported that ICGN now had the following four committees looking at technical issues, whose chairmen would be presenting their reports to the meeting:

- Cross-border voting
- Accounting and auditing
- Executive remuneration
- Rights and responsibilities of investors

ICGN had also expressed its views on two key matters, to the EU committee on takeovers and to the EU Expert Group examining cross-border voting issues.

The chairman concluded by commenting that, over the past three years, many factors had contributed to the greater role and importance of ICGN, including:

- Greater appreciation of the importance of good corporate governance
- Greater understanding of the global dimensions of corporate governance
- Greater communication among investors, companies and service providers across national boundaries as to how issues across country lines may be addressed
- The momentum and synergy each of these factor brings to the others

## **3 – Approval of financial accounts**

In presenting the financial accounts for the seven months to 31 December 2001, the Treasurer thanked ICSA for its work as the Secretariat of the ICGN. He reported that the accounts were prepared in accordance with UK accounting standards and audited by external auditors in accordance with those standards.

In responding to a question from a member as to how accumulated funds were to be spent, the Chairman said that ICGN was a young organization that needed funds for research that furthered the goal of the organization, for operating expenses and for reserves in case the flow of income proved unreliable in the future.

The financial accounts were approved.

## **4 - Appointment/reappointment of auditors**

A member asked whether ICGN, as a leading international corporate governance body, should look to the periodic rotation of the auditors and whether consideration should be given to the financial accounts being drawn up under International Accounting Standards.

Caroline Phillips of ICOSA, the Secretariat for the ICGN, agreed to investigate the implications, including costs, of switching to IAS. Given that the auditors had only been in place for one year, it was premature to consider rotation at this point but it would certainly be considered in due course.

It was agreed that PKF should be re-appointed as auditors for the period to the close of the next AGM.

### **Item 5 – Nominating Committee Report and election of new board members**

Mr. Andre Baladi, the Chairman of the Nominating Committee, reported that two members of the board, Peter Clapman and Claude R. Lamoureux were retiring, each having served three consecutive one-year terms and therefore were not eligible for re-election. Peter Butler had decided not to stand, so as to facilitate the nomination of Alastair Ross Goobey.

The committee was recommending the following 12 candidates to serve until the end of the next Annual General meeting:

Stephen Davis	Davis Global Advisors, USA	(3rd term)
Jon Lukomnik	Sinclair Partners, USA	(3rd term)
Ariyoshi Okumura	Lotus Corporate Advisory, Tokyo	(3rd term)
Linda Selbach	Barclays Global Investors, USA	(3rd term)
Dario Trevisan,	Studio Legale Trevisan & Assoc., Italy	(3rd term)
Leo Goldschmidt	ACPIMS-EASD, Belgium	(2nd term)
Sandra Guerra	CPM/SA, Brazil	(2nd term)
Peter de Koning	Corporate Governance Research Foundation for Pension Funds, Netherlands	(2nd term)
Sophie L’Helias	Franklin Global Services, France	(2nd term)
Alastair RossGoobey	Hermes Focus Asset Management, UK	(1st term)
Peter Dey,	Osler, Hoskin & Harcourt, Canada	(1st term)
John Wilcox	Georgeson Shareholder Communications, USA	(1st term)

There was a vote on each candidate. Each candidate was elected unopposed.

The Chairman thanked the retiring members, Claude Lamoureux and Peter Butler, for their contributions to the organization.

### **6 – Bylaws amendments**

Leo Goldschmidt presented the report by the Bylaws Committee on behalf of himself and his co-chairman Caroline Phillips. He said that the committee had considered six points raised by members during the discussion at the previous Annual Business Meeting on the new Bylaws. The Committee recommended that there should be no change to the current wording on the following:

- Chair of general meetings
- Setting of Subscriptions
- Expelling members
- Honorary Membership

The Committee considered that there needed to be some clarification of the wording that described the types of membership of ICGN. It therefore recommended some changes to the wording of the clause 5, principally to introduce the term Organisational Member rather than Organisational Representative. The revised wording is shown on Appendix 1 to these minutes.

The committee had looked at the closing date for proxies and agreed that it should be as close to the meeting date as possible. In the light of the experience gained of the Annual General Meeting this year, an assessment of the earliest practicable closing date would be made. A change to reflect a shorter time could then come to the next Annual General Meeting.

Leo Goldschmidt thanked his fellow committee members, especially Caroline Phillips, for the work done on the Bylaws.

The revised wording of Clause 5 of the Bylaws and the proposal on closing dates for proxies were each unanimously agreed.

## **7 – Discussion of Committee Reports**

### **7.1 – Conference site selection committee, with resolutions**

Andre Baladi, the chairman of the conference site selection committee, confirmed that the 2003 conference would be held on July 9-11 in Amsterdam, The Netherlands, hosted by the Euronext Stock Exchange. The Board had endorsed the Committee's recommendation that the invitation from the ICGN Brazilian Organising Committee to host the 2004 conference in Rio de Janeiro should be accepted. The dates of the conference would be 7-9 July 2004.

The Committee would be interested to receive offers from those with the necessary experience and infrastructure to host the 2005 conference. Offers were already expected from the cities of Seoul, South Korea and Toronto, Canada.

A member raised the issue of changing the date of the conference, as some members were still actively involved in the proxy season in July. The Chairman pointed out that ICGN members were now accustomed to the conference being in July, and that there were many differing calls on delegates' time in different parts of the world. The matter would be

referred to the board, but he pointed out that the dates had already been set for the next two years.

It was agreed that the 2004 conference would be in Amsterdam, hosted by the Euronext Stock Exchange.

## **7.2 – Cross border voting practices committee**

John Wilcox, chair of the committee summarized the committee's report. The committee's current agenda consisted of the following:

- 2002 Proxy season case study
- Survey of members' views on the rights of ADR holders
- Continued involvement with EC regulatory initiatives with respect to takeovers and cross-border proxy voting
- Continued work with UK's CRESTCO regarding shareholder communications and voting
- Continued participation in the global discussion with regulators, governance organizations, academics and professional associations on topics relating to shareholder rights and voting practices

Highlights for the past year included the following:

- Committee completed its survey of members' experiences with cross-border voting
- The ADR/GDR sub-committee tendered its report and it was endorsed by the whole committee. Consultation on the report with members will take place after the AGM.
- The 2002 Case study commenced with Institutional Design Ltd. The study is to be completed by late summer 2002.
- The committee reviewed and endorsed the EU High Level Group of Company Law Experts' Report on Issues related to Takeover Bids. The ICGN board of governors sent a letter to EC Commission Fritz Bolkstein support the committee's report
- At the May 1 committee meeting in London, the committee held a roundtable discussion on UK company law initiatives relating to share voting.
- Committee members participated in the May 2 meeting in Amsterdam of the Expert Group on Cross Border Voting, chaired by Jaap Winter.

The chairman drew attention to the section of the report on American Depositary Receipts that had been prepared by a sub-committee. In response to a point raised by a

member, he commented that the committee had limited itself to consideration of Depository Receipts in America, rather than the rest of the world, since that was the area in which the committee had expertise and that to extend it to the rest of the world at this stage would require considerable research.

The meeting:

- Endorsed the ADR report's findings
- Encouraged all parties to the ADR issuing process to consider the issues discussed in the report when assessing forthcoming depository agreements.
- Authorised the committee to draft and recommend to the board Best Practice Guidelines, including, but not limited to, model depository agreements.

### **7.3 – Accounting and auditing practices committee**

The Chairman reported that the committee had not been able to produce a report at this time of fast-moving development in this area. The matter would be addressed by the new board.

### **7.4 – Executive remuneration committee**

Alastair Ross Goobey, chairman of the executive remuneration committee, introduced the committee's report which included proposed ICGN Principles of Best Practice on Executive Remuneration. The Principles focused on transparency as being a cornerstone of accountability and governance. He explained that, following input from members and the board, there had been some recent changes incorporated into the report and Principles.

Considerable discussion ensued during which members raised various concerns about wording and about some specific references in the report or Principles. The chairman pointed out that, with ICGN's high corporate governance profile, it needed to produce and adopt Principles on this subject in the near future. He appreciated the input from the members and suggested that there should be a period of one month within which any member could raise points with him. At the end of that period the committee and board would make amendments to the report and Principles as seemed appropriate and then issue them.

The meeting agreed to endorse:

- the report's findings
- the ICGN Principles of Best Practice on Executive Remuneration

subject to waiting for a period of one month for comments from members, with the report and Principles being adjusted as may be considered necessary by the Board as a result of those comments.

### **7.5 – Committee on Shareholder Rights and Responsibilities**

Geert Raaymakers, the chairman of the Shareholder Rights and Responsibilities Committee reported that the committee had had its first meeting in May. It had been decided to produce draft Guidelines, firstly on shareholder responsibilities and then on shareholder rights. A first draft was being worked on, with consultation taking place in the second half of this year. A report would come forward to the next Annual General Meeting.

### **8 – ICGN Endorsement Policy**

On behalf of the board, Jon Lukomnik introduced the proposed policy to be followed by the board in deciding whether or not to endorse proposals or policies of other organizations.

The endorsement policy was approved.

### **9 – Organization of 2002-2003 activities**

The chairman invited members to make suggestions on ICGN activities for the board to consider.

The following suggestions were put forward:

- the board might like to give consideration to the impediments to shareholder oversight of companies.
- That ICGN should enhance investor/shareholder education, possibly supporting a scholarship or academic award for best student paper on corporate governance issues. Another member raised the issue of partnering with the OECD to promote investor education.
- That ICGN might like to send a response to the CESR consultation paper concerning implementation of the EU Market Abuse Directive.
- that the ICGN Corporate Governance Guidelines should be updated.
- ICGN members should be more active in voting in international markets as in many jurisdictions foreign shareholders are conspicuous in their absence.

The Chairman thanked the members for these suggestions.

Nell Minow of the Corporate Library reminded members to contact her if they had information on their organisation's activities that it would be appropriate to put on the ICGN website.

**Item 10 – Other Business**

The Chairman thanked the hosts of the conference for all their hard work in enabling the conference to take place and thanked all the members for attending the meeting.

Stephen Davis rose to give a salute to departing Chairman, Peter Clapman, for his three years of outstanding service to the organization. Members responded with a standing ovation.

There being nothing further to come before the membership, the meeting was adjourned.

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Chairman

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Date