

The Chairman stated that he had requested Anne Simpson of the Global Corporate Governance Forum and Mats Isaakson of the OECD to provide an update of their respective organisations' corporate governance activities. Due to a bereavement Anne Simpson had been unable to attend. Mats Isaakson informed the meeting of the progress on the review of the *OECD Principles of Corporate Governance*. The Steering Group would meet on 6 and 7 November, preceded by consultation with non-OECD-member countries on 4 November and with representatives of the private sector on 5 November. It was hoped to make the revised document available to a wider audience for comment before the targeted completion date of spring 2004. The Chairman thanked Mr Isaakson for his presentation.

3 - Committee Reports

3.1 - Shareholder Rights and Responsibilities Committee

The Chairman of the Committee, Geert Raaijmakers, presented the proposed ICGN *Statement on Institutional Shareholder Responsibilities*. Various comments on the detail of the Statement were raised together with concern at the lack of a process for those comments to be discussed and considered. The Chairman pointed out that the document had been available on the ICGN website for comment. He stated that the process for discussion and approval of such documents would be addressed by the Board.

It was agreed to keep the draft open for any further comment for a period of one month. Subject to any final amendments as a result of those comments, it was agreed that ICGN endorsed the *Statement on Institutional Shareholder Responsibilities*, encouraged members and institutional investors around the world to make best efforts to implement its recommendations in their own practices, and authorised the Board to take appropriate steps to disseminate and promote the Statement.

3.2 - Corporate Governance Principles Review Committee

The Committee Chairman, Peter Dey, presented the draft revised ICGN *Statement on Global Corporate Governance Principles*. Comments for consideration by the Committee were being sought over the next few months with a view to the final version being used for input to the OECD review of its *Principles of Corporate Governance*.

Several points on the draft were raised. There was the request that there should be acknowledgment of receipt of comments to the consultative process on ICGN statements and that the names of Committee members should be listed on Committee reports.

Subject to the Committee's consideration of comments received, it was agreed that the ICGN members approved the exposure draft of the revision of the ICGN Principles on Corporate Governance for use by the ICGN Board of Directors as a basis for ICGN's input into the revision of the *OECD Principles of Corporate Governance* and, as appropriate, for input to revisions of other international and national corporate governance codes.

3.3 - Cross Border Voting Practices Committee

John Wilcox, the Chairman of the Committee, reported that there had been little response to the survey on ADR's. He requested members to complete the survey form

or make comment on any problem with the form, a copy of which had been circulated in the AGM papers. This would enable the ADR subcommittee, headed by Jennifer Choi, to gain sufficient information to produce the much-needed analysis of the operation of ADR's.

3.4 - Executive Remuneration Committee

The Committee Chairman, Linda Selbach, presented the Committee's report including its communication with various other bodies. A request was made for members to be kept informed when representations on behalf of ICGN are being made.

3.5 - Accounting and Auditing Practices Committee

The Chairman informed the meeting that there was no report from this Committee. The chairmanship of the committee had been passed to Liz Fender who had subsequently left her employment at TIAA-CREF. It was hoped that the committee would be able to be active in the forthcoming year.

3.6 - Securities Lending Committee

Andrew Clearfield, the Committee Chairman, outlined the Committee's planned work for the coming year. He stressed the need for recognition that stock lending incorporated transferring the stock's voting rights.

3.7 - Site Selection Committee

The Chairman of the Committee, Andre Baladi, presented the Committee's recommendations for the respective sites for the ICGN annual conference in 2004 and 2005. In response to a suggestion that the dates of the conference should be one week later than the 2003 conference, the Chairman explained that this would move it further into the prime holiday period for a considerable number of the members.

Mr Baladi informed the meeting that for the 2006 conference there was an outstanding invitation from South Korea, approaches from South Africa, the Turkish Tourist Board, India and the State of Delaware. There had also been contact with Russia and China.

It was agreed that ICGN would accept the invitation to hold the 2004 conference in Rio de Janeiro and the 2005 conference in London.

4 - Financial Statements

The Treasurer, Sophie P'Helias, presented the Financial Statements for the year to 31 December 2002. She commented that there had been a healthy surplus in the year, largely due to the successful Milan conference and its attendant sponsorship. Because of the surplus there was a liability to taxation. Efforts were being made to minimise the amount of taxation in future. The level of expenditure was increasing because of greater activity by committees and the recent appointment of a PR firm to cover the period of the conference and AGM. The level of reserves provided a cushion in case of an unforeseen problem with an annual conference.

The Financial Statements were approved.

5 - Appointment of Auditors

It was agreed to re-appoint PKF as ICGN auditors for the period to end at the close of the next AGM.

6 - Election of Board Members

Andre Baladi, the Chairman of the Nominating Committee, presented the Committee's recommendations for the following 12 candidates to serve as Board members until the end of the next Annual General Meeting:

Pierre Bollon	Association Francaise de Gestion Financiere, France	(1 st term)
Jennifer S Choi	Investment Company Institute, USA	(1 st term)
Peter Dey	Osler Hoskin and Harcourt, Canada	(2 nd term)
Leo Goldschmidt	APCIMS-EASD, Belgium	(3 rd term)
Sandra Guerra	CPM S.A., Brazil	(3 rd term)
Sophie l'Helias	Attorney, France	(3 rd term)
Richard H Koppes	Jones Day Reavis & Pogue; Consulting Professor, Stanford University Law School, USA	(1 st term)
Alan McDougall	Pension Investment Research Consultants, UK	(1 st term)
Taiji Okusu	UBS Warburg (Japan) Ltd, Japan	(1 st term)
Alastair Ross Goobey	Hermes Focus Asset Management Ltd, UK	(2 nd term)
Christian Strenger	DWS Investment GmbH, Germany	(1 st term)
John Wilcox	Georgeson Shareholder Communications, USA	(2 nd term)

The Chairman placed on record ICGN's thanks to the retiring board members, Stephen Davis, Peter de Koning, Jon Lukomnik, Ariyoshi Okumura, Linda Selbach and Dario Trevisan. He gave Dario Trevisan's apologies for not attending the AGM due to his wedding taking place the following day.

In response to a question, Andre Baladi explained that there had been one further nomination in addition to the names recommended by the Committee. This nominee, on enquiry, had authorised that his/her name should not be made known to the AGM. A request was made for the names of the nominators for each candidate to be published in future.

There was discussion [from the](#) floor on the appointment of Jennifer Choi in relation to the stand taken by her employer in the USA, Investment Company Institute, which was said by some members not to be in line with the *ICGN Statement on Institutional Shareholder Responsibilities*. The Chairman pointed out that the ICGN was there to discuss these issues and represent all views on governance.

The recommendation on each Director was voted on separately in a poll. The Chairman declared all the recommended directors to be elected as a result of the following outcome of the poll:

	<u>For</u>	<u>Against</u>
Pierre Bollon	110	8
Jennifer S Choi	98	20

Peter Dey	113	5
Leo Goldschmidt	109	9
Sandra Guerra	112	6
Sophie l'Helias	112	6
Richard H Koppes	115	3
Alan McDougall	106	12
Taiji Okusu	113	5
Alastair Ross Goobey	114	4
Christian Strenger	114	4
John Wilcox	114	4

7 - Activities for 2003/4

The Chairman said that work was already planned to produce ICGN statements on Shareholder Rights, Stock Lending and the finalised revised Global Corporate Governance Principles.

Suggestions for consideration by the Board included:

- The governance of Funds sponsored by government.
- Security Analysts – is corporate governance a constituent part of their recommendations process?
- Non-financial disclosure – a collective way for this to be explored by investors.
- Better dissemination of ICGN's output to companies and the wider world.
- An ICGN view on company distributions/dividends and on the critical level of cancellation of shares.
- Action institutional investors can take to help individual investors.
- Promoting corporate integrity as a lead item in the duties of directors and boards.
- Advance notice of the intention by company “insiders” to sell shares.

It was suggested that ICGN could investigate the role of government, as opposed to best practice, in improving corporate governance. It was, however, considered that little constructive could be achieved in such an investigation.

There was some discussion on whether quarterly reporting by companies was beneficial. The Chairman reported that ICGN does not have a policy on this point.

8 - Any Other Business

The following resolution, proposed by Jon Lukomnik and seconded by Leo Goldschmidt, was approved:

That the membership of the ICGN hereby directs the Board of the ICGN to raise the appropriate objections to Commissioner Bolkestein's recommendation (to which he referred in the 2003 ICGN conference) that, in the European Union, executive directors compose the majority of the committee to select both executive and non-executive directors, including the CEO. That those

objections specify the intellectual and market-based reasons for the objections. That the Board take the necessary steps to communicate those objections to a wider audience and rally support for the ICGN's position.

The Chairman expressed thanks to Caroline Phillips and Sheila Doyle of ICSA for their work in the Secretariat, and to the Corporate Library for maintenance of the ICGN website and the development of the electronic proxy appointment system.

The Chairman declared the meeting closed at 17.30.

Minutes agreed by the Board on 12 August 2003 and signed by the Chairman, A. Ross Goobey