

3 – Amendment to the Bylaws

The Chairman informed the meeting that, with ICGN's growing public profile, the board had been concerned that there should be some protection of ICGN's and its members' reputation in the unlikely event that a member's action were incompatible with ICGN's Purposes as set out in the Bylaws. The proposed change to the Bylaws would allow for the exclusion of a member whose actions were incompatible with membership of ICGN. The following significant safeguards had been incorporated into the proposal:

- An exclusion should only be envisaged if it concerned a person's acts or behaviour as a member of ICGN
- An exclusion should only go forward after the member had had proper opportunity to justify him/herself and if agreed by three quarters of the board participating in the vote
- The member concerned subsequently had the right to appeal to the membership as a whole.

In response to a question, Leo Goldschmidt, the co-chair of the Bylaws and Procedures Committee, explained the approach had been not to try and define in detail what acts would be covered by the exclusion clause but to build in sufficient safeguards to ensure that the exclusion clause was not misused.

The Special Resolution, which required approval by 75% of those voting, **to approve the terms under which members may be excluded from Membership was carried** with 100 Votes in favour, 5 against and 4 votes withheld.

4 – Committee Reports

4.1 Audit Committee

Summarising the Committee report, the Chairman stated that another result of the increased profile of ICGN was the advent of an audit committee to oversee the financial and risk controls. Terms of reference had been agreed, which were attached to the paper and the Committee would start work in earnest when its membership was complete. In the meantime it had already listed some areas of work.

There being no questions on the report, it was received.

4.2 Bylaws and Procedures Committee

The Chairman remarked that the Committee had reviewed several aspects of the Bylaws and ICGN's procedures, resulting in the Bylaws change which had just been approved, and changes to the committee procedures.. The Committee already knew that it would be reviewing various aspects of the appointment to, and operation of, committees in the forthcoming year.

There being no questions on the report, it was received.

4.3 Accounting and Auditing Practices Committee

The Chairman reported that, although the committee had wide geographic representation, it was looking for further members from continental Europe and Asia. It continued to monitor proposed changes to accounting standards and had written formally on behalf of ICGN to the European Commission about adoption of the

International Financial Reporting Standards and to the International Accounting Standards Committee Foundation on the proposed revisions to the IASCF constitution. Its current work was looking at external audit engagement letters, the domination of the audit market by the four major players and guidelines for Audit Committees from an investor perspective.

In reply to questions, Claude Lamoureux, the chair of the Committee, said that he was on the IASB Advisory Group as a representative of ICGN. His involvement was on technical items where the IASB were looking for the viewpoint of investors. He also explained that one aspect of the current work on Audit Engagement Letters was to seek to enable organisations to negotiate the terms of engagement letters and that those letters should contain a number of principles that the audit company was committed to fulfil.

There being no further questions, the report was received.

4.4 Executive Remuneration Committee

The Chairman expressed the hope that members would all have seen the outcome of the committee's work, the draft ICGN Executive Remuneration Guidelines, which had been posted on the website for consultation and which had been the topic of discussion at one of the conference sessions. Input was requested by 1 September so that the Committee could then revise the draft as necessary and circulate it for adoption by email.

There was a short discussion as to whether the Committee's name should more aptly be "Pay for Performance" rather than Executive Remuneration. The Chairman said that there had been a long discussion about the name of the committee, with several being suggested, but in the end they had remained with the original name.

A member queried the apparent assumption that the question of "how much remuneration" should not be asked, and expressed his reservations about any form of short-term bonus being paid. Linda Selbach, the chair of the Committee reminded all members that the Committee would welcome all comments which would be given due consideration.

There being no further questions, the report was received.

4.5 Cross Border Voting Practices Committee

The Chairman said the Committee was a major driving force behind the conference in Delaware, which had been highly successful and had given rise to other governance reform initiatives, including an effort to introduce majority voting in the election of directors in the US. The committee had also responded on behalf of ICGN to the European Commission on its first consultation on shareholder rights and was preparing a response to the second consultation.

A member urged all ICGN members to bolster the reputation of ICGN by responding to the European Commission citing the ICGN in their response.

There being no questions, the report was received.

4.6 Non Financial Disclosure Committee

The Chairman summarised the Committee report which showed the terms of reference for the Committee, focusing on understanding how to include disclosure of such items as

corporate social responsibilities, reputation issues, brand values etc. in the assessment of the underlying long-term value of the company. The committee hoped to publish material for discussion in the spring of 2006.

In answer to a question, Frank Curtiss, the Committee chair, reported that the committee was seeking external funding in order to carry out research.

There being no further questions, the report was received.

4.7 Corporate Governance Principles Committee

Peter Dey, the chair of the Committee, presented the revised ICGN Statement on Corporate Governance Principles, which had been through an extensive consultation process.

A member asked how the revised Statement was to be differentiated from the OECD Guidelines and the many domestic codes and guidelines. In response it was stated that the original ICGN Statement had been a “working kit” for the OECD Guidelines, which had then needed to be updated. It was available to ICGN members to use to influence legislation or regulation where local codes were less rigorous, it had also been of considerable use in ICGN’s discussions with the State of Delaware and in support of submissions to the European Commission.

Comments were also made that the guidelines were too detailed, insufficiently innovative and omitted some aspects that would have been useful. There was a short discussion on the section concerning the rights of shareholders to call meetings (Section 4.6) where the proposed maximum shareholding hurdle of ten per cent was felt to be too high, particularly in France where currently the limit was .5%.

It was agreed to accept a change of wording to the heading of paragraph 4.1.3 to read “Vote Execution” and the first line of that paragraph to refer to votes cast by “intermediaries”.

There were requests that the Statement could be translated into other languages, that in future ICGN might wish to look at a Statement for SME’s and that ICGN might develop a model constitution for all companies.

Peter Dey stated that corporate governance was constantly developing and that fresh perspectives needed to be brought in from time to time. He reported that he was asking the board to disband the Committee and find the appropriate way to keep the Statement refreshed over the forthcoming years.

The members **approved the revised ICGN Statement on Corporate Governance** (with the minor word change mentioned above) with 94 voting in favour, 8 against and 8 votes withheld.

4.8 Securities Lending Committee

Andrew Clearfield. The Committee chair, summarised the Stock Lending Code of Practice that had been drawn up and the process used.

Because a considerable number of points were raised, the Committee chair agreed to consider the draft further and re-submit a revised draft to the board and then to the

membership for approval by electronic means. **The ICGN Stock Lending Code of Practice was approved in principle** by 104 in favour, 2 against and 5 votes withheld.

5.9 Shareholder Responsibility Committee and Shareholder Rights Committee

The Chairman reported that it had proved difficult to get both of these Committees in place but that it was hoped that they would get underway very shortly. He had offered to chair the Shareholder Rights Committee.

5 - Conference Site Selection

The Chairman informed the meeting that, with the advent of the new Executive Director, the board charged her with the task of investigating the alternatives for a site for the ICGN's conference in 2007 and with bringing forward a proposal, which she had done and which the board had endorsed.

In response to a question, Anne Simpson explained the difficulties of choosing between excellent competing bids. She had understood the need for a conference in South Korea and would consider holding a regional meeting there, in the same way that a Regional meeting had been held in Delaware in 2004. The Chairman also explained that it was important to have a good ICGN membership base in the host country.

The resolution **to approve South Africa as the venue for the ICGN 2007 conference** was **agreed** with 102 in favour, 7 against and 4 votes withheld.

6 - Financial Statements

The Chairman reported a healthy financial position at the end of December 2004, ICGN having made a surplus in the year of £67,000 and with accumulated reserves of £384,000. The conference in Rio had been a major contributor to the income, generating £78,000, the success of which, because there were many non-members attending that conference, meant a tax liability of £13,000. The financial success had also meant that ICGN had had to register for UK VAT which, because of the nature of the network, had had to be added to the subscription for all members from the date of the registration. The good financial position was obviously a principal factor in enabling the appointment of the first Executive Director.

In response to a question from a member, Caroline Phillips from the ICGN Secretariat explained that no income or expenditure from the conference in Delaware appeared in the financial statements since the conference had been sponsored by the State of Delaware, had broken even and ICGN had not been at risk.

The resolution **“That the financial statements for the year ended 31 December 2004 are approved”** was **passed** by 106 votes of approval with no votes against and one vote withheld.

7 - Appointment of Auditors

The resolution **“that PKF are re-appointed ICGN auditors for the period to end at the close of the next AGM”** was **passed** by 106 votes of approval with no votes against and two votes withheld.

8 Election of Board Members

The Chairman introduced the thirteen candidates shown in the report of the Nominating Committee:

Mark Anson*	USA	new
Philip Armstrong*	South Africa	2 nd term
Bruce Babcock*	USA	new
Pierre Bollon*	France	3 rd term
Andrew Clearfield*	USA	new
Peggy Foran*	USA	2 nd term
Richard Koppes*	USA	3 rd term
Alan MacDougall*	UK	3 rd term
Peter Montagnon*	UK	new
Stilpon Nestor*	Greece	new
Taiji Okusu*	Japan	3 rd term
Christian Strenger*	Germany	3 rd term
Shann Turnbull	Australia	new

(* Nominating Committee recommendations for the twelve vacancies)

He explained that Rich Koppes was not able to be at the AGM because of a family wedding.

The Chairman informed the meeting that those current board members who were standing for re-election had indicated that, subject to his election, they would propose Christian Strenger as ICGN Chairman for 2005/6. Christian had indicated that he would take on the role, although for one year only, since his three year term would end in July 2006.

In response to a question, the Chairman confirmed that there would not be cumulative voting.

The recommendation on each Director was voted on separately. The outcome of the polls was checked by the scrutineers Harry Frost and Ian Matheson and reported after the discussion on item 9.

	<u>For</u>	<u>Against</u>	<u>Vote Withheld</u>
Mark Anson*	102	2	5
Philip Armstrong*	103	0	4
Bruce Babcock*	94	9	8
Pierre Bollon*	105	2	4
Andrew Clearfield*	87	11	9
Peggy Foran*	94	12	5
Richard Koppes*	97	6	4
Alan MacDougall*	89	10	9
Peter Montagnon*	97	5	6
Stilpon Nestor*	91	9	9
Taiji Okusu*	106	1	4
Christian Strenger*	107	3	1
Shann Turnbull	43	28	29

The Chairman declared the candidates marked * above as being elected to the Board of governors to serve until the end of the next AGM.

9 - Activities for 2004/5

The Executive Director reported plans for 2005/6 as follows:

- Build the membership
There had been a 50% increase in membership since January 2005 which had increased ICGN's ability to tap into talent and expertise and contributed to an increase in available resources. There was the need to recruit in regions where ICGN was under-represented, with current members being the best recruiters.
- Utilise the pool of talent that is the ICGN membership
The ICGN membership contained a considerable quantity of expertise and knowledge. The website offered many opportunities to access this for communication between members and for responses to consultations. It is planned to identify country correspondents, each of which would have a page on the website on which to share information.
- Review of ICGN Committees
With the increased interest of governments, regulators, press and other interested parties in ICGN's views, there was the need for the Committees that carried out the work of identifying those views to be seen to be truly representative. The Board would therefore be carrying out a review of all the Committees.

The Executive Director was asked by a Member whether ICGN had sufficient funds to carry out its ambitions. Anne Simpson agreed that there needed to be additional funds, which would come from the income generated by attracting additional members and from additional sponsorship of conferences. She added that ICGN was considering establishing a research trust.

Various members made suggestions on matters that ICGN might consider (including greater participation by corporates, challenges to the capital market from such as hedge funds, value aspects of mergers and acquisition, shareholder rights vis-à-vis debt and fixed income instruments, review of the ICGN Bylaws, a change to the ICGN financial year, sharing of research with the Conference Board).

10 - Any Other Business

A vote of thanks to Caroline Phillips, who was standing down from running the ICGN Secretariat, for her work over the past five years, was proposed and passed.

The Chairman expressed thanks to the outgoing members of the Board, Jennifer Choi, Peter Dey, Roderick Munsters and John Wilcox. They had each made great contributions to ICGN and hopefully would continue to contribute by serving on committees.

Christian Strenger proposed a vote of appreciation to the Chairman, whose term of office was expiring, in which he said that Alastair Ross Goobey had been the key architect in building ICGN into a global force. He had a great wealth of experience, charm, tact and a wonderful sense of fun. ICGN recognised his enormous contribution which had been made entirely voluntarily. The vote of appreciation was passed with acclamation.

The Chairman declared the meeting closed at 16.30.

Chairman

Date