



## INTERNATIONAL CORPORATE GOVERNANCE NETWORK

### Minutes of the Annual General Meeting Held on Friday, 20 June 2008 At the Dynasty Hall, Shilla Hotel, Seoul, South Korea

#### Board of Directors

Peter Montagnon	ABI, UK (Chair)
Rients Abma	Eumedion, Netherlands
Bruce Babcock	Broadridge Financial Solutions, UK
Andrew Clearfield	Investment Initiatives LLC, USA
Jean-Pierre Hellebuyck	AXA Investment Managers, France
Hasung Jang	Korea University Business School, Korea
Yuji Kage	PFA, Japan
Michael O'Sullivan	ACSI, Australia
Anita Skipper	Morley Fund Management, UK

#### Apologies:

Marjorie Fine Knowles	TIAA CREF, USA
Kayla Gillan	Riskmetrics Group Inc, USA
Mark Preisinger	Coca Cola, USA

#### Present:

81 ICGN members in person and 6 represented by proxy.  
Sue Cane, ICGN Company Secretary.

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The Chairman called the Annual General Meeting to order at 1440. It was announced that valid and no spoiled proxies had been received.

#### **1. Minutes**

The minutes of the meeting held on 6 July 2007 were received by the meeting.

#### **2. Chairman's Report**

The Chairman opened his remarks by paying tribute to the late Alastair Ross Goobey, who had been such a prominent figure in the corporate governance movement. The Chairman opined that the Alastair Ross Goobey Memorial Scholarship was a fitting tribute to his work, and paid tribute to all who had been involved in the establishment

of the Fund, with the inaugural scholarship having been awarded the previous day to Rashedur Rahman from Bangladesh.

The Chairman invited the meeting to observe a minute's silence in Mr Ross Goobey's memory.

Mr Montagnon informed the meeting that during the year the ICGN had participated actively in a number of significant policy issues. Within the US the SEC had sought the views of the ICGN on such issues as "say-on-pay" and access to the proxy, with further recognition of the ICGN's impact being evidenced by the invitation to the Executive Director to testify before the US Senate Banking Committee. The European Commission had been receptive to the ICGN's views on the Shareholder Rights Directive and on the draft German legislation on acting in concert. The Accounting and Auditing Practices Committee had been extremely active throughout the year in commenting on new international accounting standards and was in regular dialogue with Sir David Tweedie, Chairman of the International Accounting Standards Board. The mid year conference in Gothenburg had focused discussions on sovereign wealth funds, following which a statement had been issued, calling upon regulators and governments to keep the markets open to sovereign wealth funds, whilst recognising the importance of responsible ownership. This had led to useful discussions with the IMF, OECD and European Commission.

The constitutional change approved by the membership in Cape Town in 2007 had been implemented, with the ICGN having become a company limited by guarantee under the law of England and Wales on 8 January 2008. This change of status had limited members' individual responsibility for the entity's liabilities to £1. An application would be made for charitable status, which, if successful, would permit donations from US or UK residents to be tax deductible. In announcing these developments, the Chairman paid tribute to Léo Goldschmidt and the Bylaws & Procedures Committee, who had played such an important role in working with the Secretariat and ensuring that all documentation was complete and appropriate in order to achieve the constitutional changes. Under the new constitution, responsibility for appointing the Nominations Committee had passed from the Board to the membership; Mr Montagnon commended this approach, and announced that Dr William Crist had agreed to stand as Chairman of the Committee.

The financial results for the year 2007 had been favourable, due to careful control of expenditure, growth in Membership and to the success of the Annual and Mid Year conferences. Despite the improvement, the Board had recognised that the ICGN remained dependent upon conference income and was susceptible to any economic downturn. Accordingly, the Board had set a medium-term target that operating costs would be covered by membership fees, and reserves would be built further to a level equating to one year's operating expenses.

The Chairman reported that the Secretariat had been strengthened to meet the challenges ahead, and introduced Tina Chande, Events Co-ordinator and Audrey Hart, Membership Co-ordinator to the meeting. Other changes within the Secretariat had been the appointment of Kerrie Waring as the ICGN's first Chief Operating Officer, and the imminent retirement of Jeremy Miller as Webmaster. Mr Montagnon paid tribute to Mr Miller, whose significant contribution to the Network would be much missed.

In conclusion, the Chairman thanked the individuals and organisations who had supported the organisation during the year, with particular reference to the Institute of Chartered Secretaries and Administrators which provided ICGN with accommodation

and accounting support, and Weil, Gotshal and Manges for the invaluable pro bono advice they had provided during the transition to the network's new corporate status. He paid tribute to his fellow Board members, and expressed a wish that those Board members who had not stood for re-election would continue to work closely with the Network. With the assistance of Weil, Gotshal and Manges, a Board evaluation had taken place during the second quarter of 2008, which had raised issues for the Board to take forward its own development to best meet the needs of the organisation and to reflect appropriate governance best practices. The Chairman's Report was received.

### **3. Reports to the Membership**

#### **3.1 Non-Financial Business Reporting Committee**

Frank Curtiss, as Chairman of the Committee, informed the meeting that a formal consultation paper on non-financial business reporting had been circulated to the membership in March 2008. A Town Hall meeting had been held in Seoul, as a result of which amendments from this and the consultation would be made to the paper. The statement and position paper would provide the ICGN with a formal policy of promoting Non Financial Business Reporting, which would attempt to assist investor understanding of the role of non-financial drivers in value creation. It was the belief of the Committee that investors would benefit from the proposed transparency.

The Committee held regular meetings and during the course of the next year would continue in its work to classify the key drivers of value, and also to consider the dual role of information and the extent to which non-financial information informs the investment process. Mr Curtiss invited those members with an interest in the subject to join the Committee, which was seeking to attract increased representation from the non-Anglo American countries.

Mr Anthony Williams commended the Committee on its report, and requested that consideration be given to emphasising the value of supplementing quantitative metrics with qualitative information.

Mr Raj Thamotheram congratulated all concerned in the production of the report, recognising the difficulties encountered in achieving such a strong consensus. The nomenclature of Non Financial Business Reporting was the subject of a survey in an attempt to canvass end users opinions in determining a meaningful title. He encouraged the membership to visit the survey at [www.agresearch.com](http://www.agresearch.com), and suggested that the Committee may wish to consider the findings in determining a final title for the work.

There being no further questions, the resolution **"To approve the ICGN Statement on Non-Financial Business Reporting subject to recommendations arising from the consultation and electronic ratification by the ICGN Membership"** was carried by 76 votes in favour, no votes against and one vote withheld.

#### **3.2 Anti Corruption Practices Working Group**

David Pitt-Watson introduced the report, advising the meeting that the Working Group had been formed in response to discussions at a breakout session on anti-corruption at the 2007 Annual Conference in Cape Town, with the Board seeking to appoint members with practical experience of tackling corruption from the perspective of shareholders.

Mr Pitt-Watson, a co-convenor of the Group, paid tribute to the Group's members, with particular appreciation being voiced for the work of Ms Karina Litvak. The output of the Group had been a policy statement of guidance for investors wishing to engage with companies on corruption issues, an outline of issues which companies may wish to address and a resource guide. Members of the ICGN had been consulted on the draft guidance; comments received would be incorporated in the document, which would be further amended to reflect views garnered in discussions at Seoul.

The Working Group had drafted a statement for reference within the ICGN Corporate Governance Principles to reflect the view that bribery and corruption was incompatible with good governance and harmful to shareholder value. It was further recommended that the ICGN should write to appropriate governments stating that the Network, as investor representatives, supported the strict enforcement of anti-corruption laws.

Following due consideration, the resolution **“To approve the ICGN Statement and Initial Guidance on Anti-corruption Practices subject to recommendations arising from the consultation and electronic ratification by the ICGN Membership”** was carried, with 80 votes in favour, none against and one vote withheld.

### **3.3 Accounting and Auditing Practices**

Christianna Wood, as Chairman of the Accounting and Auditing Practices Committee, thanked all Committee members for their support during the year, paying particular tribute to CalPERs for their provision of technical and administrative resources. The work of the Committee during the year had focused on a number of topics, these being auditor liability, auditor concentration, auditing standards, the overall objectives of the independent auditor, strategy for the review of the IASC Foundation, and convergence of international accounting standards. The Committee had been active in writing to the bodies such as the FRC, IASB, SEC and EC on the above issues.

Ms Wood informed the meeting that during the next year the Committee planned to focus on the ongoing work of the IASB and FASB in developing a single converged framework for accounting standards, upon audit firm competition and on the quality of audit, and invited members of the ICGN with an interest in this area to provide input or to consider applying to join the Committee.

The Chairman paid tribute to the work of Ms Wood and the Committee for the work undertaken in an area of such importance.

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

### **3.4 Directors/Shareholder Dialogue Working Group**

Mr Peter Butler, co-convenor of the Working Group with Peggy Foran which had been established to develop terms of reference and seek the support of relevant groups to facilitate dialogue between companies and owners, informed the meeting that support had been forthcoming from INSEAD and the Yale School of Management. Discussions had begun with both the US Business Roundtable and the National Association of Corporate Directors. This support was felt vital in developing relationships with the corporate community.

In response to a query from John Wilcox as to the objectives for the Group, Mr Butler stated that the intention was to develop guidance to assist investors in developing better communication with companies. This would be developed by means of bilateral discussions at a series of roundtables, where it was planned that senior representatives of the investor community would engage with their counterparts from the corporate community. Two roundtables were planned for the next year, the first to take place in the autumn of 2008 in Washington DC, and the second in Paris in early 2009. Thereafter consideration would be given to involving individuals from the Asia Pacific region.

The Chairman emphasised that the intention of the Board was that the output from these sessions should benefit all members of the ICGN; the roundtables would be limited in size, but would be noted by a rapporteur and the conclusions circulated to the membership as a whole. Subjects raised at the meetings would be brought to conferences to develop understanding; in due course a guide would be produced to assist both directors and shareholders.

The Chairman placed on record his appreciation of the work done by Mr Butler and Ms Foran in both initiating the proposal and subsequently establishing the Working Group, whose report had been warmly received by the membership.

### **3.5 Executive Remuneration Committee**

In the absence of Mr Ted White, Mr Carl Ro sen presented the report of the Committee. The Committee had kept a watching brief on developments in executive remuneration and was developing a draft policy for non-executive director remuneration. Contributions had been received, and further discussions held at the Town Hall meeting earlier in the week. The draft would be amended to reflect the contributions and the membership invited to vote electronically on the policy in due course.

The Committee was requested to seek further input on the question of whether non-executives should receive equity related compensation, as it was felt to be an area which had not been fully addressed in the draft.

Ms Simpson commented on the value of the work of the Committee in respect of advisory votes on say-on-pay, which had enabled the ICGN to provide an international perspective on the issues being discussed in the USA.

The report of the Committee was received by the meeting.

### **3.6 Awards Committee**

Sandra Guerra, chairman of the committee, presented the report. In response to issues raised at previous meetings, a membership survey had been undertaken to determine the level of support for the current award processes adopted by the ICGN, which had resulted in a decision to continue to follow the existing process in soliciting nominations and determining the most worthy recipient.

The Chairman thanked Ms Guerra for the work of her Committee, and commended them upon their choice of Nell Minow as the 2008 laureate.

#### 4.6.0 Election of Board Members

With the consent of the meeting, the meeting then considered the election of Board members.

In introducing the item, the Chairman paid tribute to Peter Butler, who was retiring as chairman of the Nominating Committee, placing on record the Board's thanks for his efforts during his five-year tenure, which had been performed with both enthusiasm and distinction. The Committee's report was taken as read.

Mr Butler thanked the Chairman for his comments, and paid tribute to all those who had served on the Committee, with particular thanks to Mr Goldschmidt.

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

Rients Abma	The Netherlands	2 <sup>nd</sup> term
Christopher Ailman	USA	New
David Beatty	Canada	New
Marjorie Fine Knowles	USA	2 <sup>nd</sup> term
Jean-Piere Hellebuyck	France	3 <sup>rd</sup> term
Yuji Kage	Japan	2 <sup>nd</sup> term
Peter Montagnon	UK	4 <sup>th</sup> term
Michael O'Sullivan	Australia	3 <sup>rd</sup> term
Carl Rosén	Sweden	New
Mark Preisinger	USA	2 <sup>nd</sup> term
Anita Skipper	UK	3 <sup>rd</sup> term
Christianna Wood	USA	New

#### 6.1 Election of the Board of Governors for the year 2008/09

The resolution on each director was voted on separately. The outcome of the polls was checked by the scrutineers, Phil Armstrong, Peter Rudman and John Wilcox.

	<u>For</u>	<u>Against</u>	<u>Vote Withheld</u>
Rients Abma	66	2	4
Christopher Ailman	62	5	5
David Beatty	59	8	4
Jean-Pierre Hellebuyck	62	5	4
Yuji Kage	67	2	2
Marjorie Fine Knowles	56	10	5
Peter Montagnon	70	0	3
Michael O'Sullivan	72	2	1
Mark Preisinger	50	14	5
Carl Rosén	69	3	0
Anita Skipper	68	1	3
Christianna Wood	67	3	2

**The Chairman declared the twelve candidates named above as being elected to the Board of Governors** to serve until the end of the next AGM and wished them every success in their endeavours.

### **3. Reports to the Membership (cont'd)**

#### **3.7 ICGN Academy**

The Committee had been established to develop the ICGN's Academy which had been established to support research, education and scholarships for those working in difficult or low income environments. Applications for scholarships had been received from 44 applicants, and the successful candidates had been invited to contribute to the ICGN Yearbook to reflect on their experience. The Academy had also partnered with Hermes Fund Managers to establish the Alastair Ross Goobey Scholarship to provide bursaries for those championing corporate governance reform in difficult or low income environments.

The Executive Director highlighted the work to be done on fundraising, and invited members to contact Kerrie Waring in the Secretariat if they required further information.

#### **3.8 Securities Lending Committee**

Andrew Clearfield, Chairman of the Committee, informed the meeting that following publication of the ICGN's Securities Lending Code, the function of the Committee would in future fall within the remit of the Shareholder's Responsibilities Committee, and placed on record his personal thanks to all those who had served as members of the Securities Lending Committee.

In response to a query from Jamie Allen on the possibility of hiring a director of advocacy, the Executive Director responded that following the recent expansion of the Secretariat, she hoped to be in a position to dedicate more time to advocacy.

The report of the Committee was received by the membership.

#### **3.9 Shareholder Responsibilities Committee**

Michael O'Sullivan informed the meeting that following formal adoption in 2007 of the Statement on Shareholder Responsibilities, the work of the Committee had centred upon implementation. The other major piece of work undertaken was to respond to a consultation paper of the UK Hedge Fund Working Group.

A proposal had been made at the Town Hall meeting earlier in the week that the Committee should prepare a recommendation to the ICGN Board on the future relationship between the ICGN and the UN PRI, recognising the good working relationship between the two bodies, and determining whether the PRI should be endorsed by the ICGN or incorporated into the ICGN's Shareholder Responsibilities. Work in this area would be undertaken in conjunction with the Non-financial Business Reporting Committee.

#### **3.10 Shareholder Rights Committee**

Michelle Edkins, as Chairman of the Committee, welcomed the merger of the Cross Border Voting Practices Committee, and paid tribute to the work undertaken by John Wilcox, as chair of the Cross Border Voting Practices group.

The membership had been invited to respond to a survey on experiences of shareholders' ability to propose resolutions at general meetings of shareholders and to participate in the nomination and removal of directors, the results of which had proved extremely useful in subsequent representations on access to the proxy. The Committee had submitted comments to regulators on a number of developments

during the year, a number of which had raised media awareness of the work of the ICGN.

At the 2007 Annual General Meeting the establishment of a shareholder rights database had been proposed. Progress on this initiative had been delayed as a result of resource constraints; however, it had now been determined that a pilot “country correspondent” programme be established, whereby a webpage would be established for a jurisdiction which would provide useful information for fellow members; the country correspondent would also provide Committees with advance notice of potential issues within their jurisdiction.

In conclusion, Ms Edkins stated that the Committee was looking to extend the geographical representation of its membership, and invited interested members to contact her.

The Chairman placed on record his personal appreciation to Committee Chairs and to all members who had been actively involved in Committee work during the previous twelve months.

### **3.11 Bylaws and Procedures Committee**

Léo Goldschmidt, as Chairman of the Committee, praised the input to the Committee by the late Alastair Ross Goobey, whose counsel was much missed, and voiced his personal thanks for the dedication shown by the Committee in achieving the successful transition of the Network to its new legal entity. In determining the Articles of the new Company, the opportunity had been taken to improve the board nomination procedure and increase transparency thereon.

Work continued on a study to determine the feasibility of achieving remote electronic general meetings. Good progress had been made, and should issues regarding security and cost be successfully addressed, consideration would be given to implementing this for the 2009 General Meeting.

### **3.12 Finance and General Purposes Committee**

In the absence of the Committee Chairman, Kayla Gillan, the Executive Director reported that the Committee provided advice to the ICGN board on oversight and comment on both management accounting and conference budgeting planning. A three-year plan had been developed to reduce the reliance upon revenue from conferences and to build up the reserves. In order to achieve the objectives, there was a requirement to increase membership; initial discussions on this had been facilitated by a discussion document produced by Mavis Robertson and Kerrie Waring. A recruitment strategy would be presented to the Board during the next few months in a bid to further increase the membership.

## **4. Financial Statements**

The Chairman introduced the accounts to the end of December 2007, which in response to a request from Dennis Johnson of CalPERS at the previous year’s AGM included a cash flow statement.

There being no questions or comments thereon, the resolution “**to approve the financial statements for the year ended 31 December 2007**” was passed by 51 votes of approval, with no votes against nor any votes withheld.

## 5. Appointment of Auditors

The Executive Director advised the meeting that a review of auditing practices would be undertaken by the Finance and General Purposes Committee during the next year, but that it had been considered prudent during a period of transition to continue to use PKF LLP as auditors for the coming year.

The resolution **“to approve the appointment of PKF LLP as auditors”** for the period to end at the close of the next AGM, was passed by 42 votes of approval, with no votes against and two votes withheld.

### 6.3 Appointment of Nominations Committee (continued)

The Board had proposed that the Nominations Committee, under the Chairmanship of Dr William Crist, should comprise Pierre Bollon, Sandy Easterbrook, Peggy Foran, Léo Goldschmidt and Anita Skipper, and invited Dr Crist to address the meeting. Dr Crist informed the meeting that he welcomed the election of the Committee by members and further stated that he would recommend that a minimum of one-third of the Committee retire each year, with the views of the membership being solicited on potential future members.

The resolution **“To approve the Board’s proposal to appoint Bill Crist as Chairman of the Nominating Committee, the members of which shall be Pierre Bollon, Sandy Easterbrook, Peggy Foran, Léo Goldschmidt and Anita Skipper for the coming year”** was carried with 46 votes in favour, two votes against and two votes withheld.

## 7. Activities for 2007/08

The Chairman informed the meeting that arising from discussions during the committee meetings, proposals had been made to improve the shareholder voting chain, to review the ICGN Corporate Governance Principles and strengthen the wording around the one share, one vote provisions, to make recommendations on anti-corruption and to clarify ICGN’s position on accounting standards. Suggestions were invited from the floor for activities to be conducted by the ICGN during the coming year.

Peter Butler requested that the Cross Border Voting Practices group consider the issue of double voting rights for international shareholders.

Keith Johnson recommended that the ICGN engage with regulators in respect of potential changes following the recent sub-prime crisis, which approach was welcomed by the meeting.

The Chairman further proposed that the relationship between corporate governance and the interests of the bond market be explored.

These and other suggestions would be considered by the Board in devising the work programme for the year.

## 8. 2010 Conference Site Selection

The Chairman reminded the meeting of the Board’s policy of holding annual meetings in rotation between Europe, North America and the Rest of the World, with

the venue for mid-year events being chosen to complement the location of the main meeting.

The resolution “**to approve the Board’s recommendation to hold the 2010 ICGN annual conference and AGM in Toronto, Canada**” was carried with 49 in favour, 1 against and 2 votes withheld.

Katharine Preston, on behalf of Ontario Teachers Pension Plan, thanked members for their support and looked forward to welcoming members to Toronto in 2010.

## **9. Any Other Business**

John Wilcox thanked the Board for its decision to hold the 2008 second mid year meeting in Delaware which would be attended by the Delaware Justices. In response to a request from André Baladi that mid year meetings be held in the Middle East, the Executive Director informed the meeting that preliminary discussions in this regard were being held with both Hawkamah and ICSA’s Dubai office.

Hasung Jang thanked all delegates for travelling to Seoul, opining that the Conference would lead to renewed momentum of the corporate governance movement within the region.

There being no further business, the Chairman declared the meeting closed at 5.00 pm.

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Chairman

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Date