



# ICGN

International Corporate Governance Network

## INTERNATIONAL CORPORATE GOVERNANCE NETWORK

### Minutes of the Annual General Meeting

held on Wednesday, 15 July 2009

The Hilton, 488 George St., Sydney, NSW, Australia

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#### Board of Directors

Peter Montagnon	Association of British Insurers, UK
Rients Abma	Eumedion, Netherlands
Chris Ailman	CalSTRS, USA
David Beatty	University of Toronto, Canada
Michael O'Sullivan	Australian Council of Superannuation Investors
Carl Rosen	Second Swedish National Pension Fund, Sweden
Christy Wood	Capital Z Asset Management, USA
Anita Skipper	Aviva Investors, UK

#### Apologies

Jean-Pierre Hellebuyck	AXA Investment Managers, France
Yuji Kage	Pension Fund Association, Japan
Mark Preisinger	Coca Cola Corporation, USA

#### Present: 86 ICGN Members in person and 7 represented by proxy

Simon Osborne (Secretary)	Joint Head of ICSA Board Evaluation, UK
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The chairman called the Annual General Meeting to order at 1430 hours. It was announced that valid and no spoiled proxies had been received.

#### 1. Minutes

The minutes of the annual general meeting held on 20 June 2008 were received by the meeting.

#### 2. Chairman's Report

The chairman reported to the members as follows:

“First I want to aim to keep this meeting short. We have had a busy three days including town hall meetings by the various committees and an active and wide-ranging conference. So we do not need to go over old ground and, while leaving room for discussion where this is needed, I shall try to ensure that we also take as much as possible of the agenda as read.

“This also applies to my own introductory remarks. You have an extensive report in your papers and I will not read it out, but I want just to highlight one or two important points.

“I think it is fair to say that the ICGN has come a long way in a very short time. We have incorporated, we are acquiring charitable status, we have built up a small but extremely enthusiastic and capable secretariat, we have developed new positions in a number of areas including non-financial business reporting, and corruption and we are well on the way to developing a revised set of ICGN corporate governance principles. On the policy front we have established strong connections with international authorities including the SEC in the US, the European Commission and the International Accounting Standards Board.

“It has been for me personally a privilege and a pleasure to be part of this for the last four years as a board member and for the last two as your Chairman, but I have to say that none of the achievements listed above and, any more besides could have happened without extraordinary contributions from a great number of people.

This starts with those who devote time and energy to sitting on and chairing Committees. This is and, I hope it remains, a membership organisation whose network characteristic which allows and encourages contributions from its members.

But I want today to thank especially those who support and guide this process. The secretariat works extremely hard on all our behalves. So thank you to Kerrie (in absentia), Tina, and Audrey for all the work you have done and thank you also to Simon Osborne of ICSA who is standing in as company secretary.

“I also want to thank all my board colleagues who have given much support to me and to the organisation. You have been a great team to work with and I believe we have come a long way together in supporting and developing change in the ICGN as it grows into a more mature organisation with greater reach and a much more diversified range of members. I owe a great debt of gratitude - and so does the ICGN - to all board colleagues but I particularly want to single out those who are standing down this year: Marjorie Fine Knowles, Yuji Kage, Michael O’Sullivan – who has also worked tirelessly on this year’s conference and Carl Rosen, but more of him later.

But above all the thanks of all of us are due to Anne Simpson who has been the Executive Director of the ICGN for four years until her departure in May for CalPERS. Anne, above all, with her phenomenal energy and commitment and her incredible

network of contacts, has really been both the inspiration behind the ICGN's coming of age and the person who really made it happen.

“Anne, these are great achievements and we want to record our warmest thanks for what you have done. When we knew you were going we wondered about a collection. We thought of buying you a watch because if you do have a small weakness it is that you are not notoriously good at being punctual, but then we discovered that, perhaps because Calpers is a harder task master in this regard than the ICGN, you had already bought yourself one. So we have done two things. First, we invited the members to contribute to the scholarship fund which you pioneered. Second the board has clubbed together to buy you picture a cool green picture of a London garden which will remind you of home and of the happy time you spent with the ICGN.

This will be delivered directly to you in California but we have a little taster in this card and with these flowers which come to you with all our thanks and best wishes.

“Finally, just a few words about the future. I do believe that, just as the ICGN has grown, so have the challenges which face us. They are in my view threefold. First, we must make sure that the authorities do recognise the value of good governance in generating economic value and preventing the need for intrusive and damaging regulation of companies and markets.

“Second, I think that one lesson of the crisis is that we have to redouble our efforts to persuade other investors of the importance of stewardship for owners of companies, and third we have to nurture what we have got in the ICGN and, in particular work to maintain and build its finances through a very difficult period. We are fortunate going into this downturn with a cushion of reserves, good control over costs and no debt. Our finances are manageable but they do need to be managed and we need over time to build them up.

“All of this will be taken over by the new board and by a new Executive Director. We are very fortunate to have recruited Carl Rosen to take over from Anne. Carl has extensive international experience and an unflinching commitment to good governance and I am sure the secretariat is in very good hands.

In keeping with the constitution, the outgoing board has also recommended to the incoming board that they elect Christy Wood as your new Chair. I am delighted by this. Christy has for a long time been a powerful voice for good governance and this will also be the first time for a while that the ICGN has an American chair resident on American

soil. With all that is now going on in the US I think Christy is absolutely the right choice for us at this time.

“Christy will tell us more at the end of this meeting about her view of the agenda. For the time being I just want to say again what a privilege it has been to chair this organisation and wish Christy, Carl and all of the ICGN well for the future. Thank you.”

### **3. Reports to Members**

The meeting received reports from the following ICGN Committees and Working Groups:

- 3.1 Accounting and auditing practises committee.
- 3.2 Anti-corruption practices working group.
- 3.3 Bylaws and Procedures Committee
- 3.4 Corporate governance principles review working group
- 3.5 Country correspondents steering group
- 3.6 Finance committee
- 3.7 ICGN foundation (formerly Academy)
- 3.8 Membership committee
- 3.9 Non-financial business reporting committee
- 3.10 Remuneration committee
- 3.11 Shareholder responsibilities committee
- 3.12 Shareholder rights committee

### **4. ICGN Statements and Guidance**

#### 4.1 ICGN Global Corporate Governance Principles

Paul Lee (Hermes) outlined to the meeting the final changes to the wording of the proposed statement, requesting that any further comments from members should be submitted without delay.

Following due consideration, the resolution **“To approve the ICGN Global Corporate Governance Principles: Revised (2009) subject to consideration of recommendation arising from the consultation and electronic ratification by the ICGN membership”** was approved, with 78 votes in favour, one against, and one vote withheld.

#### 4.2 Non-Executive Remuneration

Ted White (Knight Vinke) outlined the deliberations of the Remuneration Committee. He reported that several changes had been made to the draft at the meeting held on 13 July 2009. The thrust of the revised draft was to provide flexibility dependent on local considerations. The draft was framed on a “comply or explain” basis. From the prior consultation with members, it was clear that there was opposition to share options, a desire for clear, firmly worded principles and for the exclusion of a performance related element to non-executive remuneration. There was strong support also for an equity level for non-executive directors and a preference for holding periods and for holdings to be a multiple of fees.

From the floor, Anthony Williams (Cass Business School) suggested that the amount of a director’s remuneration should not be so much that it would be painful for a non-executive director to resign on a point of principle. For the board, Christy Wood

acknowledged that the Remuneration Committee had worked hard to produce a good balanced statement of principles while allowing flexibility for different geographies.

Another speaker from the floor requested that sympathetic consideration should be given to those jurisdictions where holdings of equity would be inappropriate.

Following due consideration, the resolution **“To approve the ICGN Statement and Guidance on Non-Executive Director Remuneration, subject to consideration of recommendations arising from the consultation and electronic ratification by the ICGN membership”** was approved with 79 votes in favour, two against, and five votes withheld.

## 5. Special Business

### 5.1 Amendment to Article 7.2.2

Leo Goldschmidt introduced the resolution at the request of the chairman. He reported that the Bylaws and Procedures Committee agreed with the view of the board that the Chief Operating Officer should be appointed as company secretary. The chairman reminded the meeting that the resolution was being put forward by the board as a special resolution and that accordingly at least 75% of those voting had to be in favour of the resolution for it to be passed.

The resolution **“To amend Article 7.2.2 by replacing the words *‘the Secretary may not be a Governor nor any person involved in or responsible for the operation of the secretariat function’* with the words *‘The Secretary may not be a Governor or the Executive Director’*”** was approved, with 80 votes in favour, two against and three votes withheld.

### 5.2 New Class of Membership

The chairman invited Carl Rosen to introduce the resolution. From the floor, Mark Anson reported from the Foundation Meeting held on 13 July that there was a strong feeling the dual voting classes were being established under the resolution and that the exclusion of voting rights for the new class of membership was not the best way of encouraging Scholars to become full members of ICGN. Mavis Robertson said that she supported voting rights; she expressed the view that fair treatment encouraged people to become attached to an organisation; and she felt that young people who were ICGN Scholars should be treated with fairness. John Wilcox also spoke in support of Mr Anson and Ms Robertson, emphasising that ICGN supported the principle of one share one vote.

The Secretary explained that it was not possible under the Articles of Association of ICGN to amend the resolution which was before the meeting. However, it would be possible, with the leave of the meeting, for the chairman on behalf of the board to withdraw the resolution and for a member to move from the floor a modified version under Any Other Business at the end of the meeting pursuant to Article 4.1.5. With the leave of the meeting, the board withdrew the resolution **“To approve the establishment of new class of membership pursuant to Article 3.10, to enable ICGN Scholars from low-income or difficult environments to join the ICGN and to benefit from and be subject to all the rights and obligations of the members of ICGN pursuant to the articles and applicable law, except that: (1) no voting rights shall attach to such membership; (2) this class of membership shall be available to individuals only for a period of 3 consecutive years, upon the expiry of which such individuals shall cease to qualify for this category of membership; and (30) of the**

*Governors shall be authorised and instructed to make bylaws setting out in detail the rights and obligations attaching to the new class of membership established pursuant to this resolution from time to time, including (without limitation) of the level of the annual membership subscription to be paid by such members”.*

## 6. Financial Statements

Chris Ailman introduced the financial statements for the year ended 31 December 2008. He explained that ICGN would need to dip into reserves which had amounted to £300,000 at the beginning of 2008 and would likely fall over coming months to £120,000. The chairman added that ICGN had exposure to foreign exchange transactions which was inevitable because of the international nature of ICGN’s membership. These were addressed in the financial statements.

From the floor, Andre Baladi enquired whether there were any sums outstanding from the conference held in Milan in 2002. Anne Simpson, the former Chief Executive, explained that there were no sums outstanding.

There being no further questions, the resolution **“To approve the financial statements for the year ended 31 December 2008”** was approved by 85 votes in favour with no votes against and no votes withheld.

## 7. Appointment of Auditors

Chris Ailman introduced the resolution **“To approve the appointment of PKF LLP as ICGN Auditors for the period to the end of the next Annual General Meeting”** which was approved by 78 votes in favour with three against and three votes withheld.

## 8. Election of ICGN Nomination Committee

The chairman introduced the resolution, thanking Bill Crist and the members of the committee for their work over the past year. Bill Crist from the floor stressed the need to identify more candidates for committees from Continental Europe and from the Far East.

The resolution **“To approve the board’s recommendation to elect the following members of the Nomination Committee being Bill Crist (USA), Pierre Bollon (France), Sandy Easterbrook (Australia), Peggy Foran (USA), Leo Goldschmidt (Belgium), Yuji Kage (Japan) and Christian Strenger (Germany) for the coming year”** was approved with 82 votes in favour, one vote against and three votes withheld.

## 9. Election of ICGN Board Members

9.1 Report of the Nomination Committee from the floor, Bill Crist presented the committee’s report. He repeated the request of the members to encourage more nominees to come forward for election to committees and in time to the board.

The resolution **“To receive the report of the Nomination Committees”** was approved with 75 votes in favour, one vote against and one vote withheld.

9.2 Election of the Board of Governors for 2009/10. The meeting considered the election of Governors. The chairman introduced the eleven candidates shown in the report of the Nomination Committee:

Rients Abma	The Netherlands	3 <sup>rd</sup> term
Christopher Ailman	USA	2 <sup>nd</sup> term
David Beatty	Canada	2 <sup>nd</sup> term

Richard Bennett	USA	New
Charnchai Charuvastr	Thailand	New
Frank Curtiss	UK	New
Michelle Edkins	UK	New
Jean-Pierre Hellebuyck	France	4 <sup>th</sup> term
Mark Preisinger	USA	3 <sup>rd</sup> term
Anita Skipper	UK	4 <sup>th</sup> term
Christianna Wood	USA	2 <sup>nd</sup> term

From the floor, Anna Hurst stated that the attendance record for two Governors seeking re-election was 60% and 70% respectively. She asked that the incoming board should address board members' attendance.

The resolution in respect of each candidate was voted on separately as follows:

	<u>For</u>	<u>Against</u>	<u>Vote Withheld</u>
Rients Abma	84	1	1
Christopher Ailman	79	1	2
David Beatty	73	9	4
Richard Bennett	79	1	2
Charnchai Charuvastr	81	1	1
Frank Curtiss	80	2	1
Michelle Edkins	78	4	0
Jean-Pierre Hellebuyck	56	15	10
Mark Preisinger	57	13	11
Anita Skipper	77	2	3
Christianna Wood	76	5	1

## 10. Conference Site 2011

The chairman introduced the resolution that the 2011 annual conference and AGM should be held in Paris, France. From the floor Andre Baladi raised questions over the proposed venue and wondered whether Geneva might be an alternative option if there was an issue about suitable accommodation for the conference and AGM in Paris in 2011. The chairman replied that the board was confident that the conference and AGM would be able to go ahead successfully in Paris. Another member enquired whether in future years it would be possible to arrange the conference and AGM concurrently or consecutively with the UN PRI conference.

Peter Butler urged reconsideration of the dates of the conference and AGM, suggesting that there should be a permanent fixture each year. The resolution **“To approve the board’s recommendation to hold the 2011 ICGN Annual Conference and AGM in Paris, France”** was approved with 75 votes in favour, five votes against and three votes withheld.

## 11. Activities for 2009/10

The meeting considered recommendations from the board and from the floor for the future work programme of ICGN. First, Christy Wood thanked the chairman for his contribution to and leadership of the board over the two previous years. She made a presentation to the chairman.

She went on to stress that the board wished to be inclusive, making these points:

- In view of the financial situation, a disciplined path forward would be followed;
- Membership growth would be pursued;
- The structure and composition of ICGN committees would be improved;
- There needed to be dialogue between share owners and directors. The next conference, in November 2009, would be held in Washington DC jointly with the National Association of Corporate Directors and members were encouraged to attend;
- The ICGN foundation (UK) and (USA) were being established; and
- The Scholars programme would be continued.

Sandra Guerra reported a suggestion made at the meeting of the Awards Committee that attendance at a certain number of ICGN conferences should be a requirement to qualify for committee membership. Peter Butler suggested, from the Shareholder Rights Committee, that consideration should be given as to how to encourage long term shareholdings e.g. by means of awards.

Pako Roper Kedisitise asked the board to consider new methods of approaching potential members, particularly in countries in Africa where membership tended to be low.

Andrea Di Segni stated that there were several European countries where there were no, or just a few, members. He felt that the board needed a strategy to grow membership in Europe and also to grow membership among issuers.

Stephen Davis said that he had been impressed by the quality of the conference but more needed to be done about implementing standards and gaining endorsement of them from ICGN members. He hoped that the incoming board would take forward the suggestion for establishing a taskforce on risk.

Erik Breen wondered if more could be done to facilitate collaboration among ICGN members and opportunities to gain access to guidance and voting advice.

Guy Jubb urged the establishment of joint committees with other bodies, with ICGN nominating some of its members to other governance committees.

Taiji Okusu urged ICGN to engage with the Japanese FSA/TSC in support of METI.

## **12. Any Other Business**

12.1 Carl Rosen was invited by the chairman to introduce himself to the members as the incoming Executive Director in succession to Anne Simpson.

12.2 Establishment of new class of membership from the floor, Mavis Robertson moved a resolution “To approve the establishment of a new class of membership pursuant to Article 3.10, to enable ICGN Scholars from low-income or difficult environments to join the ICGN and to benefit from and be subject to all the rights and obligations of the members of ICGN pursuant to the Articles and applicable law, except that: (1) this class of membership shall be available to individuals only for a period of three consecutive years, upon the expiry of which such individuals shall cease to qualify for this category of membership; and (2) the Governors shall be authorised and instructed to make bylaws setting out in detail the rights and obligations attaching to the new class of membership established pursuant to this resolution from time to time, including (without limitation) the level of the annual membership subscription to be paid by such members”.

In response to questions whether the resolution which had been presented could be amended, the Secretary confirmed that amendments to the text could validly be made. Following discussion a modified resolution **“To approve the establishment of a new class of membership pursuant of Article 3.10, to enable the recipients of ICGN Scholarships to join the ICGN and to benefit from and be subject to all the rights and obligation of the members of ICGN pursuant to the Articles and applicable law, except that this class of membership shall be available to individuals only for a period of three consecutive years, upon the expiry of which such individuals shall cease to qualify for this category of membership and the governors shall be authorised to set the level of the annual membership subscription to be paid by such members”** was approved with 59 votes in favour, one vote against and three votes withheld.

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There being no further business, the chairman declared  
the meeting closed at 1640 hours