



ICGN

International Corporate Governance Network

**Minutes of the Annual General Meeting
held on Wednesday, 9 June 2010 in
the Canadian Room, Fairmont Royal York
100 Front Street West, Toronto, Ontario, Canada**

Board of Directors

Rients Abma	Eumedion, Netherlands
Richard Bennett	The Corporate Library, LLC, USA
Frank Curtiss	Railpen Investments, UK
Michelle Edkins	BlackRock, UK
Jean-Pierre Hellebuyck	Axa Investment Managers, France
Mark Preisinger	The Coca-Cola Company, USA
Anita Skipper	Aviva Investors, UK
Christy Wood	USA

Apologies

Chris Ailman	CalSTRS, USA
David Beatty	University of Toronto, Canada
Sandra Guerra	Better Governance, Brazil
Charnchai Charuvastr	Thai Institute of Directors Association, Thailand

Secretary present: Pamela Smith, Governance Officer, T-O Corporate Services, Canada

ICGN: 70 IGN Members in person including and 6 represented by proxy

The Chair called the Annual General Meeting to order at 1430 hours. It was announced that 6 valid and no spoiled proxies had been received.

1. Minutes

The minutes of the annual general meeting held on 15 July 2009 were received by the meeting.

2. Chair's Report

The Chair's report was received by the meeting and taken as read.

The Chair, Christy Wood, began her remarks by asking that questions be deferred until the point of the meeting where there would be discussion on activities for the year ahead. She then proceeded to highlight what she sees as the most critical items outlined in her report.

- First, new Executive Director, Carl Rosen, has done an excellent job taking over his responsibilities and will address the membership as part of this annual meeting.

- There has been tremendous dialogue and mediation at this conference. Thanks are due to the ICGN Board for their level of support and engagement.
- Two items are being brought forward that have resulted in, and continue to encourage, healthy discussion. First, the ICGN Membership will be asked to approve the introduction of a membership joining fee of £49 (plus local sales where applicable) payable upon application or reactivation of membership. Admission joining fees are standard in many professional membership bodies and help support the costs of new member recruitment and administration. In addition, such a fee helps to reduce membership attrition whereby members are less likely to become inactive if they are subject to an additional admission fee upon application for reactivation.
- Secondly, the ICGN membership will also be asked to approve a proposal from the ICGN Board to request the Bylaws and Procedures Committee to review the rules relevant to the tenure of Governors with the object of improving continuity in and efficiency of the organisation. ICGN has traditionally adopted a policy of short term rotation, resulting in a turnover of at least 33% of the Board each year. The Board itself sees a need to reduce that turnover to not more than 20%. The high turnover has the effect of impairing the continuity of the Board and limiting the Board's ability to carry out consistent oversight and long term planning with the Secretariat. While such short Board tenure may have served the ICGN well in the past, it is now a much more complex organisation, with audited financials, full-time employees, two foundations and better-funded competitors. The Board is unanimous in its concern and feels now is the appropriate time for the By-Laws and Procedures Committee to review this over the upcoming year and make a recommendation to the membership on changes to the term limits of Board members to improve the continuity of the Board leadership if the Committee deems that this is warranted at the 2011 meeting in Paris.
- ICGN's finances are not strong and have not been strong in recent years. Last year the ICGN was negatively impacted by the global financial crisis and both membership retention and conference attendance suffered.

The operating loss was £83,458 before Brazilian repatriation of funds. This was £3,729 more than the budgeted loss of £79,729. After the Brazilian repatriation of funds the loss was substantially reduced to only £13,213.

The state of ICGN finances has caused the Board to spend a considerable amount of time considering organisations that have a strong business models which might successfully apply to ICGN. There is a need for a sustainable model for now and continuing into the future. A "Membership fees" working group consisting of Board members David Beatty, Rients Abma, Chris Ailman and Sandra Guerra, plus Leo Goldschmidt and Mavis Robertson has been formed and will consider recommendations to the Membership. Recommendations are expected to be delivered at the 2011 Paris meeting.

Upon the conclusion of her remarks, the Chair called upon Executive Director Carl Rosen to address the members.

The Executive Director reported to the members as follows:

"ICGN is a wonderful organisation. It gives us all an unbeatable global network, unique insights and we produce important policy work that influences market participants all over the world.

But last year was the worst year in ICGN's history financially. We were budgeted to lose a substantial amount in our operative business which is almost a third of our reserves. We were only saved by delayed profits from the 2004 conference in Rio de Janeiro.

Although both conferences in Washington and Sydney last year were successes, content wise, they did not reach our targets financially. The global financial crisis affected us and I can say that this certainly alarmed the board and me. This is an organisation that is dependent on strong finances to live up to its commitments. The conclusion from last year is that this organisation needs a more sustainable business model.

The potential is of course that our vision, to improve corporate governance standards world-wide, is very much in the center of the discussion after the crisis in the developed countries as well as seen as a pre-requisite for continued growth in emerging markets.

The very fact that most institutional investors are continuing to diversify their equity portfolios geographically makes it even more important that they have a one-stop shop where they can inform themselves about corporate governance standards including minority protection in markets where they have invested.

The global diversification of assets in institutional investors' portfolios and the moving away from home-based portfolios leads to a stronger position for ICGN as the leading global network in corporate governance.

However, our resources are limited. We have a staff of four full-time workers at the Secretariat in London. It is me, our COO and Company Secretary, Kerrie Waring, Head of Events, Tina Chande, and Audrey Hart, Head of Membership & Administration, and I want to thank the team for their hard and dedicated work.

Then we have roughly 130 part-time voluntary workers all over the globe. In addition we have students doing internships, but most importantly it is you the members that contribute with your voluntary work. You work as board members, committee members, country correspondents, and ambassadors for ICGN. You are the most valuable asset and I would like to take this opportunity to thank you.

I said that our business model was unsustainable. I think that a look at our income distribution tells a lot, as we are heavily dependent on conference income. Approximately 80 percent of our income comes from conferences and the rest from membership fees.

The good news is of course that we have an excellent product in our conferences. The bad news is that we are only one volcanic eruption or a pandemic flu away from major financial trouble. This conference is a good case in point. We were displaced by the G20 here in Toronto, which forced us to bring our dates forward and we are lucky that the volcanic eruption Iceland happened in April, not in June.

What can we do about this? I see six areas for improvement; membership fee structure, membership services, stronger policy work, better committee governance, more focus on relevant environmental and social issues, a move towards educational services, and a stronger presence in growing and emerging markets.

We have already started a targeted effort to recruit new members. For the first time we have a system for targeting recruitment of new members. It is already successful as we have just passed the 500 mark and this year so far we have added a net 50 members.

Still the member turnover is high. As an example, we have recruited 80 members so far this year but 30 have dropped out. It is critical to make the membership benefits more appealing and essential to our members. We can do that by enhancing our offer but another important thing to do is to introduce a joining fee which we will do at this AGM.

The membership fee structure is critical. Today, we have a flat fee of 295 pounds and a special fee for scholars at 89 pounds. I think it is extremely important to stick to the original system of "one membership-one vote." This is crucial to the openness and the vitality of the network. But I think it is only fair that your affiliation is a factor to be considered for the differentiation of membership fees. It is of course much more valuable in absolute terms for a global investor with a multi-billion portfolio to get help from ICGN to protect their assets globally than it is for a company director that wants to educate him/herself in the latest corporate governance trends. That is the very reason why we have started the work in the Membership Fee Structure Committee. The Committee will analyze the possibility to have differentiated pricing of membership fees and they will come back to you during the year with the aim to present a proposal to the AGM in Paris in September next year.

Membership services are of course most important to retain and recruit members and I will just mention a couple of ongoing projects. At this conference, we are launching the first country correspondent section of the website. It is the Brazilians that are the first one out. By the beginning of the next year we will aim to have more than, twenty correspondents and we will expand gradually one market at a time.

In addition, enhanced presence in social media, including a YouTube channel and facebook functions are being developed to improve online networking capabilities.

ICGN will never be stronger than our own policy work. We have issued a series of groundbreaking policies, we are seen as the most important consultation partner when it comes to global corporate governance and that is all very impressive. But if we are a little bit self-critical, I think we have a huge potential to improve our work and I think this would be easy. I am talking about better governance of the committee work, the board will discuss a package of guidelines when it comes to the duties of the chairman and committee members and we will introduce support functions for note keeping, meeting scheduling and attendance.

I think this is a very important as we have a very ambitious work program, including more focus on relevant environmental and social issues. The anti-corruption guidelines were our first in the "S" area. We are currently engaging in a disclosure framework for greenhouse gas emissions which is critical for investors to get the right information. Another example of an "S" project is our planned global guidelines on political contributions.

Over the years, there have been more than ten new ideas about new business lines for ICGN. We have looked into each of them and we have come to the conclusion that only one of these ideas is viable and that is to offer educational services.

As investors, we are always telling board members in portfolio companies to educate themselves in corporate governance. Today, in most markets, there are excellent programs for directors to educate themselves in local corporate governance practices. That is a market where we can't compete; it is a crowded marketplace. But where do the typical global investors educate themselves? Well, you can go to ICGN conferences and use your personal network, but apart from that it is learning-by-doing.

There is no education programme for the typical global investor in corporate governance – it is not even recognized as a profession. The vision for ICGN is to run dedicated master-classes in global corporate governance starting next year. We are extremely well-placed to offer that and we use the network to find partners in this.

Since we have limited resources, the first thing to do is to define the market. You will receive a market questionnaire to measure your appetite for this and we will use your input to measure the market potential.

Last but not least, we must adjust to the new economic balances in the world. In the coming years we will be much more present in Latin America and Asia. We will work through our network, arrange conferences, and engage our members in these markets. It is extremely important to strengthen our presence in Brazil, China, India, and other Asian markets.

With this working platform, it is easy to improve ICGN's external activities. We need to be more well-known and we must develop a clear communication strategy.

With that, I want to thank you all, members of ICGN. We are all part of a wonderful organisation and I am confident that when we meet in Paris next year we will be an even stronger, happier, and influential organisation than we are today.”

3. Financial Statements

Chris Ailman, Finance Committee Chair, was unable to attend the meeting. In his absence, Frank Curtiss introduced the financial statements for the year ended 31 December 2009. He presented the accounts highlighting the financial results vis-à-vis the budget noting the loss of only £13,213 thanks to the repatriated surplus from the 2004 ICGN Conference in Brazil. This money has been allocated in the accounts to 'Brazil income' and 'bank interest'.

While the reserves have declined from £285,990, they do remain high at £272,777.

From the floor, Peter Butler asserted the need for a further breakdown of the financial statements particularly a profit/loss statements as well as a full management accounts presentation. He was advised that supplementary and more detailed reports are reviewed regularly by the relevant Committee.

From the floor, Sandy Easterbrook remarked on the increase in the Corporation Tax charge in 2009. Frank Curtiss responded that this was because of changes in treatment the Corporation Tax charge is assessed for the year differently from the standard rate of Corporation Tax in the United Kingdom. ICGN has to pay corporation tax on its non-mutual element relating to conferences. In 2009, corporation tax was also applied to Brazilian bank interest.

From the floor, Bengt Hallqvist asked if the financial results for the recent budgets had been reviewed against the 2010 budget. Carl Rosen, Executive Director, advised that they had and that both the Toronto conference and the previous conference would be over budget on expected profits.

The question of access to the financials by both the Board and by members was raised. The Executive Director responded that Board members receive quarterly financial statements and that the financial statements being discussed at this meeting have been posted on the website for over one month.

The topic of the replacement of the auditor, PKF (UK) Ltd, was raised. Concern was expressed that, knowing that they (PKF LLP) were going to be replaced as ICGN's auditor,

did they sign off in good faith. Elizabeth Murrall responded that the Finance Committee was not concerned about PKF LLP having acted in good faith.

Frank Curtiss offered thanks to the ICGN Finance Committee for the audit review and, in particular, Liz Murrall, Mark Preisinger and Kerrie Waring for conducting interviews of three well-qualified firms.

There being no further questions, the resolution "To approve the financial statements for the year ended 31 December 2009" was approved with 59 votes in favour, with 2 votes against and 4 votes withheld.

4. Finance Committee Report

In the absence of Chris Ailman, Frank Curtiss presented the Committee's report that highlighted the special work of the Committee over the past 12 months including the risk register and audit review. He noted that a review of membership fees and categories and introduction of a membership-joining fee would be discussed separately. He emphasized that the existing membership structure is not sustainable and that both membership fees and structure need to be reviewed.

Questions from the floor focused on member retention and reasons for members resigning or failing to renew their membership. Christy Wood responded that each resignation is followed up. While reasons vary, they include the age of the member (i.e. retirement), changes in the member's job or responsibilities, and the financial crisis that has impacted both businesses and individuals. She stressed that the Board takes very seriously the retention of members and is concerned that the annual attrition rate has increased to almost 25% over the last two years.

There being no further questions, the resolution "That the Membership approve the Report of the Finance Committee." was approved with 55 votes in favour, 2 votes against and 5 votes withheld.

5. Appointment of Auditors

In his capacity as Chair of the sub-group responsible for conducting the audit review, Finance Committee member Mark Preisinger spoke to the proposal on the new auditors. He reminded members that, at the Sydney meeting, questions were raised about continuing with the existing auditor, PKF LLP, appointed in 2001. As part of best practice trying to be achieved, it had been noted that best practice encourages regular reviews of appointed auditors and periodic rotation. Following the Sydney meeting, the ICGN issued an RFP. In May 2010 he, Liz Murrall, and Kerrie Waring interviewed three well-qualified firms (Mazars LLP, Buzacott LLP and Grant Thornton), to potentially replace PKF (UK) Ltd. The result of the process was a recommended change of the auditor going forward to Grant Thornton.

The resolution "To approve the appointment of Grant Thornton LLP as ICGN Auditors for the period to the end of the next Annual General Meeting" was approved with 61 votes in favour, 2 votes against and 2 votes withheld.

6. AGM Date Extension

Leo Goldschmidt, Bylaws and Procedures Committee Chair, spoke to the need for a bylaws' change regarding the date of the AGM. He explained that the date of the Toronto conference had been moved up because of the G20 Summit. The current bylaws state "... that not more than 15 months shall pass between one annual general meeting and the next." Because of the change of date of the 2010 meeting and the selected date of the 2011

meeting, there is a need to modify the bylaws to eliminate the reference to 15 months and simply provide that there be one AGM each year.

There being no questions, the resolution, "That the Membership approves a Special Resolution to modify Article 4.1.1 by deleting the words 'and not more than 15 months shall pass between one annual general meeting and the next.'" was approved with 60 votes in favour, 1 vote against and 1 vote withheld.

7. Board Tenure

Christy Wood spoke to the request for the Bylaws and Procedures Committee to review Board tenure. She emphasized that members are only being asked to approve a proposal allowing the Committee to conduct a review and report back at the 2011 Paris meeting with possible recommendations for improvements.

Governors are currently elected for one year and may be re-elected three times running – for a maximum total tenure of four years, after which a period of four years must elapse. In practice, it has been understood that three years is the norm. However, three (or even four) years is a very brief period for becoming familiar with ICGN's ways, means, issues and problems. As a result, there is a lack of continuity, institutional memory is impaired, long-term planning is hampered, and efficiency in decision-making and operation suffers.

From the floor, Dave Collyer asked if there was any intent to have the Chair remain for at least one year as Past-Chair in an advisory capacity. Christy Wood responded that similar comments/queries had been received and that it was anticipated that the recommended review would include consideration of a Past-Chair's role.

The resolution that "The Membership approve the request from the ICGN Board for the Bylaws and Procedures Committee to review the rules relevant to the tenure of Governors with the object of improving continuity in and efficiency of the organisation, to consult with the membership on their findings and, in the light of its response, to present a report at the next AGM making appropriate proposals for change if any." was approved with 56 votes in favour, 2 votes against and 1 vote withheld.

8. Membership Admission Fee

In the absence of Chris Ailman, Executive Director Carl Rosen spoke to the proposal of introducing a membership admission fee. He highlighted ICGN's concern with the 20%-25% annual attrition rate and highlighted the reasoning behind the proposal including: integral for supporting sustainability of ICGN finances; common in many other membership organisations; off-set against administration and marketing costs; and to reduce attrition which is on average around 25%. If approved, the membership admission joining fee would be payable by new members, from 1 July 2010, and also by any member that wishes to reactivate their membership having previously been deactivated after not renewing annual subscriptions. Local sales tax would vary depending on the jurisdiction where the member is based.

From the floor, Anthony Williams asked, that since ICGN doesn't know why membership is declining, why institute a membership admission fee that appears to serve no purpose. He proposed an increase in membership fees instead. Carl Rosen responded that ICGN follows up with every member that resigns and is aware of his or her reasons. That information has been used by the Secretariat and Board to propose a variety of solutions to membership decline as well as membership growth initiatives, such as targeting new groups, matching new members with existing members, etc. He also noted that membership is not declining.

From the floor, Anthony Williams suggested that £49 was a particularly low fee. The Board explained that £49 had been selected as a good starting point.

The resolution that "The Membership approves a Special Resolution to modify Article 3.2, 3.9.2 and 3.10 to introduce a membership admission joining fee payable upon application of membership or re-admission of membership having previously been deactivated." was approved with 49 votes in favour, 10 votes against, and 1 vote withheld.

Carl Rosen reminded members that a second resolution, regarding the level of the fee, was also required.

The question of any anticipated exceptions, for instance students, was raised. It was indicated that the new membership category of Scholar would be exempt.

Again, the question of £49 as a sufficient Membership Admission Fee was raised. Christy Wood responded that a number of organisations' policies were reviewed and both higher and lower joining-fees were considered. After a great deal of thought, both the Secretariat and the Board agreed with initially setting the fee at £49 (plus local sales tax where applicable).

With no further questions, the resolution that "The Membership, subject to the approval of Resolution 5.3, approve to set the initial membership admission fee level at £49 (plus local sales tax where applicable) was approved with 53 votes in favour, 10 votes against and 1 vote withheld.

9. Election of ICGN Board Members

From the floor, the Nominating Committee Chair, Bill Crist, highlighted the committee's report emphasizing the need to:

- encourage trustees from various countries to participate in the ICGN Board Of Directors;
- continue to recognize candidates from emerging countries as well as developed countries
- encourage young 'veterans' of the Scholar program; and
- continue to seek diversity on the Board of Directors, mirroring the membership as a whole.

The resolution "To receive the report of the Nominating Committee" was approved with 62 votes in favour, 1 vote against and 1 vote withheld.

The Chair introduced the twelve candidates shown in the report of the Nominating Committee. The meeting considered the election of Governors. 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	59	2	2
Christopher Ailman	58	3	2
David Beatty	56	8	0
Richard Bennett	58	4	3
Arnaud de Bresson	58	4	3
Frank Curtiss	59	3	2
Michelle Edkins	57	6	1
Sandra Guerra	60	0	2

David Pitt-Watson	57	7	2
Mark Preisinger	56	6	3
Yoshiko Takayama	59	5	2
Christianna Wood	56	9	0

10. Approval of ICGN Nominating Committee

The Chair introduced the resolution regarding appointment to the Nominating Committee.

From the floor, Mike Lubrano asked that if, in recognition that emerging markets (i.e. OECD countries) are going to have an increasing impact, what efforts are being made to recruit Board members from non-traditional organisations. Christy Wood responded that the Nominating Committee has been being more pro-active in that regard and that she will encourage the new committee to continue to be pro-active.

The resolution "That the Membership approve the Board's proposal of the following members to serve on the Nominating Committee being Bill Crist (USA), Pierre Bollon (France), Sandy Easterbrook (Australia), Peggy Foran (USA), Leo Goldschmidt (Belgium), Yuji Kage (Japan) and Peter Montagnon (UK) for the coming year." was approved with 55 votes in favour, 7 votes against and 1 vote withheld.

11. General Reports to Members

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

- Accounting and Auditing Practises Committee
- Anti-Corruption Practices Working Group
- Bylaws and Procedures Committee
- Country Correspondents Steering Group
- ICGN Foundation (formerly Academy)
- Membership Committee
- Non-Financial Business Reporting Committee
- Remuneration Committee
- Shareholder Responsibilities Committee
- Shareholder Rights Committee
- Task Force on Corporate Risk Oversight

The resolution in respect to the receipt of each report was voted on separately as follows:

	<u>For</u>	<u>Against</u>	<u>Vote Withheld</u>
Accounting and Auditing Practises	54	2	2
Anti-Corruption Practices	53	1	2
Bylaws and Procedures	59	1	2
Country Correspondents	58	0	3
ICGN Foundation	56	3	3
Membership	51	5	3
Non-Financial Business Reporting	55	2	2
Remuneration	51	8	4
Shareholder Responsibilities	52	6	1
Shareholder Rights	55	5	1
Corporate Risk Oversight	53	1	0

12. Corporate Risk Oversight Principles

Stephen Davis spoke to the report, ICGN Corporate Risk Oversight Principles, emphasising that it is a 'Working Draft' and will be subject to amendment following the discussions of earlier in the day at the face-to-face meeting with members. A new draft will be developed after the conference and put forward to the ICGN Board for approval before being circulated to the ICGN membership for final email ratification.

The resolution: "That the Membership approve the 'ICGN Corporate Risk Oversight Principles (2010)' subject to consideration of recommendations arising from the consultation and electronic ratification by the ICGN membership." was approved with 53 votes in favour and 1 vote against.

13. Conference Site 2012

The Executive Director, Carl Rosen, spoke to the reasoning behind the recommendation that the 2012 annual conference and AGM should be held in Rio de Janeiro, Brazil.

As well as a dedicated conference team, Brazil already has the support of the Brazilian Institute of Corporate Governance (IBGC), the Securities and Exchange Commission of Brazil (CVM), BM&FBOVESPA, (the merged São Paulo Stock Exchange and the Brazilian Mercantile and Futures Exchange), Previ (a closed private pension fund) and Petros (Brazil's second-largest pension fund). It is anticipated that Funcef (Brazil's third-biggest pension fund) and BRAIN will also support this conference.

The Veinero tax office has been consulted about possible tax retentions and it appears that the 2004 situation requiring Brazil to retain part of the profit will not occur in 2012.

A comment from the floor suggested that it was quite important to select the right venue as well as the right location. Herbert Steinberg responded that there has just been a very successful event in Rio de Janeiro and there is no concern that the ICGN conference will not be equally successful.

From the floor, Melsa Ararat reminded members that there is a need to ensure that conference locations are easily accessible for transportation and be held where the ICGN membership is located. The Chair responded, reminding members that in a 3-year cycle, the conference rotates from North America, to Europe, to an emerging market.

From the floor, William Mackenzie questioned if it was appropriate to determine the actual location in Brazil at this time. The Executive Director responded that the secretariat has considered all factors and finds that no other location in Brazil, including San Paolo would be better than Rio de Janeiro.

The resolution "To hold the 2012 Annual Conference and AGM in Rio de Janeiro, Brazil." was approved with 59 votes in favour, 3 votes against and 2 votes withheld.

14. Other Business

14.1. SEC related Motion

The Shareholders Rights Committee introduced a motion concerning the SEC's proposal to adopt amendments to NYSE rules that will disallow discretionary voting of uninstructed shares by brokers in director elections. This is seen as a major setback to governance best practices and will severely affect those organisations

with a majority vote standard for director elections. It is also seen to be a breach of approved ICGN principles.

From the floor, Amy Borrus commented that it is unclear whether the SEC has the authority to compel listing standards. Before moving to voting, Bill Mackenzie made a friendly amendment "To instruct the Board to disseminate this information as soon as possible to the relevant agencies in the USA."

The resolution "To approve that the ICGN, having taken note of governance provisions in financial reform legislation in the United States, and in the context of section 2.9.1 of the ICGN Global Corporate Governance Principles, and in furtherance of corporate Board accountability to investors, asserts its support of measures to ensure that a majority vote standard in Board elections applies to all listed companies in the US, whether through legislation or listing rules." and amendment was approved with 59 votes in favour and 1 vote withheld.

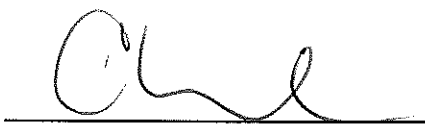
The ICGN Board and Secretariat was directed to act immediately including issuing a press release and leveraging press relations.

14.2. Corporate Representation on Board of Directors

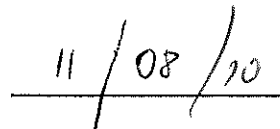
On behalf of the Nominating Committee, Sandy Easterbrook spoke to the need for more corporate representation on the Board as well as an increase in the number of corporate memberships. Meeting a goal of increasing corporate memberships leading to the Paris meeting would assist in improving ICGN's financial situation. Mark Preisinger, Director of Corporate Governance with The Coca-Cola Company, concurred and pointed out the need to determine how best to encourage more corporations to join the ICGN.

15. Termination

There being no further business, the Chair declared the meeting closed at 1735 hours.



Chair



Date