



ICGN

International Corporate Governance Network

**Minutes of the 2011 Annual General Meeting
held in the main plenary hall at the
Pullman Montparnasse Hotel,
Paris, France on 14th September at 2.30 pm**

Board of Directors

Christy Wood (Chairman)	USA
Rients Abma	Eumedion, Netherlands
Chris Ailman	CalSTRS, USA
Richard Bennett	GovernanceMetrics International, USA
Arnaud de Bresson	Paris EUROPLACE, France
Frank Curtiss	Railways Pension Trustee Limited, UK
Michelle Edkins	BlackRock, USA
Sandra Guerra	Better Governance, Brazil
David Pitt-Watson	Hermes, UK
Mark Preisinger	Coca Cola Corporation, USA
Yoshiko Takayama	J-EURUS, Japan

Attendance

Secretary:	Kerrie Waring, Company Secretary & Chief Operating Officer, ICGN
Executive:	Carl Rosen, Executive Director, ICGN
Membership:	80 ICGN Members in person including 12 represented by proxy

The Chairman called the Annual General Meeting to order at 1430 hours. It was announced that 12 valid and no spoiled proxies had been received.

1. Minutes

The minutes of the annual general meeting held on the 9th June 2010 were received by the meeting.

2. Chairman's Report

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

The Chairman, Christianna 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. In particular, two items of special business will be presented to the meeting for discussion and approval being (1) a report from the ICGN Bylaws and Procedures Committee on board tenure; and (2) a report from the Membership Fee Reform Committee on new membership fee categories and fees.

3.1. Financial Statements

Frank Curtiss, Finance Committee Chairman, introduced the financial statements for the year ended 31 December 2010. He highlighted positive results with a profit after taxation of £84,708 against a loss in 2009 of £13,124. The operating profit for the year was £122,225 rebounding from an operating loss last year of £72,918 (before Brazilian repatriation of funds). In addition, the reserves have rebounded to £336,046 from £251,338. He erred that while the results are positive, there is still an over-reliance on conference income leading to financial vulnerability. This can be offset by new membership fee income coupled with strong fiscal management.

There being no questions from the floor, the resolution "To approve the financial statements for the year ended 31 December 2010" was approved with 38 votes in favour and 1 against.

3.2. Finance Committee Report

Frank Curtiss presented the Committee's report that highlighted the work of the Committee over the past 12 months, including the change in accounting providers from ICOSA to Buzzacott; and placing on record his gratitude to the former. He added that Grant Thornton had reviewed ICGN's corporation tax calculations with the effect of saving £14,000 for the year end 2009 which is likely to be replicated for 2010. The HMRC do have a period within which they can challenge this but have already refunded the ICGN for the 2009 amount.

There being no questions from the floor, the resolution "To approve the report from the ICGN Finance Committee" was unanimously approved with 35 votes in favour.

4. Re-appointment of Auditors

Frank Curtiss noted that the transition of auditors from PKF LLP to Grant Thornton was managed efficiently and the conduct of the audit for the year was very satisfactory. On that basis he would like to recommend the re-appointment of Grant Thornton as the ICGN auditor.

There being no questions from the floor, the resolution "To approve the re-appointment of Grant Thornton LLP as ICGN Auditors for the period to the end of the next Annual General Meeting" was approved with 43 votes in favour, 1 vote against and 1 vote withheld.

The Chairman encouraged members from the floor to actively use their voting pads and register their votes for each resolution.

5. As Special Business, Board Tenure

5.1 Bylaws and Procedures Committee Report on Board Tenure

Leo Goldschmidt, Bylaws and Procedures Committee Chairman, presented the report from the Committee regarding the length of board tenure and its subsequent recommendations. He reminded the meeting that the Committee had been tasked with conducting a review of board tenure at the 2010 AGM with the object of improving continuity in and efficiency of the organisation.

He outlined the four recommendations as follows:

1. Maximum Board tenure should be extended from four to six years.
2. The mandatory fallow period after retirement from the Board should be brought back from four years to three.

3. When the Chair of the ICGN Board relinquishes that position, he or she should also step down from the Board itself.
4. A position of Vice-Chair should be created.

He referred members to the report which outlined the current procedures and rationale for the proposed changes which highlighted that board turnover is 25 -50 % a year (with a 33% average over eight years and 38 % over the last two). The ICGN Board had fully endorsed the Committee's recommendations for subsequent member approval. If passed, recommendations 1, 2 and 4 would require modification to the ICGN's Articles. From the floor, Anthony Williams suggested that the term of board governors should not be subject to annual re-election adding that he considered a three year period for re-election would be appropriate.

From the floor, Peter Butler opined that he had concerns regarding the extension from a four year to a six year term and queried whether the Board had regular appraisals. The Chairman responded that the recommendation of six years is a maximum level and it is not necessarily assumed that board directors will remain for the entire length of this tenure. She added that it takes time to build up institutional memory and to become knowledgeable on all aspects of the ICGN's operations. The problem of continuity of management and institutional memory in an organisation that has become larger and more complex is acute. While she recognises the initial approach of the Board in the early years to encourage high involvement, today it can be difficult to chair a board with a third of members retiring every year when the business is more complex.

Leo added that it is not correct to assume that all members are automatically recommended for re-election by the Nominating Committee. The Committee did consider the difficulties expressed by Peter but in view of the constraints of the Nominating Committee in its need to ensure adequate diversity the recommendation was considered sound. He added that Christy herself would not benefit from this new recommendation at her own request. From the floor, Bill Crist, ICGN Nominating Committee Chairman, suggested that there should be a more rigorous and precise individual board member evaluation process put in place going forward, noting the increased length in board tenure.

The Chairman agreed that this was a good idea, noting that the Board did currently have an annual appraisal but that this could be extended to individual board member appraisal.

From the floor, Simon Osborne, offered the services of ICSA on a pro-bono basis for conducting individual board evaluations. The Chairman replied that this would be gratefully considered.

There being no further questions from the floor, the resolution "To approve the report from the Bylaws and Procedures Committee regarding the length of board tenure " was approved with 76 votes in favour, 5 votes against and 4 votes withheld.

5.2. Special Resolution re Board Tenure

Leo Goldschmidt recommended to the meeting the Special Resolution to be approved regarding board tenure.

There being no questions from the floor, the resolution "To approve a Special Resolution THAT, the Articles of the Company be modified as follows:

Article 6.2.3

By modifying Article 6.2.3 by replacing the number “four” by the number “six” the first two times it appears, and to replace the number “four” by the number “three” the third time it appears, thus:

“Members of the Board shall hold office for a term commencing at the end of the Annual General Meeting at which they are elected and terminating at the end of the following Annual General Meeting. Members may be elected for a maximum of ~~four~~ six consecutive terms. A member of the Board is ineligible for nomination and election to the Board upon service of ~~four~~ six consecutive terms, until a further ~~four~~ three year period has passed in which the member has remained in good standing.”

Article 6.4

By modifying Article 6.4 by adding the words “and another to be vice-chair” between the words “to be the chair” and “of the governors”, thus:

“At the first meeting of Governors after each Annual General Meeting the Governors may appoint one of their number to be the chair and another to be the vice-chair of the Governors until the first meeting of Governors after the next following Annual General Meeting.”

was approved with 76 votes in favour, 7 votes against and 3 votes withheld.

6. As Special Business, Membership Fee Levels and Categories

6.1 Membership Fee Reform Committee Report

Chris Ailman, Co-Chairman of the Membership Fee Reform Committee, explained the background for the change in ICGN membership fees and categories. He highlighted the importance of increasing ICGN income from membership subscriptions and reducing the reliance on conference income at around 85% of total revenues.

Michelle Edkins, also Co-Chairman of the Committee, explained the process for developing the recommendations to members which included market research, member consultation, analysis of results and discussion at both committee and board level. She emphasised that around 10% of the ICGN membership responded to the consultation and over half were from investors. There was overwhelming support for the principles and reasoning with requests to maintain the individual and collaborative nature of the membership. There were also recommendations from members to reduce the initial level of proposed fee and to simplify the non-investor member category types. Finally, in recognition of those individuals who pay for ICGN membership directly with no affiliation, a lower rate for this category of membership was proposed.

From the floor, John Wilcox suggested that the definitions for each of the categories could be better clarified.

From the floor, Jamie Allen enquired how the additional income would be invested and at what point the organisation would reach a level of financial stability.

Chris responded that the priority was to ensure financial stability and rebuild reserves. The Finance Committee and Board will be developing the next three year financial plan over the coming year which will articulate how membership fee income will be spent.

There being no further questions, the resolution, “To approve the Membership Fee Reform Committee Report regarding proposals to change the level and structure of ICGN

membership subscriptions” was approved with 76 votes in favour, 6 votes against and 3 votes withheld.

6.2 Ordinary Resolution re Membership Fees and Categories

Michelle Edkins recommended to the meeting that the Ordinary Resolution be approved regarding membership fees and categories.

There being no questions from the floor, the resolution “To approve an Ordinary Resolution THAT, pursuant to Article 3.10, the following membership categories and fees are introduced:

6.2.1 establish two categories of membership being: institutional investor membership and non-institutional investor membership;

6.2.2 establish sub-categories of non-institutional investor membership being:

- an individual membership paid for by a for-profit body;
- an individual membership paid for by a not-for-profit body;
- an individual membership paid for by an individual person himself or herself with no affiliation.

6.2.3 charge annual membership subscription fees as follows:

Institutional Investor membership

AUM (£billion)	Price(GBP)	Number of memberships included:
>60	£2000	4
>10 <60	£1500	3
>1 <10	£1000	2
<1	£500	1

Non-institutional investor membership

Sub-category Type	Price (GBP)
For-profit	£500
Not-for-profit	£320
Individual	£320

permit additional individual memberships subject to the fee payable in accordance with the proposed fee charges per category and sub-category.”

was approved with 72 votes in favour, 7 votes against and 5 votes withheld.

7.1 Board nominations and elections

Bill Crist, Chairman of the Nominating Committee, explained the process of conducting the call for board nominations and resultant recommendations. He emphasised that the Committee had provided members with detailed information on each board member to be elected or re-elected in the report including their respective biographies and a statement on their motivations for standing as a board director.

There being no questions from the floor, the resolution, “To approve the report from the Nominating Committee” was approved with 72 votes in favour, 2 votes against and 1 vote withheld.

The Chairman 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>
Christopher Ailman	71	2	3
Richard Bennett	76	3	4
Erik Breen	73	2	3
Arnaud de Bresson	70	5	7
Frank Curtiss	79	2	
Michelle Edkins	81	2	2
Sandra Guerra	80	0	3
Carol Hansell	71	6	3
David Pitt-Watson	70	11	1
Nasser Saidi	72	7	5
Yoshiko Takayama	77	3	
Christianna Wood	71	10	1

The Chairman noted that David Beatty had stood down from the board in December and she placed on record the board's appreciation for his success with the ICGN Annual Conference in 2010 in Toronto. She added that Rients Abma is also stepping down and thanked him for his policy work and particularly his advice from a European perspective on a range of ICGN responses to regulatory reform initiatives. He was also congratulated for his success in hosting the ICGN conference in Amsterdam as well as his support on ICGN Committees, including the membership fee reform consultation.

Christy also noted the board's gratitude to Mark Preisinger who was stepping down and who had provided an excellent support on reaching out to, and managing relationships with, the corporate community. Mark has been a valued resource on ICGN committees, and notably the Finance Committee.

7.2 Approval of ICGN Nominating Committee

The Chairman thanked the work of the Nominating Committee and in particular the leadership from Dr. Bill Crist as Chairman.

There being no questions the resolution, "To 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), Léo Goldschmidt (Belgium), Yuji Kage (Japan) and Peter Montagnon (UK) for the coming year" was approved with 71 votes in favour, 7 votes against and 1 vote withheld.

8. General Reports to Members

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

- 8.1 Accounting and Auditing Practices Committee
- 8.2 Business Ethics Committee
- 8.3 Bylaws and Procedures Committee
- 8.4 Country Correspondents Steering Group
- 8.5 Director and Shareholder Dialogue Working Group
- 8.6 ICGN Foundation
- 8.7 Integrated Business Reporting Committee
- 8.8 Remuneration Committee
- 8.9 Shareholder Responsibilities Committee

8.10 Shareholder Rights Committee

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 Practices	73		
Business Ethics	59	2	2
Bylaws and Procedures	59	2	2
Country Correspondents	65	1	1
Director and Shareholder Dialogue	60	2	4
ICGN Foundation	65	4	3
Integrated Business Reporting	68	2	1
Remuneration	63	4	2
Shareholder Responsibilities	58	0	1
Shareholder Rights	66	2	3

Christy thanked the committees for all of their work over the year which included over 40 comment letters being submitted to regulators and standard setter around the world.

9. ICGN Statements and Guidance

9.1 ICGN Statement and Guidance on Political Lobbying and Donations

George Dallas, Chairman of the Business Ethics Committee, introduced the Guidance emphasising that the *Citizens United v. FEC* case at the US Supreme Court which confirmed the rights of U.S. companies to provide funding for political purposes was the catalyst for the initiative. He expressed gratitude to the working group of the committee responsible for the drafting, which comprised himself, David Pitt-Watson, John Jarrett and Dan Konigsburg.

George gave an overview of the consultation process and highlighted the theme as being about establishing the facts that there is a clear link between political influence and corporate governance. He stressed the committee's view that lobbying is legitimate but can be potentially corrupt and not always in the interests of investors. The Guidelines aim to address this by providing guiding principles around accountability, transparency and responsibility. The purpose of the guidance was to provide a framework for legitimacy in the interests of shareholders.

A member from the floor suggested that adding the need for shareholder approval would be helpful.

There being no questions from the floor, the resolution, "To approve the following 'ICGN Statement and Guidelines on Political Lobbying and Donations (2011)' subject to consideration of recommendations arising from the consultation and electronic ratification by the ICGN membership" was approved with 65 votes in favour, 3 votes against and 4 votes withheld.

9.2 ICGN Model Mandate Terms between Asset Owners and their Fund Managers

Paul Lee, Chairman of the Shareholder Responsibilities Committee, commended the work of the small group of asset owners of the committee, including himself, who drafted the Model Mandate. He explained that the committee had issued a call for evidence in January and there had been overwhelming support as the document had been developed from ICGN members' input. He was also humbled by the high level interest in the document, noting the

reference by the European Commission in its Green Paper on Corporate Governance and also in an OECD paper.

The Chairman congratulated Paul and the committee for the Model Mandate and offered to send some additional comments for the committee's consideration.

There being no questions from the floor, the resolution, "To approve the following 'ICGN Model Mandate Terms Between Asset Owners and their Fund Managers (2011),' subject to consideration of recommendations arising from the consultation and electronic ratification by the ICGN membership" was approved with 69 votes in favour, 2 votes against and 2 votes withheld.

10. Annual Conference Site 2013

The Executive Director, Carl Rosen, spoke to the reasoning behind the recommendation that the 2013 annual conference and AGM should be held in New York, USA and be hosted by TIAA-CREF.

From the floor, John Fiegelson of TIAA-CREF, echoed his support for the event and welcomed ICGN members to New York.

There being no questions the resolution, "To approve the Board's recommendation to hold the 2013 ICGN Annual Conference and AGM in New York, USA" was approved with 70 votes in favour, 3 votes against and 2 votes withheld.

11. Activities for 2011/12

Carl Rosen presented his gratitude to the ICGN staff, being Kerrie Waring, Tina Chande, Audrey Hart and Vera Zapletalova, and the ICGN Board for their commitment to the ICGN work programme. He emphasised that the initial priority is to continue to strengthen ICGN finances which will be reliant on core conference business as well as membership fee reform. Going forward he highlighted the following milestones:

- Next year the ICGN will launch into the education market with a training programme tailored specifically for the investment practitioner;
- The ICGN Foundation USA, a subsidiary of the ICGN, will become active after the 501(c)(3) application for charity status is complete;
- ICGN policy work will step up to include more senior ICGN membership of relevant committees, to compliment the submission of comment letters to regulators and standard setters;
- The Country Correspondent initiative will expand further with more countries and thanks was noted to Mike Lubrano for his chairmanship;
- There will be increased engagement with the media to increase the ICGN's profile; and
- The corporate community will become more engaged with the ICGN through its investor-director meetings.

From the floor, Mike Lubrano suggested that the ICGN should aim to increase its emerging market membership. Carl responded by saying that he hoped to hold a conference in Beijing in the near future.

From the floor, Sandra Guerra added more collaboration with the OECD may help to attract new members.

From the floor, Nasser Saidi thanked the ICGN membership for approving his election to the Board and echoed Mike's comments that the ICGN should strive for more non Europe/US membership. It was also important to include issues relevant to emerging markets in ICGN conferences and this will help with membership recruitment. There is a big shift in the world's financial economic geography and emerging markets should be included in the ICGN work programme going forward.

12. Any Other Business

The Chairman invited any other business.

From the floor, Simon Osborne explained that in 2009 an error had been made in the approval of the resolution to appoint the new scholarship category of members. While the category itself was approved, there was a failure to then subsequently set the initial fee required for under Article 3.10. He therefore recommended that this be approved retrospectively.

There being no objections, the resolution to approve "That the Scholar Membership fee be set at £89 per annum, subject to annual review by the Governors pursuant to Article 3.10 at the board meeting immediately preceding the ICGN Annual Conference" was approved with 54 votes in favour and 1 vote against.

Termination

There being no further business, the Chairman thanked the members of the meeting and declared the meeting closed at 16.45 hours.



Chairman, ICGN Board of Governors