



ICGN

International Corporate Governance Network

**Minutes of the 2012 ICGN Annual General Meeting
held in the Rio Room at the Sofitel Hotel, Rio de Janeiro, Brazil
on 27th June at 1445 BRT**

Board of Directors

Christy Wood (Chairman)	USA
Michelle Edkins (Vice Chairman)	BlackRock, USA
Chris Ailman	CalSTRS, USA
Richard Bennett	GMI Ratings, USA
Erik Breen	Robeco, Netherlands
Frank Curtiss	Railways Pension Trustee Limited, UK
Sandra Guerra	Better Governance, Brazil
Carol Hansell	Davies, Ward, Phillips and Vineberg LLP, Canada
David Pitt-Watson	Hermes, UK
Yoshiko Takayama	J-EURUS, Japan

Apologies

Arnaud de Bresson	Paris EUROPLACE, France
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Attendance

Secretary:	Kerrie Waring, Company Secretary & Chief Operating Officer, ICGN
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Membership:	63 ICGN Members in person including 9 represented by proxy
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The Chairman called the Annual General Meeting to order at 1445 hours.

1. Minutes

The minutes of the annual general meeting held on the 14th September 2011 at the Pullman Montparnasse Hotel in Paris, France were received by the meeting.

2. Chairman's Report

The Chairman's report was received by the meeting.

The Chairman, Christianna Wood, referred the members to a summary of the Board evaluation conducted by Florian Schilling which was circulated to members by email and also available in hard copy at the meeting. The full report was 57 pages in length and the feedback culminated in the following:

- Improvements around board induction with the inclusion of an in-person meeting to supplement the induction pack which was conducted in Rio;
- Implementation of more robust succession planning at the board and secretariat level including the extension of board member tenure;

- Recognition of the high standards of company secretarial work; and
- Recognition of the extensive time committed by ICGN Board members (as much as 30 days per year) in overseeing, and actively taking part in, the ICGN work programme and this led to a summary paper describing the expectations of ICGN Board directors which is used in the Board nomination process.

The Chairman then remarked on other Board activities which the membership may not be aware of and noted the following contributions:

- David Pitt-Watson and Frank Curtiss have been constantly supportive to the Secretariat based in London on an ad-hoc basis;
- David Pitt-Watson, Frank Curtiss, Michelle Edkins and Christy Wood serve on the ICGN Staff Remuneration Committee which assesses staff salaries and bonus arrangements on an annual basis;
- Erik Breen, Michelle Edkins and Christy Wood serve on a Board committee to oversee the quality of committee comment letters to policy makers;
- Rick Bennett and David Pitt-Watson has been instrumental in supporting the development of the ICGN's education initiative;
- Carol Hansell, Arnaud de Bresson and Sandra Guerra have successfully supported the Secretariat in organising and delivering annual conferences in Toronto, Paris and Rio de Janeiro respectively;
- Sandra Guerra was instrumental in the selection and appointment of Florian Schilling for the Board evaluation;
- Yoshiko Takayama has represented the ICGN at conferences in Asia and is a support for membership growth in the region; and
- Chris Ailman chairs the ICGN Membership Committee and was also a co-chairman of the membership fee reform committee, along with Michelle Edkins.

Furthermore, the Chairman noted thanks to Sandra Guerra in supporting the Secretariat in striving to meet the Rio Conference surplus target of £160,000.

In conclusion the Chairman noted thanks to Carl Rosen, the former Executive Director, who has resigned. This was communicated to ICGN members in an email communication on Monday 25th June. Due to the fact that this was a personnel matter, the Board could only confirm what was in the email released the Monday before.

3. Financial Statements

Frank Curtiss, Finance Committee Chairman, introduced the ICGN financial statements for the year ended 31 December 2011. He highlighted the less than positive results with an operating deficit of £90,000, offset by a tax rebate bringing it to a deficit of around £63,000. This is due to less than expected surplus arising from ICGN conferences held in Paris and Miami in 2011 as referred to in Annex 1 of the report. This disappointing result reflects the need as iterated by the Board to ensure income streams are not over reliant on conferences and instead move to one-third generated from membership fees, one-third from conferences

and one-third from other activities such as education. He referred the membership to successful initiatives such as the conference held in Malaysia, the membership fee reform and also the winning of the European Commission co-financing agreement to support the education initiative.

From the floor, Peter Montagnon from FRC asked what the plan was to ensure reserves are protected, given the negative impact of the deficit. Christy Wood replied that core operating costs amount to around £600,000 and the goal is for reserves to be built to this level over the coming years.

From the floor, Gerard Noonan from ACSI questioned what contingencies were in place to offset the recent events relating to the Executive Director. Frank Curtiss replied that no contingent financing was necessary.

There being no further questions from the floor, the resolution "To approve the financial statements for the year ended 31 December 2011" was approved with 96% in favour and 2% against.

4. Finance Committee Report

Frank Curtiss presented the Committee's report that highlighted the work of the Committee over the past 12 months. This included the Committee's work on overseeing the development of the ICGN three year financial plan, the annual operating budget and quarterly management reports. In addition, the Committee will be focusing on the development of an investment policy, a capitalisation policy and procedures managing foreign currency fluctuations.

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

5. Re-appointment of Auditors

Frank Curtiss noted that the conduct of the audit for the year by Grant Thornton was very satisfactory. He added that the auditors are not appointed on a fixed term basis, preferring that the appointment be considered by members on an annual basis. Grant Thornton has only been in office for two years so it is too early to consider rotation of the auditor. For a not for profit organisation, such as the ICGN, this is likely to be considered every six years.

There being no questions from the floor, the resolution "To approve the re-appointment of Grant Thornton LLP as auditors and to authorise the Finance Committee to determine their remuneration" was approved.

6. 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.

From the floor, Anthony Williams noted that the ICGN Board lacks representation from Europe (excluding UK) and Asia and asked if the Nominating Committee had considered this.

Bill responded that a balance of representatives from a number of regions is desired and he called on all members present at the meeting to encourage them to consider becoming involved in the ICGN work programme and put themselves forward next year for a Board nomination, and to solicit their friends and colleagues to do the same.

Bill thanked the Nominating Committee members for their work being: Pierre Bollon (France), Sandy Easterbrook (Australia), Léo Goldschmidt (Belgium), Yuji Kage (Japan), Peter Montagnon (UK) and Mark Preisinger (USA). He also thanked all of the candidates and their supporters who took part in this year's nominating process. Special gratitude was noted for Pierre Bollon, Sandy Easterbrook and Yuji Kage for their long years of service and who are stepping down.

Christy invited the new board members to stand being Philip Armstrong, Heloisa Bedicks, Jon Feigelson and Philippe Zaouati in order to be identified by the membership. She added special thanks to Arnaud de Bresson, Sandra Guerra and Nasser Saidi who are each stepping down.

There being no questions from the floor, the resolution, "To approve the report from the Nominating Committee, and to elect [the following] members of the Board of Governors for 2012/13, taking into account the recommendations of the Nominating Committee" was approved individually as follows:

	<u>For</u>	<u>Against</u>	<u>Vote Withheld</u>
Christopher Ailman	98%		2%
Philip Armstrong	100%		
Heloisa Bedicks	98%		2%
Richard Bennett	100%		
Erik Breen	96%	4%	
Francis Curtiss	100%		
Michelle Edkins	98%	2%	
Jon Feigelson	87%	5%	8%
Carol Hansell	90%	6%	4%
David Pitt-Watson	96%		4%
Yoshiko Takayama	98%		2%
Philippe Zaouati	94%	2%	4%

7. ICGN Nominating Committee election

The Chairman thanked the work of the Nominating Committee and in particular the leadership from 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 William 'Bill' Crist (USA), Rients Abma (the Netherlands), Léo Goldschmidt (Belgium), Sandra Guerra (Brazil), Jean-Pierre Hellebuyck (France), Peter Montagnon (UK), and Mark Preisinger (USA) for the coming year" was approved with 90% in favour, 2% against and 8% withheld.

8. General Reports to Members

The Chairman thanked Kerrie Waring for managing the development and coordination of the Committee reports and invited any questions from the floor before each report is voted on individually.

Peter Butler opined that a proposal for the ICGN to develop guidance around shareholder responsibilities relating to Board nominations was suggested at the ICGN meeting in London in March. He suggested that the Shareholder Responsibilities Committee or the Shareholder Rights Committee might be appropriate to consider this as a project. In addition, Peter suggested that the Board should consider the size of ICGN committee and to consider requiring a maximum number of members, plus attendance records, to ensure committees are productive.

Alexander Juschus suggested that the ICGN could do more to recognise the efforts of committee members in their work programmes.

Peter Montagnon opined that the suggestion by Peter Butler for a project around shareholder involvement in Board nomination processes may be controversial. This system works well in Sweden but is not necessarily appropriate in a UK context. Such a project would need proper consultation.

Chris Ailman emphasised the work of the Membership Committee in driving more membership from emerging markets and increasing the priority to focus on the world's largest asset owners and asset managers. Increasing ICGN membership revenues is important in order to ensure the long term financial stability of the ICGN.

The meeting received reports from the following ICGN Committees and separate resolutions were voted on for approval as follows:

	<u>For</u>	<u>Against</u>	<u>Vote Withheld</u>
Accounting and Auditing Practices	98%		2%
Business Ethics	94%	4%	2%
Bylaws and Procedures	96%		4%
Country Correspondents	96%	2%	2%
ICGN Foundation	94%		6%
Integrated Business Reporting	96%		4%
Membership	95%	2%	3%
Remuneration	91%	5%	4%
Shareholder Responsibilities	98%		2%
Shareholder Rights	96%		4%

Christy thanked the Committee Chairs and Committee members for all of their work and congratulated them on the approval of their respective work programmes for the year ahead.

9. ICGN Statements and Guidance

The Chairman invited Ted White to present the "ICGN Executive Remuneration Guidelines and Model Policy (2012)" which has been produced by the Remuneration Committee. She thanked Ted and Ian Burger as Co-chairs of the committee in developing the guidance, noting that it is a challenging subject with which to determine an international position.

Ted thanked the ICGN Board for their support and emphasised that the guidance has been two-years in development and has been subject to a number of member consultations. It is a controversial subject and the Committee received very diverse opinion from members on the subject.

Chris Ailman, Board liaison to the Committee, added that it is difficult to prescribe a single set of guidelines for this subject. The introduction of a preamble in the beginning of the paper is intended to set overarching principles whilst the guidance recognises the need for more

detail in order for it to be useful for investors. He emphasised the guidance will continually evolve and will be reviewed over time.

Anthony Williams and Simon Osborne both expressed concern over the length of the guidance being too long.

Peter Butler agreed with this concern. He added that remuneration recommendations from consultants are becoming more and more complex and the guidance adds to this phenomena. It is more important to focus on the output of Remuneration Committee and the effectiveness of the work they do.

Peter Montagnon opined that a short set of principles may be better.

Ted replied that the Committee was keen to produce a document that served as a tool for investors to use in communication with companies, particularly in view of the say on pay debate. The preamble was inserted by request of the ICGN Board.

Chris Ailman added that the Committee considered a range of viewpoints over a two-year period and it is important at this stage to publish an ICGN position on the subject.

The Chairman thanked Ted and the Remuneration Committee for the guidance and there being no questions from the floor, the resolution, "To approve the 'ICGN Executive Remuneration Guidelines and Model Policy (2012)'" was approved with 70% of votes in favour, 14% against and 16% withheld.

10. Annual Conference Site 2013

Erik Breen recommended to the membership that the 2014 ICGN Annual Conference be held in Amsterdam, the Netherlands and hosted by Eumedion. Christy Wood noted the Board's gratitude to Eumedion and to Erik for the robust proposal leading to the Board's recommendation to the ICGN membership.

There being no questions the resolution, "To approve the Board's recommendation to hold the 2014 ICGN Annual Conference and AGM in the Netherlands" was approved with unanimous consent.

11. Report on activities for 2012/13

Michelle Edkins began her report by noting the transition of leadership at the ICGN with the succession of chairmanship from Christy Wood to herself, and also the departure of Carl Rosen as Executive Director. The transition provides an opportunity for reflection and the work programme will continue in three core areas:

- Influencing developments in good corporate governance through the development of best practice guidance and engagement with policy makers;
- Connecting members to share experiences at international conferences and other ICGN events; and
- Educating individuals through training programmes and keeping members informed on emerging issues with the ICGN Yearbook, Country Correspondents and e-newsletters.

Michelle emphasised that the ICGN is a member-led organisation and therefore welcome any ideas members may have to contribute to the work programme. She reflected that not

currently having an Executive Director takes the ICGN back to its origins of relying on the Board and Committees. The ICGN Secretariat is a strong and close-knit team and does an incredible job of managing the work programme. Much of their organisational work is not visible such as the committee co-ordination, membership support and conference production.

Michelle introduced the priorities for the year ahead as being:

- Improving finances to move towards income from one-third conferences, one-third membership and one-third from other sources such as education. In particular, there will be a drive to increase membership in emerging markets and from the corporate sector.
- Delivering educational programmes in Stockholm and Rotterdam this year with more locations planned for 2013.
- Continuing to organise events around the world and introducing some new ideas such as dinner debates and connection days.
- Using new technology to capitalise on low cost, effective communication methods such as webinars to interact with the membership and to raise awareness of the ICGN.
- Continuing to influencing corporate governance policy developments, e.g. the Shareholder Responsibilities Committee will be developing a position paper on gender diversity and also plan to update the ICGN Shareholder Responsibilities Guidance over the coming year.
- Scholarships will continue to be awarded, thanks to the generosity of Deloitte and other supporters over the years, in offering bursaries to individuals from developing markets to join the ICGN annual conference and network.
- Reinforcing the ICGN brand and increase its profile.

In summary, the Board is excited about the work programme for the year ahead and will articulate a clear future strategy for the ICGN which will be presented to the membership at the 2013 Annual Conference in New York.

From the floor, Tracey Rembert from Ceres, congratulated the commitment for increased use of social media and virtual communication to encourage more membership interaction.

Michelle closed her remarks by giving special thanks to Christy Wood, the outgoing ICGN Chairman. She noted that Christy has done an outstanding job of leading the ICGN during a period of financial market volatility, coupled with increased regulation. The voluntary time, effort and energy committed by Christy to the ICGN has been appreciated. In particular Christy has been involved in the development of almost every conference programme, spearheaded governance changes around board tenure, supported the membership fee reform process, introduced a rigorous director and board evaluation and continued to raise the profile of the ICGN throughout her chairmanship. On behalf of the ICGN Board, this is truly appreciated and the Board looks forward to her continued involvement in the ICGN work programme as a member. Christy thanked Michelle for her remarks and summarised that it was a tremendous honour to serve as Chairman of the ICGN Board.

Adjournment

There being no further business, the Chairman thanked the members of the meeting and declared the meeting closed at 1600 hours.

Chairman, ICGN Board of Governors