



ICGN

International Corporate Governance Network

Minutes of the ICGN 2016 Annual General Meeting
Held on 27th June 2016 from 14.00, at the Fairmont, San Francisco, USA

Present

Board Members

Erik Breen	Triodos Investment Management, Netherlands (Chair)
Philip Armstrong	GAVI, Switzerland (Vice-Chair)
David Couldridge	Investec Asset Management, South Africa
Carol Hansell	Hansell LLP, Canada
George Iguchi	Nissay Asset Management Corporation, Japan
Anne-Marie Jourdan	Fonds de Reserve Pour Les Retraites, France
Michael McCauley	State Board of Administration of Florida, USA
Anne Molyneux	CS International, Switzerland
David Pitt-Watson	London Business School, UK
Geoff Stapledon	BHP Billiton, UK
Robert Walker	NEI Investments, Canada

Executive

Kerrie Waring	Executive Director, ICGN
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Secretary

Loren Wulfsohn	HSBC Holdings plc
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Membership

97 ICGN Members in person, and 9 by proxy.

Apologies

Melsa Ararat	Sabanci University, School of Management, Turkey
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The Chair called the Annual General Meeting (AGM) to order at 14.00 hours and noted that only ICGN members may vote and raise items from the floor.

He welcomed all members to the meeting, noting the apologies of board member Melsa Ararat who due to circumstances beyond her control, could not attend. He advised that Loren Wulfsohn was assisting the Board with the company secretary function.

Item 1: Minutes

The minutes of the 2015 ICGN AGM were received by the meeting.

Item 2: Annual Review

The Chair referred Members to the new Annual Review. He congratulated the Secretariat on the document, noting that it provided a good overview of the work of ICGN carried by its

committees, its members and Chairs. He highlighted the following in relation to ICGNs Mission and board priorities:

- ICGN remains primarily a governance organisation, with the goal of advancing efficient markets and sustainable economies worldwide. Investor stewardship and sustainability have been long-held objectives of ICGN and are now a focus with a balanced and holistic approach to identified rights and responsibilities;
- The objective of influencing policy was achieved during the year with a number of submissions having been made and meetings held during the course of the year, with the latter being key to developing relationships required for long-term dialogue;
- Connecting peers through conferences and conversations on key and emerging issues;
- Informing dialogue: The intellectual capital of the ICGN is its members and those who join committees and actively participate to inform that debate and assist with the policy and guidance produced. Advancing shareholder and corporate dialogue was also important;
- Membership strategy: This included reaching out to markets where there is no presence.

The Chair expressed his gratitude to all those who had assisted in the ongoing success of the organisation, including the Executive Director, Policy Director, Secretariat, ICGN Committees and the ICGN Board.

The 2015 ICGN Annual Review was received by the meeting.

Item 3: Membership

Kerrie Waring, the Executive Director, noted that in order to meet strategic objectives, there was a need to strengthen financial and human resources. There was a focus on building reserves with the aim of achieving a level of reserves that would meet one year of operating costs. At the same time, there is a need to build human resources to deliver the extensive ICGN work programme.

Key achievements during the year included:

- Successful conferences in Boston, London and Madrid,
- Website upgrade to provide more accessible information and streamline communications;
- Improved co-ordination and policy output under the Policy Director, George Dallas

More support was still required in relation to membership recruitment, media engagement and policy work. Lack of resources was countered by the fact that as a member-led organisation, the dozens of members assisting in producing output made an impact on outcomes.

In introducing the agenda item, she noted that the primary source of income was conference revenue with the intention being to drive membership income to be a higher source of revenue complemented by conference revenue. This would require

- more resource into membership recruitment efforts;
- retaining those members who join for purposes of attending conferences;
- reviewing membership fees and the fairness of the fees. Investors contribute by virtue of their assets under management on a sliding scale. For-profit members paid a standardised fee at the lowest level of the investor band. The view is that greater fairness would be achieved if company contributions were commensurate with their size. The value proposition to companies was noted including direct access for

investor engagement, engagement tools, guidance work and investor insight as a basis for dialogue.

No questions were raised.

IT WAS RESOLVED THAT the for-profit membership category be amended whereby membership fee levels are commensurate with the relative size of the organisation.

In favour: 90%, Against: 10% (6 members withheld their votes)

Item 4: ICGN Financial Statements

Robert Walker noted that he had been appointed as Chair of the Finance Committee in March, succeeding Frank Curtiss. He placed on record his thanks to Frank for his service as well as his gratitude to his fellow committee members.

The Finance Committee Chair referred the Members to the Financial Statements, noting the following:

- Print errors had been identified in the initial publication of the Annual Review which were corrected and published on the website on June 13;
- A £39,964 surplus had been reported, with reserves of approximately £487,000. Revenue had increased year on year by £113,000 as a result of increased membership and conference revenues, with total revenues for the year at almost £1.1 million; and
- Expenses: An increase of £152,437 year on year was reported arising from increased spend on the improved website (£44,000) and increased resourcing levels in the Secretariat (circa £43,000).

The Finance Committee had reviewed the ICGN Risk Register and items of relevance included

- Succession planning for the Executive Director;
- Media strategy to reflect the intellectual capital of the organisation; and
- Membership strategy.

The ICGN Board would also review any recommendation from the Executive Director regarding the recent outcome of the UK referendum to exit the EU.

There were no questions from the floor.

IT WAS RESOLVED THAT the financial statements for the year ended 31 December 2015 be approved.

In favour: 100%, Against: 0% (3 members withheld their votes)

Item 5: Re-appointment of auditors

The Finance Committee Chair introduced the item noting that Grant Thornton, initially appointed in 2010, had been re-appointed since that time. The conduct of the audit had been satisfactory and the Finance Committee therefore proposed the re-appointment of Grant Thornton as ICGN's Auditors for the year ahead.

There being no questions from the floor, the resolution was put to the vote.

IT WAS RESOLVED THAT Grant Thornton LLP, the retiring Auditors be, and are hereby, re-appointed as Auditors of the Company to hold office until the conclusion of the next

Annual General Meeting and that the Finance Committee shall determine their level of remuneration.

In favour: 99%, Against: 1% (3 members withheld their votes)

Item 6: Articles of Association - Article 9.2

Simon Osborne, Chair of the ICGN Bylaws and Procedures Committee introduced the proposed amendment to the articles relating to business to be transacted at the Annual General Meeting to align wording to current practice.

There were no questions from the members and the resolution was put to the vote.

IT WAS RESOLVED AS A SPECIAL RESOLUTION THAT Article 9.2 regarding business to be transacted at the Annual General Meeting be amended as follows:

“The business to be transacted at the Annual General Meeting shall be:

- (a) to receive the financial statements ~~annual report and accounts~~ of ICGN;
- (b) to receive the ICGN annual review to include ~~the consideration and approval of a report of~~ the work of ~~each~~ committees;
- (c) the election of the Governors;
- (d) the appointment of the auditors; and
- (e) any other ordinary or special business set out in the notice calling the meeting as the Governors determine or as required by the members in accordance with the Acts or these Articles.”

In favour: 99%, Against: 1% (1 member withheld their vote)

Item 7 Articles of Association – Article 11.15(g)

Simon Osborne, Chair of the Bylaws and Procedures Committee, introduced the proposal to delete the provision in the Articles whereby the Governors could manage the day-to-day financial affairs of ICGN. The provisions were no longer required as a result of the establishment of a fully professional office operating with appropriate delegation to the Executive under the supervision of the Finance Committee.

There were no questions from the members and the resolution was put to the vote.

IT WAS RESOLVED AS A SPECIAL RESOLUTION THAT Article 11.15(g) regarding delegation to committees be deleted as follows:

~~“(g) for the avoidance of doubt, the Governors may, with the exception of the approval of ICGN’S accounts and budgets and major capital expenditures, delegate all financial matters to any committee and may empower such committee to resolve upon the operation of any bank account according to such mandates as it shall think fit whether or not requiring a signature of any Governor.”~~

In favour: 99%, Against: 1% (5 members withheld their vote)

Item 8: Articles of Association – Article 12.4

Simon Osborne, Chair of the Bylaws and Procedures Committee, introduced the proposal to amend article 12.4. The words being deleted were considered to be too prescriptive with the requirements being adequately captured in the revised ICGN mission. The amendment would provide greater scope for the Nomination Committee to make appropriate recommendations to the board for board appointments.

Simon Osborne and the Chair responded to questions from the floor noting that:

- The ICGN mission has been revised;
- Diversity would be interpreted in its widest sense including considerations of age, gender, geographical representation amongst others;
- The Nomination Committee was comprised of experienced members who were all previously members of the board and therefore well placed to make informed decisions.

There being no further questions, the resolution was put to the vote.

Prior to the results of the vote being announced it was established that the voting screen was reflecting results that had been incorrectly calculated. The Chair requested the appointed scrutineers (Simon Osborne and Chris Hodge) to intervene to ensure that votes cast by members as “withheld” were not being counted in line with UK company law requirements. Members were advised that due to the error, numbers displayed were not accurate, with correct numbers to be published after the meeting when verified by the scrutineers. The minutes of the meeting would reflect the correct voting outcome.

IT WAS RESOLVED AS A SPECIAL RESOLUTION THAT Article 12.4 regarding the role of the Nomination Committee be amended as follows:

“The Nomination Committee shall make recommendations which recognise the ICGN’s mission and board diversity policy, ~~noting following as far as possible (a) that ICGN’s mission is to raise standard of corporate governance worldwide; (b) that the historic strength of ICGN comes from the investing community (c) the different types of organisations, backgrounds and experience represented amongst the membership; and (d) the geographic and gender representation amongst the membership.~~”

In favour: 79%. Against: 21% against (8 members withheld their vote)

Item 9: ICGN Global Stewardship Principles

George Dallas, ICGN Policy Director introduced the item noting the identified policy priorities:

- Protection of shareholder rights and minority shareholder rights in the pursuit of long-term investment as seen in the work undertaken on differential ownership rights;
- Changing corporate governance boundaries to take account of culture, ethics and risk
- Accounting metrics and audit quality to promote transparency in accounting standards with an emphasis on integrated reporting;
- The need for stewardship to succeed to support sustainable financial markets, which is the aim of the proposed ICGN Global Stewardship Principles. The intention is to complement the work of the growing number of stewardship codes being developed globally by providing a framework of principles for investors to guide their interactions with companies and to serve also as a global point of reference, both to investors, companies, regulators and standard setters.

In response to a concern raised by KT Rabin of Glass Lewis on the wording of the principles relating to proxy advisors, George Dallas noted that the organisation remained supportive of the industry and the role it played. Notwithstanding this support, it is important for the principles to reflect that investors remain accountable for voting. The Executive Director further noted that this position reflected the Global Governance Principles previously

approved by the members. The Chair noted that there has been a consultation period as part of the development of the ICGN Global Stewardship Principles.

In response to another question from Mary Hartman Morris of CalSTRS, the Policy Director noted that consideration would be given to publishing responses to ICGN consultations in future.

IT WAS RESOLVED THAT the ICGN Global Stewardship Principles are approved.

In favour: 87%, Against: 13% (10 members withheld their votes)

Item 10: ICGN Guidance on Diversity on Boards

Carol Nolan Drake, ICGN Shareholder Responsibilities Committee Co-Chair introduced the ICGN Corporate Risk Oversight Guidelines and expressed her gratitude to the Committee and ICGN Members for their valuable comments.

There being no questions from the floor, the resolution was put to the vote.

IT WAS RESOLVED THAT the ICGN Guidance on Diversity on Boards is approved.

In favour: 99%, Against: 1% (6 members withheld their votes)

Item 11: ICGN Revised Guidance on Securities Lending

Carol Drake and Niels Lemmers, ICGN Shareholder Responsibilities Committee Co-Chairs introduced the proposal to revise the guidance previously issued in 2007. They expressed their gratitude to the Committee and ICGN Members for their valuable contributions, noting that the revision had a focus on increased transparency in the process.

There being no questions from the floor, the resolution was put to the vote.

IT WAS RESOLVED THAT the revised ICGN Guidance on Securities Lending is approved.

In favour: 98%, Against: 2% (6 members withheld their votes)

Item 12: ICGN Guidance on Executive Remuneration

Catherine Jackson, ICGN Remuneration Committee Co-Chair introduced the item, noting her thanks to those members that had responded to the consultations on remuneration matters as well as recording her thanks to the committee for their contribution.

There were no questions from the floor.

IT WAS RESOLVED THAT the ICGN Guidance on Executive Remuneration is approved.

In favour: 98%, Against: 2% (7 members withheld their votes)

Item 13: ICGN Revised Guidance on Non-Executive Remuneration

Ian Burger, ICGN Remuneration Committee Co-Chair introduced the item, noting his thanks to the members and the committee for their contributions.

In response to a question he noted that there would always be an inherent conflict in non-executives setting levels for their own remuneration.

IT WAS RESOLVED THAT the ICGN revised Guidance on Non-Executive Remuneration is approved.

In favour: 95%, Against: 5% (9 members withheld their votes)

Item 14: Board Nomination Committee

The Chair indicated his thanks to the current Nomination Committee, with special mention to outgoing member Jean-Pierre Hellebuyck and also gratitude to Carol Hansell who has agreed to be considered for membership of the Committee.

Anita Skipper, Chair of the Nomination Committee introduced the item noting the review being undertaken by the Nomination Committee to clarify the process.

There were no questions from the floor.

IT WAS RESOLVED THAT the board's proposal for the following members to serve on the Nominations Committee for the coming year be approved: Anita Skipper (Committee Chair, UK), Rients Abma (Netherlands), Frank Curtiss (UK), Michelle Edkins (USA), Carol Hansell (Canada), and Mark Preisinger (USA).

In favour: 98%, Against: 2% (3 members withheld their votes)

Item 15: Board member elections / re-elections

The Chair introduced the item, noting that one new member - Claudia Kruse (Netherlands) – was being proposed. He noted that Carol Hansell and David Pitt-Watson would both be stepping down from the board and he expressed his thanks to them for their valued contribution and service.

There were no questions from the floor.

Resolutions to re-elect/elect members of the Board of Governors for 2016/7 were approved individually as follows:

	Governor	For	Against	Number of members: vote withheld
15.1	Melsa Ararat	94%	6%	6
15.2	Philip Armstrong	100%	-	2
15.3	Erik Breen	99%	1%	1
15.4	David Couldridge	100%	-	3
15.5	George Iguchi	100%	-	2
15.6	Anne-Marie Jourdan	100%	-	5
15.7	Claudia Kruse	97%	3%	1
15.8	Michael McCauley	98%	2%	2
15.9	Anne Molyneux	99%	1%	1
15.10	Geoff Stapledon	98%	2%	2
15.11	Robert Walker	99%	1%	2

16. Any Other Business

On behalf of the Board and members, the Chair noted his thanks to Liz Murrall and Ian Burger who would be stepping down as Co-Chairs of the ICGN Accounting and Auditing Committee and the ICGN Remuneration Committee respectively.

There being no other business, the Chair declared the meeting closed at 15.45 hours.