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## ICGN PRESS RELEASE

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### **ICGN Statement on the Global Financial Crisis**

Shareholders can play a leadership role in helping resolve the financial crisis, providing they are given sufficient rights to do so, the International Corporate Governance Network (ICGN)<sup>i</sup> says today. In a statement ahead of this month's international summit on the crisis, the ICGN calls on the leaders involved to include strengthened corporate governance as part of a package of measures aimed at restoring confidence to markets.

Stronger rights will enable shareholders to hold boards more firmly to account for the longer term consequences of their actions, the statement says. This is important because more effective boards are vital to prevent a recurrence of the crisis. As owners of companies, shareholders are well placed to push the boards of banks and other financial institutions to deliver effective risk management and avoid perverse incentives in compensation plans. In turn, shareholders must be willing to fulfill their shareholder responsibilities or risk losing their share ownership rights and the ability to influence the governance of the companies in which they invest. This is highlighted in the ICGN Statement of Principles on Institutional Shareholder Responsibilities.<sup>ii</sup>

A key element of the governance package should be steps to secure fair and transparent markets in which large speculative positions cannot be built up in obscurity, the statement says. Taken together,

steps to enhance corporate governance and transparency would reduce the need for heavy-handed regulation which could further hurt the work economy by stunting entrepreneurialism and encouraging protectionism.

“This is a real opportunity for governance,” says Peter Montagnon, ICGN Chairman. “The ICGN has campaigned vigorously for shareholder rights. In particular we have sought an ability to appoint and dismiss directors in the US and to have a say on remuneration.

The argument for these rights is now stronger than ever, but the ICGN also firmly believes that institutional shareholders should use them responsibly to secure long term value for those whose savings they invest.”

The full statement, which is attached, sets out a detailed agenda. It will be further debated at the ICGN’s conference in Wilmington, Delaware on the 10<sup>th</sup> December at the Dupont Hotel and is hosted by the State of Delaware. The event will examine the future of capital markets after the banking crisis. It will consider how capital markets may be constrained or curbed by regulation and the impact this has on corporate accountability to shareholders. <sup>iii</sup>

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## Editors notes :

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<sup>i</sup> The ICGN is a not-for-profit body, founded in 1995, that has evolved into a global membership organisation of more than 500 leaders in corporate governance. Our members are based in over 40 countries and support our mission to exchange information and raise standards of corporate governance internationally.

ICGN members are largely institutional investors who collectively represent funds under management in excess of US\$15 trillion. The breadth and expertise of ICGN members from investment, business, the professions and policy-making extends across capital markets enabling the ICGN to actively engage cross- border to positively impact the corporate governance reform agenda, particularly in the midst of this global financial crisis.

<sup>ii</sup> Relevant ICGN best practice guidance is as follows:

- **Statement of Principles on Institutional Shareholder Responsibilities (2007)**  
The statement highlights the responsibilities of investors both in their external role as owners of equity and their internal governance responsibilities to their beneficiaries.  
<http://www.icgn.org/organisation/documents/src/Statement%20on%20Shareholder%20Responsibilities%202007.pdf>
- **Securities Lending Code of Best Practice (2007)**  
The code clarifies the responsibilities of all parties engaged in stock lending.  
[http://www.icgn.org/organisation/documents/slc/SL\\_Best\\_Practice\\_rev\\_060707.pdf](http://www.icgn.org/organisation/documents/slc/SL_Best_Practice_rev_060707.pdf)
- **Executive Remuneration Guidelines (2006)**  
The guidelines focus on how companies should be structuring pay for the long term, disclosing policies and seeking shareholder support.  
[http://www.icgn.org/organisation/documents/erc/guidelines\\_july2006.pdf](http://www.icgn.org/organisation/documents/erc/guidelines_july2006.pdf)
- **Global Corporate Governance Principles (2005)**  
The principles endorse the OECD Principles of Corporate Governance and provide guidance around issues of particular concern to the ICGN.  
[http://www.icgn.org/organisation/documents/cgp/revised\\_principles\\_jul2005.pdf](http://www.icgn.org/organisation/documents/cgp/revised_principles_jul2005.pdf)

<sup>iii</sup> Speakers include: Chief Justice Myron Steele of the Delaware Supreme Court, David Blood, CEO of Generation Asset Management, Chris Ailman, CIO of CalSTRS, Jean Pierre Hellebuyck, Vice Chairman of AXA in France, Yuji Kage, MD of the Pension Fund Association in Japan, Ann Byrne, CEO of the Australian Council of Superannuation Investments, Carl Rosen, Head of Corporate Governance at AP2 in Sweden, Ann Yerger, Council of Institutional Investors, Neri Bukspan, Global Chief Accountant at Standard & Poors, Mark Anson, CEO of Nuveen Investments, Leslie Rahl, Board Director of Fannie Mae, Richard Ferlauto, Director of Corporate Governance and Pension Investment, American Federation of State, County and Municipal Employees, and John Plender from the Financial Times, among many others. For more information about the event, contact Tina Chande, ICGN Events Coordinator by email: [tina.chande@icgn.org](mailto:tina.chande@icgn.org) or by telephone: +44 (0) 207 612 7093.