



International Corporate Governance Network (ICGN) Ethos Recipient of the 2009 Award

On 14 July 2009, the Ethos Foundation received the Award – the most prestigious international distinction in the field of corporate governance - bestowed annually by the International Corporate Governance Network (ICGN). For the Awards Committee, Ethos has made a significant contribution to improving governance and has had a major positive impact in its region.

The Foundation won the Award thanks to the support of the pension funds that are its members and the steadfast commitment of its advisers and staff. The Award confirms that the vision initially set out in the Ethos Charter has proven to be absolutely right. Socially responsible investment requires management based on sustainable development and good governance criteria, the systematic exercise of the shareholder's right to vote and engagement in ongoing dialogue with senior corporate management.

Over the years, Ethos has increasingly focused on dialogue between shareholders and company management. The results achieved by the

Ethos Engagement Pool, the programme of dialogue with Swiss firms that today encompasses 29 pension funds, is a good illustration. The Say on Pay campaign launched last winter to obtain an advisory vote on remuneration reports has also been a success.

The path Ethos has followed to date requires the skills of the dedicated mountain climber: endurance, and the ability to walk a narrow ridge without falling down either side. For a long-term institutional investor, the point is to strike a balance between discreet dialogue and public campaigning in order to obtain more rights for shareholders. We are convinced that the ICGN Award bestowed on Ethos will encourage pension funds and all other investors who have entrusted us with their portfolios to maintain their support, which will be key to the success of our future endeavours!



K. Müller
Chairman

D. Biedermann
Executive Director

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ICGN AWARD LAUREATES 2001-2008

2008: Nell Minnow, for her pioneering work in governance and her contribution over 25 years in the United States

2007: André Baladi, for his pioneering efforts to promote corporate governance internationally

2006: the Australian Council for Superannuation Investors, for campaigning for good corporate governance practices in News Corporation, Alastair Ross Goobey, former Chairman of Hermes Focus Fund, and Tomomi Yano, Executive Managing Director of the Pension Fund Association in Japan

2005: Bengt Hallqvist, founder of the Brazilian Institute for Corporate Governance, and Peter Clapman, former Head of Corporate Governance at TIAA-CREF

2004: Jaap Winter, for chairing three reports that have advanced the case for good governance in Europe, and Claude Lamoureux, for his outstanding activities with the Ontario Teachers' Pension Plan to advocate improvements in Canada

2003: William Crist (former chairman of CalPERS), for his ongoing contribution to the development of corporate governance dialogue worldwide, and the Commonwealth Association of Corporate Governance, for promoting excellence in the Commonwealth

2002: Bob Monks, for his efforts to promote corporate governance, and Dr. Jesus P. Estanislao, for his work as director of the Institute of Corporate Directors and the Institute for Solidarity in Asia

2001: Sir Adrian Cadbury (UK), Ira Millstein (USA) and Professor Hasung Jang (Korea), spearheads of the corporate governance movement

INTERNATIONAL CORPORATE GOVERNANCE NETWORK (ICGN)

ICGN 2009 AWARD BESTOWED ON ETHOS

The ICGN Award is considered the highest distinction in the field of corporate governance and is given annually for exceptional achievement in that connection. The Award is presented at the ICGN Annual Conference, which is held in a different country each year and on one of the five continents in turn.

The Award was established in 2001. It has since been bestowed on individuals and institutions that have demonstrated exceptional achievement in the field of corporate governance and contributed to significant improvements in one or more jurisdictions. The Ethos Foundation's representatives, Kaspar Müller, Chairman, and Dominique Biedermann, Executive Director, received the Award in Sydney at a ceremony organized during the 2009 ICGN Annual Conference, which took place from 13 to 15 July and was attended by over 400 delegates from around the world.

Attribution of the Award follows a formal procedure. Ultimately, it is the ICGN Board that chooses the winner, on the proposal of the Awards Committee. The Awards Committee

considers a range of criteria in making its recommendations to the Board. This includes whether the nominee:

- is recognized to have a material period of achievement in corporate governance;
- has markedly improved the state of corporate governance in one or more jurisdictions;
- has produced, or has the potential to produce, an important, positive impact on one or more economies;
- has overcome difficult and challenging obstacles, requiring courage, vision and fortitude; and
- could benefit from recognition by the ICGN in furthering corporate governance achievement.

INTERNATIONAL CORPORATE GOVERNANCE NETWORK (ICGN)

A NETWORK FOR GOOD GOVERNANCE

What is the ICGN?

The ICGN is the largest global organization for the promotion of good governance. It comprises roughly 500 leaders in corporate governance based in 40 countries.

The ICGN sprang from the convergence of corporate governance initiatives in North America and Europe during the mid-1980s. The organization as such was formally founded in March 1995 in Washington DC, the tangible manifestation of an idea initially discussed at a meeting a year earlier of the Council of Institutional Investors, the largest association of institutional investors in the United States.

What does the ICGN aim to do?

The ICGN's mission is to exchange information on and raise the global standards of corporate governance. Its members are for the most part institutional investors with funds under management of about 9 trillion US dollars. One of its chief objectives is to encourage and facilitate international dialogue on subjects of importance to investors, with a view to heightening corporate competitiveness and economic prosperity. The ICGN also considers that it is in the public interest to allow company owners to participate in the preparation of governance standards.

ICGN principles

The ICGN's Global Corporate Governance Principles set down the principles on corporate governance adopted by the members. The principles are regularly reviewed and updated in order to reflect the elements that ICGN members take into account when making investment decisions.

Along with traditional financial criteria, how a corporation is governed is an essential factor when deciding how to allocate investment capital. ICGN members also take into account the governance profile of a market, not just individual firms, when making investment decisions.

The guidance provided by the ICGN Principles helps boards meet investor expectations. Investors and companies should work to establish a constructive dialogue on governance issues. The ICGN's members are convinced that doing so will enhance prospects for economic prosperity, fuller employment, better wages and greater long-term wealth for all stakeholders.

www.icgn.org

THE ICGN'S FIELDS OF ACTION

In its efforts to promote good governance, the ICGN participates in many consultations and expresses its views to various national and international authorities. This is done by the ICGN Policy Committees, which are headed by investors and specialize in various fields.

Shareholder rights and responsibilities

Institutional investors play a significant role in corporate governance, exercising their ownership rights to influence the companies in which they invest. With these rights come responsibilities, for example to increase company value in the long term. The ICGN has established two committees in this connection: the shareholder rights committee and the shareholder responsibilities committee.

Corporate reporting and auditing

Meaningful corporate reporting enables investors to exercise their rights on an informed basis. The reliability of this information is supported through high quality auditing, which underpins the integrity of financial markets and helps companies attract investment. The ICGN also has two committees in this field: the accounting and auditing practices committee and the non-financial business reporting committee.

Board and shareholder communication

Board directors are responsible for acting in the interest of all shareholders, while having regard to other stakeholders. The ICGN has three specialized committees: the anti-corruption practices working group, the director and shareholder engagement working group, and the remuneration committee.

The **Ethos Foundation** is currently composed of more than 90 Swiss pension funds. Its purpose is to promote the consideration of sustainable development principles and corporate governance best practice in investments activities.

The Foundation owns the company **Ethos Services** which conducts all investment and consulting activities. Ethos Services is specialised in the field of socially responsible investment (SRI). It offers a range of investment funds and asset management mandates managed according to sustainable development criteria. Ethos Services also offers analysis of general meeting agendas, assistance with the exercise of shareholder voting rights, and an engagement program with companies.

For further information, see www.ethosfund.ch



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