



ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT

- Public Consultation on Corporate Governance and the Financial Crisis -

18th March 2009

*Conference Centre Room CC9
OECD Headquarters
2 rue André Pascal
75016, Paris.*

Public Consultation
18 March 2009
OECD Headquarters Paris

Purpose of the Consultation

The purpose of the consultation is to seek advice from the private sector, key stakeholders, civil society and non-OECD countries on the following topics:

- The role of corporate governance in the financial crisis.
- The most urgent areas for reform?
- How OECD can improve monitoring and implementation of agreed standards.
- How OECD can support national, regional and global initiatives.

The consultation will provide input to a set of recommendations relating to the Principles of Corporate Governance in the light of the financial crisis that the OECD will issue later this year. It will also help to guide the medium term orientation of OECD's corporate governance work and facilitate co-ordination among different organisations and institutions that are active in the area of corporate governance.

Issues for Discussion

The attached agenda contains a set of specific questions that participants are invited to address. You are also welcome to comment on the attached OECD Report on Corporate Governance lessons from the Financial Crisis, which the OECD Steering Group discussed in November 2008.

We expect that the Consultation will address the role of corporate governance in the financial crisis at two levels. First is the issue of ***monitoring, implementation and enforcement***. The question is, how implementation of existing standards and codes can be more effective. How we can ensure that we achieve the desired outcomes in terms of responsibility, transparency and equitable treatment, rather than just formal compliance. Second, the consultation will discuss ***specific areas for improvement***. The OECD Steering Group on Corporate Governance has identified four areas for such a review: Board practices; effective implementation of risk management; governance of the remuneration process and the exercise of shareholder rights.

To ensure an interactive dialogue there will be no formal presentations or panels. If you want to reference or distribute any written material, please send it to the Secretariat before 10 March, so that we can make it available at the meeting. A special session will give you and other participants an opportunity to inform about ongoing or planned initiatives that you believe could support OECD future work.

Context, Timetable and Output

The OECD is working towards a report on how better corporate governance and improved implementation can contribute to the G20 agenda of restoring global growth and achieve needed reforms in the world's financial system. In November 2008 the OECD Steering Group on Corporate Governance met in Paris to decide on the overall scope of this report which will identify a set of recommendations regarding the OECD Principles in the areas most closely related to the financial crisis.

As the international standard setter, the Steering Group also underlined, that the process of developing the report should include consultations with the broadest possible range of representatives from non-OECD countries, the private sector, other stakeholders and civil society.

The Steering Group has established the following timetable for its work:

- > March 18: Public Consultation on Corporate Governance and the Financial Crisis
- > 30 March: Progress report to the Financial Stability Forum
- > April 20-21: First draft with preliminary conclusions and recommendations to be reviewed by the OECD Steering Group on Corporate Governance
- > June 25: Interim report to the OECD Ministerial Meeting
- > November: Final Report with Conclusions and Recommendations

Agenda and Issues for Consultation

08:30 - 09:00	Coffee/Tea and Registration of participants
09:00 - 09:30	<p>Welcome by the OECD Secretary General, Angel Gurría.</p> <p>Introduction by Marcello Bianchi, Chair, OECD Steering Group on Corporate Governance.</p>
09:30 - 11:00	<p>Governance of Remuneration and Risk Management</p> <p style="text-align: center;">Governance of Remuneration</p> <ul style="list-style-type: none"> • What are the most important features of a well governed process for deciding on compensation in a company? Which should be the role of shareholders in this process? • What are the main risks associated with performance based compensation? How can they be identified and taken into account? • Should risk managers and the boards' risk committee be formally involved in the design of compensation schemes? <p style="text-align: center;">Implementation of Risk Management</p> <ul style="list-style-type: none"> • What is the most important step a company can take if it wants to improve its risk-management system? • How shall the internal governance structure be designed to support active and effective implemented of risk-management throughout the company? • What are the respective roles and responsibilities of the board, board committees, auditors, key executives, employees and other that may be involved?
11:00 - 11:15	Refreshments
11:15 - 13:00	<p>Board Practices</p> <ul style="list-style-type: none"> • What is the main lesson from the fact that boards have been unable to direct their companies away from important meltdowns? Is it just a matter of competence or have companies become too large and complex to allow effective board oversight? • What needs to be done to restore the confidence in the board of directors as a key pillar in corporate governance? Shall legislators and standard setters try to regulate further the composition, qualifications and size of boards in public companies?

