



**International Experts Meeting on
Corporate Governance of Non-listed Companies**

*19 - 20 April, 2005
Hyatt Regency Istanbul Hotel
Istanbul, Turkey*

DRAFT AGENDA

IN PARTNERSHIP WITH
THE GOVERNMENT OF JAPAN

Objectives of the meeting

The purpose of this meeting is to discuss the challenges and opportunities for corporate governance in non-listed companies, particularly what specific implications they have on public policy.

The ultimate objectives of the meeting are:

- (i) Review current practices and developments in corporate governance of non-listed companies as well as their driving forces;
- (ii) Identify how the public policy framework can support good corporate governance practices of non-listed companies, remaining sensitive to those elements that might pose a regulatory burden for non-listed companies; and
- (iii) Discuss the future work programme for this new activity, including issues for in-depth analysis/discussion as well as the expected outputs.

Scope

In this work, “non-listed companies” refers to closely held companies whose shares, unlike those of publicly held companies, do not trade freely in impersonal markets, either because the shares are held by a small number of persons or because they are subject to restrictions that limit their transferability (Hansmann/Kraakman, 2004). The profile of the target universe of companies is generally large (relative to their economy) companies that are by choice unlisted but that have financial stakeholders (equity and/or creditors) beside their controllers. This includes companies, partially or completely under founder/family control, with professional management although the founder/family may continue to play an important governance/shareholder role. Also included are companies with experience in or which seek to tap private capital markets (including private equity) and understand what the corporate governance requirements are.

Background

This project is a natural follow-up to the use of the OECD Principles of Corporate Governance in countries where non-listed and often family/founder-owned companies play a central role. Non-member countries in the emerging markets, transition economies and MENA region with a relatively small number of listed companies have shown a particular interest in trying to understand better to what extent the OECD Principles may be relevant to non-listed companies. More specifically, this activity will focus on the corporate governance challenges and opportunities for non-listed companies that may be seeking access to outside capital, but that do not have publicly traded shares. The work will draw extensively on experiences from the Regional Corporate Governance Roundtables.

Guidelines for chairpersons, speakers and panellists

Chairpersons are requested to actively engage participants in discussion and present a synthetic conclusion. Keynote presentations will be delivered within 20 minutes each, while discussants will have 5-10 minutes each. All speakers are invited to keep their presentations within the proposed time limitations in order to leave ample time for debate and discussion.

During the last session, chairpersons will present brief conclusions from the different sessions. This will also constitute an opportunity for participants to discuss the next steps in furthering the program.

DAY 1

8:30 REGISTRATION

9:00 Opening remarks

- His Excellency Mr. Tomoyuki ABE, Ambassador of Japan to Turkey
- Mr. Dogan CANSIZLAR, Chairman and CEO, Capital Markets Board of Turkey

Introductory remarks: The opportunities and challenges for corporate governance of Non-listed Companies, Mr. Mats ISAKSSON, Head of the Corporate Affairs Division, OECD

Part 1: What are the corporate governance characteristics of NLCs?

Chairperson: Michiel L. ALEWIJNSE, CEO, Alpheios Consulting & Coaching for Change, Mimech Holding b.v., Netherlands

Key note presentation on legal forms/ownership patterns, Mr. Erik VERMEULEN, Lecturer, Faculty of Law, Department of Private Law, University of Tilburg, The Netherlands

9:30 *Session a: What are different ownership and control structures of NLCs?*

Panel discussion on: (i) What are the various means and techniques for allocation of influence, also for minority shareholders (e.g. rights of first refusal, shareholder agreements, blocking rights, and information rights)? (ii) How are voting rights and cash-flow rights distributed? (iii) Is there a need for minority shareholder protection in NLCs, (e.g. of buy-outs, squeeze-outs, and exit)? (iv) If so, what are the governance challenges?

- Dr. Fernando LEFORT, Professor, Pontificia Universidad Catolica de Chile
- Mr. Vittor CANCIAN, Senior Legal Counsel/ABP Investments, Netherlands
- Mr. Alum BATI, Honorary Legal Advisor to the British Ambassador of Azerbaijan, Partner, Salans Law Firm, Azerbaijan
- Mr. Andres BERNAL, Corporate Governance Programme Manager, Confecámaras, Colombia

OPEN DISCUSSION

11:00-11:30 Coffee break

11:30 *Session b: How is professional management monitored?*

Panel discussion on boards and management: (i) What is the evolving role of the board versus shareholders in monitoring management in NLCs that are majority owned? (ii) Do NLCs make use of committees? (iii) How are boards composed (e.g. dependent and independent directors) to fulfil a meaningful role?

- Ms. Guler MANISALI-DARMAN, Member, International Chamber of Commerce Finance Committee
- Mr. Igor BELIKOV, General Director, Russian Institute of Directors

- Mr. Charnchai CHARUVASTR, President, Thai Institute of Directors
- Dr. Fouad R. ZMOKHOL, Member of the Board of the Lebanese Business Men Association (RDCL); Managing Director, ZIMCO Group, Lebanon

OPEN DISCUSSION

13:00-14:00 Lunch

14:30 *Session c: What are the transparency requirements for NLCs?*

Panel discussion on disclosure: (i) What are the requirements for financial/non-financial information for investors?(ii) How does the provision of information work in NLCs where shareholders have full access to the books? Does this work? What are the challenges? (iii)How is confidential information contained? (iv) What should be given to company registrars or other authorities and why?

- Mr. Phil BARRY, Taylor Duignan Barry Ltd., New Zealand
- Mr. Mokhtar AZMAN, Managing Director, Khazanah Nasional Berhad, Malaysia
- Mr. Samir LATIF, Corporate Governance Council, FYROM
- Mr. Thomas PLETSCHER, Member of the Executive Board of Economiesuisse, the Swiss Business Federation

OPEN DISCUSSION

16:00-16:15 Coffee break

16:15 **Part 2: What are the driving forces for changing corporate governance practices in NLCs? What lessons can be learned from investors and companies?**

Chairperson: Mr. Mike LUBRANO, Unit Head, Investor and Corporate Practice, Corporate Governance Department, International Finance Corporation (IFC)

Keynote presentations: Prof. Thomas W. HALL, Assistant Professor of Finance, Department of Finance and Economics, University of Alabama in Huntsville, United States

Mr. Stijn CLAESSENS, Senior Adviser, Operations and Policy Department
Financial Sector Vice-Presidency, The World Bank

16:45 *Session a: Access to capital and implications for corporate governance*

Panel Discussion on: (i) What are the key financing sources and evolving patterns of financing? (ii) What are the implications for corporate governance? (iii) How are investment and lending decisions made? (iv) What requirements exist to accommodate various types of outside capital? (v)Do creditors or banks exercise a significant influence on corporate governance?

- Mr. Jean-Bernard THOMAS, Chairman of the Corporate Governance Task Force, European Venture Capital Association (EVCA)
- Mr. Stefan PETRANOV, Chairman of the Board of Directors, “Zlaten Lev Capital” Fund Management Company, Bulgaria
- Mrs. Botan BERKER, Managing Director, Fitch Ratings - Istanbul, Turkey

OPEN DISCUSSION

19h00-21h00 *Cocktail/dinner on the Bosphorus River, hosted by the Corporate Governance Association of Turkey (Departure by bus from the Hotel reception will be at 18:30).*

DAY 2

9:00 **Part 2: What are the driving forces for changing corporate governance practices in NLCs? What lessons can be learned from investors and companies?**

Session b: Succession planning and conflict resolution

Panel Discussion on: What are the governance challenges for (i) facilitating succession and (ii) conflict resolution among owners, the board and professional management?

- Mr. Bengt HALLQVIST, Director, BIM KEM AB, Jacto SA, Brazil
- Mr. Leo GOLDSCHMIDT, Director, European Corporate Governance Institute
- Mr. Anders LINDSTROM, Family Business Network, Sweden
- Mr. Rahma HAMEED, Director of Company Affairs, Kingdom of Bahrain

OPEN DISCUSSION

10:30-10:45 Coffee break

10:45 **Part 3: How can the public policy framework support good corporate governance of NLCs? What lessons can be learned for public policy?**

Chairperson: Mr. Mats ISAKSSON, Head of the Corporate Affairs Division, OECD

Panel Discussion on: (i) How can the legal/regulatory/policy environment support effective governance of NLCs? (ii) What characteristics of the policy environment pose a regulatory burden? (iii) Where can private contracting substitute for market regulation? (iv) What are the trade-offs of the private vs. regulatory approach?

- Prof. Ulrich SEIBERT, Ministerial Counsellor, Ministry of Justice of Germany
- Ms. Amina BENJELLOUN, Charge de Mission, Office of the Prime Minister, Morocco
- Mr. Zheng Jun ZHANG, Associate Professor, Development Research Center (DRC) of the State Council of China
- Ms. Nazgul ABDRAHMANOVA, Division of Regulation of Capital Market and Institutional Investors, State Commission on Securities Market, Kyrgyz Republic

OPEN DISCUSSION

12:15-13:00 Follow-up actions and conclusions

13:00-14:30 Lunch: discussion on issues of interest to family-owned businesses

Keynote address: Michiel L. ALEWIJNSE, Chairman, Family Business Network, Netherlands