



**2007 International Experts Meeting on
Corporate Governance of Non-Listed Companies**

*“The corporate governance of private equity-backed firms
in OECD and non-OECD countries”*

FINAL AGENDA

**Paris
22 June 2007**

Château de la Muette, 2 rue André Pascal, 75016 Paris, Room D

**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 private equity-backed companies both in OECD and non-OECD countries, particularly what specific implications they have on public policy.

The ultimate objectives of the meeting are:

(i) Review the corporate governance devices used by private equity funds to be active investors in their portfolio companies;

(ii) Identify the governance challenges faced by private equity funds in both OECD and non-OECD countries when investing in non-listed companies;

(iii) Discuss how the public policy framework can support good governance practices in private equity-backed, non-listed, companies.

Scope

This focus group meeting will explore the corporate governance characteristics of private equity-backed companies both in OECD member and non-member countries. The purpose of this meeting is to focus on the relationships between private equity funds (both buyout funds and venture capital funds) and private equity-backed companies, and will focus on private to private transactions.

Background

This meeting is a follow-up to the kick-off conference on the corporate governance of non-listed companies (NLCs) in Istanbul and to the focus group meeting held in Paris in 2005 to discuss priority issues illuminated by the first conference. It was agreed that NLCs do not need a separate set of corporate governance principles. Instead, policymakers should direct their focus on flexible company law legislation that enhances private ordering and makes it possible to emulate the most efficient contractual corporate governance mechanisms. Policymakers must become more engaged in providing their non-listed counterparts with a governance framework that fosters strong decision-making, accountability, transparency, and ultimately, firm performance.

Guidelines for chairpersons and speakers

Chairpersons are requested to actively engage participants in discussion and present a synthetic conclusion. Keynote presentations will be delivered within 20 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.

9:00-9:30: Registration

9:30-9:40: Opening remarks

- Ms. Carolyn Ervin, OECD, Director, Financial Affairs Directorate

9:40- 11:00: Landscape: Role of the private equity industry in the financing of NLCs in OECD and non-OECD countries

Panel discussion on : *(i)* importance of the private equity industry in the financial spectrum for NLCs seeking to raise capital; *(ii)* relationship between capital markets and private equity industry; *(iii)* impact of the private equity fund on the growth of portfolio companies.

Chairperson: Professor Joseph Mc Cahery, University of Amsterdam, Faculty of Economics and Econometrics

- Ms. Sarah Alexander, Chairman, Emerging Markets Private Equity Association
- Professor Mike Wright, Centre for MBO Research, Nottingham University Business School
- Mr. Peter Jungen, President, European Enterprise Institute

OPEN DISCUSSION

11:00-11:20 : Coffee Break

11:20-13:00 Session 1: Impact of the private equity transaction on the governance structures of companies

Background:

This session will address the major corporate governance changes experienced by NLCs (in particular family-owned and group-owned companies) when private equity funds acquire a significant stake, such as changes in ownership structure, board composition, disclosure and transparency. The session will review three case studies to underline the diversity of PE-backed non-listed firms.

Chairperson: Mr. Mark Mobius, Executive Chairman, Templeton Asset Management, Singapore

- Mr. David Aknin, Partner, Weil, Gotshal & Manges, France
- Mr. Didier Deconinck, Chairman, Tarkett, France
- Mr. Alvaro Gonçalves, Managing Partner, Stratus, Brazil and Board Member of the Associação Brasileira de Private Equity & Venture Capital
- Mr. Gorazd Podbevsek, Project Manager, Socius, Slovenia

OPEN DISCUSSION

13:00-14:30 Lunch

14:30-16:00 Session 2: Corporate governance practices of private equity funds in their portfolio companies

Background and issues for discussion: This session will review the corporate governance arrangements used by private equity funds that allow them to be active investors in their portfolio companies such as board seats, reporting practices, information systems and incentive schemes aiming to drive performance and create value. In particular, it will address: *(i)* reporting requirements and information flows; *(ii)* board composition strategy and the case of independent directors; *(iii)* cash-flow and control rights exercised by active investors to provide managerial inputs, especially when the company is performing badly; *(iv)* incentive for the top management.

The session will also explore areas where concerns about shortcomings in the corporate governance of private equity-backed companies may arise such as: *(i)* equitable treatment of minority shareholders; and *(ii)* potential conflicts of interest among managers, board members and shareholders.

Chairperson: Mr. Adrian Blundell-Wignall OECD, Deputy Director

- Mr. Georges Noel, Development Director, European Venture Capital Association
- Mr. Christopher Masek, Partner, Industri Kapital, UK
- Mr. Mark Mobius, Executive Chairman, Templeton Asset Management, Singapore
- Mr. Jean-Louis Grangé, 3i, France

OPEN DISCUSSION

16:00- 16:15: Coffee break

16:15-17:45 Session 3 : A legal and regulatory framework for good governance in private equity-backed companies

Background

This session will review the governance challenges faced by private equity funds in both OECD and non-OECD countries. It will discuss how the legal and regulatory framework, including voluntary standards, can improve corporate governance in private equity backed, non-listed, companies. Where can private contracting substitute for market regulation? What are the trade-offs of the private vs. regulatory approach? It will provide examples of how the legal environment may impact corporate governance practices; the degree of flexibility across countries to customize corporate governance arrangements that reflect the unique characteristics of the company and its business.

Chairperson: Mr. Mats Isaksson, OECD, Head, Corporate Affairs Division

- Mr. Sumant Batra, Senior Partner, Kesar Dass, India
- Mr. Robert Graffam, Darby Overseas Investment, Austria
- Mr. Joe McCahery, Professor, Tilburg University Faculty Law, Netherlands
- Mr. Christoph Kaserer, Professor, Tech University Munich, Germany
- Mr. Peter Jungen, President, European Enterprise Institute

17:45-18:00 Future direction of work and wrap-up

- Mr. Mats Isaksson, OECD, Head, Corporate Affairs Division
- Ms. Annabel Bismuth, Administrator, Corporate Affairs