

# V FORO DE GOBIERNO CORPORATIVO EN COLOMBIA

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**CORPORATE GOVERNANCE =**

**FAIR DEALING** BY MANAGERS, MANAGING  
SHAREHOLDERS OR CONTROLLING  
SHAREHOLDERS =

**GOLDEN RULE** AS APPLIED TO THE  
CORPORATE WORLD

**CORPORATE GOVERNANCE  
CLASSIFICATIONS WILL BE ENTIRELY  
VOLUNTARY**



**So, organizations that request to be evaluated will agree to open themselves up to outside scrutiny**



**In order to understand the real dynamic of the organization**

## **EVALUATIONS OF CORPORATE GOVERNANCE WILL BE RIGOROUS**

- **Comprehensive interviews** with at least 15 individuals with specific responsibilities – insiders and outsiders – who provide meaningful observations about the organizations and its practices.
- **Review of numerous documents:** Policies, processes, records of internal meetings.

## THE KEY QUESTIONS THE ANALYST NEEDS TO ANSWER ARE:

- Whether management actually practices the policies it has nominally adopted.
- Even if it does apply those policies in practice, has Organization adopted **GOOD CORPORATE GOVERNANCE IN SPIRIT?**

**Since participation in a corporate governance classification exercise is purely voluntary**



**Results of Evaluation will be held in confidence, unless clients request to have the classification report distributed**



**However, over time, the hope would be that the very absence of a classification will be sufficient to pressure companies to obtain them**

## **BENEFITS OF PARTICIPATING IN A CORPORATE GOVERNANCE CLASSIFICATION PROCESS**

There is considerably more to be gained than just a simple letter rating. Potential benefits include:

- **Gaining insights about themselves.**
- **Possibly gaining some insights about their competitors.**
- **Learning how to present themselves effectively to fund providers and other third parties.**

## **WHY A COMPANY LIKE BRC IS WELL SUITED TO PERFORM CORPORATE GOVERNANCE EVALUATIONS?**

- A well established history of evaluating management performance as part of its analysis of corporate creditworthiness.
- Certain aspects of corporate governance are already key elements of its traditional rating process.
- Combine international experience with local insights.

## **MORE ABOUT BRC CORPORATE GOVERNANCE EVALUATIONS**

- The committee that decides corporate governance classifications will be different from BRC's Credit Rating Committee.
- BRC's Methodology will be based on both the real world experiences of its executives and on work done by international institutions: **OECD, WORLD BANK, THE INTERNATIONAL ASSOCIATION OF SECURITIES COMMISSIONERS AND STANDARD & POOR'S CORPORATION.**

## IN BRIEF

- Corporate Governance goal is to promote better understanding among users and providers of capital that will enhance the availability and cost of funds.
- Every company that goes through a Corporate Governance Evaluation Process will learn something about itself and about how its policies and practices compare with recognized best practices.
- The corporations have to be willing to be reasonably open and to enter into a dialogue with BRC to be able to obtain the potential benefits of participating in a Corporate Governance Classification Process.

**THANK YOU**