Trinidad & Tobago
Corporate Governance Code
(TTCGC)

Press Conference
8 April, 2013
Benefits of National Corporate Governance Code

Purpose

1. Need for greater:
   - entrepreneurial risk taking
   - Investment,
   - lower rates of scandal/failure.

2. **Common national standard** for how organizations are governed, i.e., by what systems and processes they are being directed and controlled.

3. **Standard that is appropriate for T&T**, which can guide and be enforced.

**Benefits for Companies:**

Higher performing organizations as a result of:
1. Lower cost of capital
2. Lower risk of failure and scandals
3. Stronger leadership and better operations

**Benefits for Society:**

1. Stronger business sector & state owned enterprises
2. Greater benefits from better management of national wealth
3. Greater investor confidence
4. Stronger civil society
5. Lower risk of corporate failures
CORPORATE GOVERNANCE
DISCLOSURE
gap analysis of corporate governance disclosure requirements in 22 markets

Empty white squares indicate that the disclosure item is not required. Markets organized from most disclosure requirements to least, compared to the ISAR benchmark. The name of individual disclosure items can be found in the list in Annex II.

Source: UNCTAD, 2010
2010 Review of the Implementation Status of Corporate Governance Disclosures: An Inventory of Disclosure Requirements in 21 Frontier Markets
T&T enterprises’ corporate governance disclosure practices below emerging markets average

Disclosure finding shows that T&T listed companies disclose 50% of the average for other countries emerging and frontier market.
company corporate governance disclosure practices highly variable
Corporate Governance Ecosystem

DIRECTORS

Act as Agents For

Provide Investment For

MANAGERS

Oversee

Report To

Auditors
Regulators

OWNERS

Report To

Employees
Customers
Suppliers
Creditors
Regulators
Media
Analysts

Investors
Regulators
About the CCGI

• non-profit professional member organization for directors and senior executives
• incorporated in July 2012
• welcoming members since January 2013
• 7 (of 9) directors appointed, CEO designate selected – awaiting work permit
  – Ronnie Bissessar, Dennis Brown, Leslie Clarke, Sandra Glasgow, Axel Kravatzky, Annette Rahael, Nigel Romano
• current lead projects:
  – T&T Corporate Governance Code
    • together with T&T Stock Exchange and T&T Chamber of Industry and Commerce.
  – Corporate Governance Events (June) – SOE Experience from Latin America, together with CAF
  – Certificate in Corporate Directorship (September)
• Three types of membership:
  – Individual
  – Boards
  – Fellows
Role of CCGI

outcomes:
- effective organizations + efficient markets

Complementing legislation, regulation, enforcement & investor attention

requires:
- trust
- appropriate systems
- competence + values
- custom solutions

comes from:
- education
- standards + guidance
  - introductory learning
  - specialization
  - consolidation of industry news
  - certification programs
  - conferences
  - recognition
  - regulatory influence
  - professional associations
  - international affiliation
  - media
  - academic and research support

CCGI offers:

CCGI offers:
- role of CCGI

to benefit:
- ngo’s
- closely held companies
- listed companies
- state enterprises
- investors
Future Targets

• Changing Corporate Governance Culture
  – building movement (by providing feedback, challenge, support)
  – Consensus Corporate Governance Standards appropriate for different countries and organizational types

• Outcomes
  – More effective organizations
    • More responsive
    • Better and more transformative decisions
    • More successful
  – More efficient market
    • Better allocation of available resources
  – More sustainable societies
    • More responsible (people, planet, profits)
ON CODES
finding right combination of degree and combination of regulation
CORPORATE GOVERNANCE IS A GLOBAL PHENOMENON

Source: Simon Wong, International best practice in corporate governance
SOURCES OF CORPORATE GOVERNANCE STANDARDS

“The corporate governance framework typically comprises elements of legislation, regulation, self-regulatory arrangements, voluntary commitments and business practices.”

- Intel (majority voting)
- Aflac (say on pay)
- Pfizer (shareholder engagement)
- Sony (Western-style board)
- Toyota (traditional Japanese board)
- Infosys (CG code compliance)
- SingTel (CEO certification)

- Company and securities laws
- Stock exchange listing rules
- Other legislation (e.g., Sarbanes Oxley Act, EU Directives)
- Judicial decisions (e.g., Disney, Mannesmann, James Hardie)

Company practices

Laws and regulations

Best practices in Corporate Governance

Surveys/ratings

Corporate governance codes

- Surveys (e.g., Korn Ferry)
- Ratings (e.g., S&P, CLSA, GMI, Euromoney)

Source: Simon Wong, International best practice in corporate governance
Sample content elements of a code (jamaica 2009)

• Section 1: Companies
  A. Directors
    __ A.1 The Board
    __ A.2 Decision Making
    __ A.3 Chair & CEO
    __ A.4 Board balance & independence
    __ A.5 Information & Prof. Dev.
    __ A.6 Performance Evaluation
    __ A.7 Re-election
  
  B. Remuneration
    __ B.1 The level and make-up of remuneration
    __ B.2 Procedure

  C. Accountability & Audit
    __ C.1 Financial Reporting
    __ C.2 Internal Controls
    __ C.3 Audit Committee and Auditors

  D Relations with shareholders
    __ D.1 Dialogue with Institutional Shareholders
    __ D.2 Constructive use AGM

  E Timely and Balanced Disclosures

• Section 2: Institutional Shareholders
  F Institutional Shareholders
    __ F.1 Dialogue with shareholders
    __ F.2 Evaluation governance disclosures
    __ F.3 Shareholder voting

APPENDIX:
Specific requirements for Disclosure in the Annual Report References
MARKETS WITH VOLUNTARY CODES APPEAR MORE SATISFIED WITH THEIR APPROACH

Source: Simon Wong, International best practice in corporate governance
INVESTORS ARE WILLING TO PAY SIGNIFICANT PREMIUMS FOR WELL-GOVERNED COMPANIES

Average premiums of those investors willing to pay premium

Timeline

2004
- MoF Financial System Reform White Paper

2006
- PSOJ CG Code v1
- CBTT CG Guidelines

2006/7
- Collapse in T&T

2008/9
- PSOJ CG Code v2

2009
- Syntegra & UNCTAD CG Disclosure in T&T

Oct 2011
- 18 Nov 2011
  - Syntegra, TTSE, TTCIC
  - News Conference
  - TTCGC First Recommended

Nov 2011
- Syntegra & PSOJ & ICAJ CG Disclosure in Caribbean & JA
- + ECTT IADB CG Project

Steering C/ttee Partnership
- Syntegra
- TTCIC
- IADB

CCGI & IADB At ICGN
- GCGF, Kings Code, CAF

CCGI Legally registered

Dec-Oct
- CCGI, TTCIC, TTSE agree CCGI lead & secretariat

29 May
- TTCGC Working Group Meeting #1

June
- 26 Nov

July
- 14 Jan

IDB
- Inter-American Development Bank
## Working Group Members

<table>
<thead>
<tr>
<th></th>
<th>Name</th>
<th>Position</th>
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<tbody>
<tr>
<td>1</td>
<td>Ronnie Bissessar</td>
<td>Director, CCGI, Attorney at Law</td>
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<td>2</td>
<td>Sharon Christopher</td>
<td>Deputy CEO, Administration, First Citizens Group; Council Member, T&amp;T Energy Chamber</td>
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<td>3</td>
<td>Wayne Dass</td>
<td>CEO, Caribbean Information &amp; Credit Rating Services Limited (CariCRIS)</td>
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<td>4</td>
<td>Peter Ganteaume</td>
<td>Deputy Chairman, Guardian Holdings</td>
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<td>5</td>
<td>Stacy-Ann Golding</td>
<td>Partner, KPMG</td>
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<td>Justice Roger Hamel-Smith</td>
<td>The Beacon Insurance Company Ltd</td>
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<td>7</td>
<td>Wain Iton</td>
<td>CEO, T&amp;T Stock Exchange</td>
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<td>8</td>
<td>Axel Kravatzky</td>
<td>Chairman, CCGI; Chairman &amp; Principal Consultant, Syntegra Change Architects Ltd</td>
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<td>9</td>
<td>Catherine Kumar</td>
<td>CEO, T&amp;T Chamber of Industry and Commerce (TTCIC)</td>
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<td>10</td>
<td>Nadia Mohammed</td>
<td>Director, Risk and Control Services, PriceWaterhouse Coopers</td>
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<td>11</td>
<td>Arnold Niranjan</td>
<td>Lead Partner – Advisory Services, Ernst &amp; Young</td>
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<td>12</td>
<td>Jacqueline Quamina</td>
<td>Bankers Association of Trinidad &amp; Tobago</td>
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<tr>
<td>13</td>
<td>Ravi Rajcoomar</td>
<td>Law Association; Commissioner, Security &amp; Exchange Commission</td>
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<td>14</td>
<td>Nigel Romano</td>
<td>Director, CCGI; Sector Head, Financial Services, ANSA McAL</td>
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<tr>
<td>15</td>
<td>Kyle Rudden</td>
<td>Institute of Chartered Accountants of T&amp;T, Institute of Chartered Accountants of Caribbean,</td>
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TTCGC Key Success Factor

1. Appropriateness for Local Markets of Listed Companies
2. Consistent With International Standards
3. High Adoption Rate
4. Increased Awareness of Corporate Governance

1. A comprehensive and inclusive public consultation process so as to bridge the divide between companies of different sizes and ownership structures.

2. The spirit of the Code should resonate across sectors beyond the initial pool of listed companies to whom the Code initially targets. This indicator measures the cultural shift that needs to take place during the evolution of a corporate governance framework.
**WG Meetings**

- **#1**
  - 4 Jan

- **#2**
  - 4th

- **#3**
  - 19th

- **#4**
  - 6 May

- **#5**
  - Sept

- **#6**
  - Oct

**WG Activities**

- **Draft v1**
- **Draft v2**
- **Internal Consultation**
- **Draft v3**
- **Public Consultation**

**T&T CG Code Drafts**

- Draft v4
- Draft final