Implementation status of corporate governance disclosures

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Agenda Item 5

Implementation status of corporate governance disclosures

UNCTAD-ISAR30
Report by Axel Kravatzky
Caribbean Corporate Governance Institute (CCGI)
Trinidad & Tobago

Geneva, 8 November 2013
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
Jamaica data: Syntegra, PSOJ, & ICAJ (2012).
Corporate Governance System

Directors

Act as Agents For

Provide Investment For

Implications:
1) Higher Risk
2) Lower Performance
3) Lower Ability to Respond

Managers

Act as Agents For

Provide Investment For

Auditors
Regulators

Managers

Report To

Oversee

Employees
Customers
Suppliers
Creditors
Regulators
Media
Analysts

Owners

Investors
Regulators

Employees
Customers
Suppliers
Creditors
Regulators
Media
Analysts
Key events following ISAR-28 & 29

1. Attention from Media, Business Support Organization, Professional Associations, and Stock Exchanges

2. Conference Presentations by Syntegra Change Architects Ltd

3. Formation of the Caribbean Corporate Governance Institute (CCGI)

4. Trinidad & Tobago Corporate Governance Code (TTCGC)

5. Developments in Barbados & Jamaica
### Caribbean Context

#### GDP at exchange rate rankings:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>GDP (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Trinidad and Tobago</td>
<td>$23.99 billion per year</td>
</tr>
<tr>
<td>2</td>
<td>Jamaica</td>
<td>$14.84 billion per year</td>
</tr>
<tr>
<td>3</td>
<td>Bahamas</td>
<td>$8.149 billion per year</td>
</tr>
<tr>
<td>4</td>
<td>Haiti</td>
<td>$7.843 billion per year</td>
</tr>
<tr>
<td>5</td>
<td>Suriname</td>
<td>$4.738 billion per year</td>
</tr>
<tr>
<td>11</td>
<td>Grenada</td>
<td>$789.5 million per year</td>
</tr>
<tr>
<td>12</td>
<td>Saint Kitts and Nevis</td>
<td>$748.5 million per year</td>
</tr>
<tr>
<td>13</td>
<td>Saint Vincent and the Grenadines</td>
<td>$712.6 million per year</td>
</tr>
<tr>
<td>14</td>
<td>Dominica</td>
<td>$479.6 million per year</td>
</tr>
<tr>
<td>15</td>
<td>Montserrat</td>
<td>$55.44 million per year</td>
</tr>
</tbody>
</table>

(2010, 2011, and 2012 estimates)

Source: [http://www.wolframalpha.com/input/?i=GDP+Caricom+countries](http://www.wolframalpha.com/input/?i=GDP+Caricom+countries)
## Caribbean Community

<table>
<thead>
<tr>
<th>Country/Territories</th>
<th>Population</th>
<th>CARICOM Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Haiti</td>
<td>7,482,000</td>
<td>CARICOM</td>
</tr>
<tr>
<td>Jamaica</td>
<td>2,714,000</td>
<td>CARICOM</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>1,333,000</td>
<td>CARICOM</td>
</tr>
<tr>
<td>Guyana</td>
<td>751,400</td>
<td>CARICOM</td>
</tr>
<tr>
<td>Suriname</td>
<td>492,829</td>
<td>CARICOM</td>
</tr>
<tr>
<td>Bahamas, The</td>
<td>331,000</td>
<td>CARICOM</td>
</tr>
<tr>
<td>Barbados</td>
<td>294,000</td>
<td>CARICOM</td>
</tr>
<tr>
<td>Belize</td>
<td>282,600</td>
<td>CARICOM</td>
</tr>
<tr>
<td>Saint Lucia</td>
<td>165,000</td>
<td>CARICOM</td>
</tr>
<tr>
<td>Saint Vincent and the Grenadines</td>
<td>120,000</td>
<td>CARICOM</td>
</tr>
<tr>
<td>Grenada</td>
<td>106,000</td>
<td>CARICOM</td>
</tr>
<tr>
<td>Antigua and Barbuda</td>
<td>85,000</td>
<td>CARICOM</td>
</tr>
<tr>
<td>Dominica</td>
<td>73,000</td>
<td>CARICOM</td>
</tr>
<tr>
<td>Bermuda</td>
<td>64,209</td>
<td>CARICOM ASSOCIATE MEMBERS</td>
</tr>
<tr>
<td>Cayman Islands</td>
<td>55,456</td>
<td>CARICOM ASSOCIATE MEMBERS</td>
</tr>
<tr>
<td>Saint Kitts and Nevis</td>
<td>50,000</td>
<td>CARICOM</td>
</tr>
<tr>
<td>Turks &amp; Caicos Islands</td>
<td>32,200</td>
<td>CARICOM ASSOCIATE MEMBERS</td>
</tr>
<tr>
<td>British Virgin Islands</td>
<td>24,004</td>
<td>CARICOM ASSOCIATE MEMBERS</td>
</tr>
<tr>
<td>Anguila</td>
<td>13,477</td>
<td>CARICOM ASSOCIATE MEMBERS</td>
</tr>
<tr>
<td>Montserrat</td>
<td>4,681</td>
<td>CARICOM</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14,473,856</strong></td>
<td></td>
</tr>
</tbody>
</table>

The Trinidad & Tobago Context

• Collapse of CL Financial Group in 2009:

“has affected the GDP of Trinidad and Tobago to the extent of over 10 per cent, according to a recent study and I believe it may be more. And with respect to the Caribbean- over 17 per cent”

Minister of Finance, T&T, 2011
Role of the CCGI

outcomes: effective organizations + efficient markets

requires:
- trust
- appropriate systems

comes from:
- competence + values
- custom solutions

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

to benefit:
- ngo’s
- closely held companies
- listed companies
- state enterprises
- investors
About the CCGI

- incorporated in July 2012
- Operational since January 2013
- CEO appointed
- Today ~ 80 members from 5 Caribbean Countries

- Standards
  - T&T Corporate Governance Code 2013
  - Caribbean Unlisted Companies Corporate Governance Code 2014
- Capacity Building
  - With IFC Roundtables in T&T with Banks, Insurance Companies, Credit Unions in 2013
  - Assessment based Corporate Director Education from 2014
T&T Corporate Governance Code

Civil Society | Academia | Citizens | Corporations

Sponsors | Media

Chair Working Committee

Working Committee Members

Secretariat (CCGI)

Standard Setters & Regulators (TTSEC, TTCB) | Investors

Accountants (ICATT) | Auditors | GCGF/IFC | Intl Consultant (Richard Frederick) | ICGN Colleagues

Key Facts about the Code

➡️ “Apply or Explain”
➡️ Target: companies with “Public Accountability” (IASB)

➡️ Consistent with OECD CG Principles, and other important codes and best practices
➡️ ISAR both disclosure guidance both in pre-amble and in Appendix

➡️ Chair of Working Group:

Roger Hamel-Smith, Retired Justice of Appeal, Supreme Court of Trinidad & Tobago

➡️ 3 Partners & 12 diverse organizations part of Working Group
➡️ Wide consultation, 5 main drafts of the Code, so that:
  – Enhance Business Governance & Performance
  – Strengthen Transparency & Efficiency in Market
  – Improve Investment Culture
gap analysis of corporate governance disclosure requirements in 22 markets

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Jamaica & Barbados

• Following disclosure findings study on Jamaica ISAR-29
  – Work to prepare public release in Jamaica with
    • Private Sector Organization of Jamaica (PSOJ)
    • Institute of Chartered Accountants of Jamaica (ICAJ)
    • Jamaica Stock Exchange (JSE)

• Prepare disclosure findings study on Barbados ISAR-31
  – Work with Barbados Stock Exchange (BSE)
  – BSE released:
    • BSE Corporate Governance Recommendations Revised 2012
    • Expected to become applicable at beginning of 2014
Thank you

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