

CARIBBEAN CORPORATE GOVERNANCE FORUM (CCGF)

NEWS RELEASE

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New OECD Corporate Governance Principles Have Implications for Emerging Economies

The governments of the 30 OECD countries on April 22, 2004 approved a revised version of the OECD's Principles of Corporate Governance adding new recommendations for good practice in corporate behaviour with a view to rebuilding and maintaining public trust in companies and stock markets.

The revised Principles respond to a number of issues that have undermined the confidence of investors in company management in recent years. They call on governments to ensure genuinely effective regulatory frameworks and on companies themselves to be truly accountable. They advocate an increased awareness among institutional investors and an effective role for shareholders in executive compensation. They also urge strengthened transparency and disclosure to counter conflicts of interest.

The OECD Principles of Corporate Governance, first published in 1999, have been widely adopted as a benchmark both in OECD countries and elsewhere. They are used as one of 12 key standards by the Financial Stability Forum for ensuring international financial stability and by the World Bank in its work to improve corporate governance in emerging markets.

In 2002, OECD governments called for a review of the Principles to take account of developments in the corporate sector. The revised text is the product of a consultation process involving representatives of both OECD and non-OECD governments as well as of businesses and professional bodies, trade unions, civil society organisations and international standard-setting bodies.

Veronique Ingram from the Australian Treasury who chairs the OECD Steering Group on Corporate Governance, said: "The revised Principles emphasise the importance of a regulatory framework in corporate governance that promotes efficient markets, facilitates effective enforcement and clearly defines the responsibilities between different supervisory, regulatory and enforcement authorities. They also emphasise the need to ensure transparent lines of management responsibility within companies so as to make boards and management truly accountable."

The revised Corporate Governance Principles are available on the CCGF website at www.ecseonline.com/corporategovernance.asp or OECD web site at www.oecd.org/daf/corporate/principles.

The objectives of the CCGF are to raise the profile of corporate governance and promote healthy governance practices in the Caribbean region. The activities of the CCGF are implemented under the auspices of the Caribbean Technical Working Group (CTWG). The ECCB/ECSE corporate governance secretariat serves as the focal point for rollout of all CCGF activities.