

Press Release

New Corporate Governance Initiatives Announced at Latin American Corporate Governance Roundtable and Companies Circle Annual Meetings in Rio de Janeiro

Rio de Janeiro, October 22, 2010 -- The Latin American Corporate Governance Roundtable concluded with agreement to issue revised recommendations for Institutional Investors to strengthen their impact on corporate governance in the region, and to further develop comparative surveys and recommendations on three other key corporate governance priorities:

- Enhancing the effectiveness of boards of directors;
- Preventing abuse of privileged information/insider trading and related party transactions;
- Reviewing stock exchange initiatives to develop corporate governance indexes and ratings.

The Roundtable, a joint initiative of the Organisation for Economic Co-operation and Development, International Finance Corporation and the Global Corporate Governance Forum, convened representatives of policy-makers, regulators, stock exchanges, corporate governance institutes and private sector from 19 countries for its 11th annual meeting in Rio de Janeiro on October 21-22. Additional background on the Roundtable and its results is provided below.

The Roundtable's Companies Circle, a group of leading Latin American companies committed to supporting better corporate governance in the region, met back-to-back with the Roundtable on October 20th, and announced its most significant expansion since the Circle was established in 2005. Eight new companies have joined the Circle, expanding its coverage beyond the 12 current members from Brazil, Colombia, Mexico and Peru to also include Argentina and Costa Rica.

The newcomers are Grupo Los Grobo from Argentina; Algar, Bematech and BRF Brazil Foods from Brazil; Carvajal from Colombia; Florida Ice&Farm from Costa Rica; Banco Compartamos from Mexico; and Graña y Montero from Peru. Algar, Carvajal and Los Grobo represent a significant new constituency for the Circle, involving non-listed companies for the first time.

The Companies Circle also agreed on a new work program, establishing working groups to address best practices for board evaluation and for quality of information for decision-making at annual general meetings. The members elected a new Chair (Mariela Garcia de Fabri, CEO of Ferreyros), and Steering Group representatives from CPFL, Homex, Los Grobo and Ultrapar.

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Statement on 11th Roundtable meeting results

The Latin American Roundtable on Corporate Governance, convening representatives of policy-makers, regulators, stock exchanges, corporate governance institutes and private sector from 19 countries, held its 11th annual meeting in Rio de Janeiro on 21-22 October. Organized jointly by the OECD, IFC and Global Corporate Governance Forum with the support of the Government of Spain, the Roundtable was co-hosted this year by the Brazilian Securities Commission (CVM), the Brazilian Institute of Corporate Governance (IBGC), and the BM&FBOVESPA Stock Exchange. The Brazilian School of Public and Business Administration of the Getulio Vargas Foundation (FGV/EBAPE) was also a sponsor.

For the Roundtable meeting, key achievements included the following:

- **Addressing obstacles to corporate governance-related enforcement:** The Roundtable has embarked on a joint initiative with the Council of the Securities Regulators of the Americas (COSRA) to review and exchange experience on key issues for corporate governance-related enforcement, starting with a survey of how regulators deal with enforcement related to abuse of privileged information/insider trading. The Roundtable/COSRA task force reported on the preliminary conclusions of its work, and agreed to further develop the report to identify promising practices both for regulators and for other market actors that can help to combat such abuses. They also agreed to continue the initiative with a second survey to combat abusive related party transactions.
- **Launching of the White Paper on institutional investors and corporate governance:** The Roundtable considered a revised version of the **White Paper on Strengthening the Role of Institutional Investors in Latin American Corporate Governance**, and agreed on improvements to be incorporated before the White Paper is published and disseminated later this year. The Roundtable discussed recent advances to implement the White Paper in Brazil and Mexico and will promote further implementation.
- **Enhancing board effectiveness:** The Roundtable circulated a draft report featuring a mapping of laws, regulations, voluntary codes, listing requirements and current practices relevant to eight areas important for board effectiveness: board duties; handling of conflicts of interest; board selection and composition criteria; criteria for independence; board committees; separation of the Chair and CEO; board risk management; and board evaluation. Discussions focused particularly on board evaluation, and the Roundtable agreed to further develop best practices information and recommendations on these issues, with the support of a new Latin American Network of Corporate Governance Institutes, featuring representatives from 11 Latin and Central American countries.
- **How stock exchanges can impact on corporate governance:** The Roundtable considered recent stock exchange initiatives in Brazil, Ecuador and Peru to raise the level of corporate governance in these countries, and agreed to further develop analysis on the use of corporate governance indexes across the region.