



Corporate Governance & IR

***2010 IR Global Rankings
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Presentation outline

- 1 Corporate Governance is about communicating business strategy**
- 2 Investor Relations and shareholder communications as Board tasks**
- 3 The AGM is the central corporate governance and IR event for a listed company**
- 4 Take the initiative to implement corporate governance best practices**
- 5 Conclusion: a company's "culture" and its corporate governance are synonymous**



1. The real subject of corporate governance is business strategy & economic performance

Facilitating the convergence of Investor Relations and Corporate Governance

Investor Relations and Corporate Governance:
different histories and purposes

The Past:
Governance often viewed as a compliance exercise

The Financial Crisis:
Broad systemic failure has revealed that risk, governance,
investor responsibility & economic performance are
inextricably intertwined

Institutional Investors and Companies must Change

“comply or **explain**”

2. Investor Relations and shareholder communications from the Board of Directors

Barriers to the convergence of IR and CG are primarily behavioural and practical, not legal

Board tasks and needs:

- embrace transparency and do a better job explaining the strategic context of their policies & decisions
- demonstrate that they understand how the business work and explain how their governance and policies drive value creation
- have more information about shareholders
- find ways to communicate with shareholders.
- embrace the AGM and use it strategically
- *The need of IR input*
- *Management and Investor Relations must effect the convergence of IR and CG*

Fundamental differences between IR and CG:

1. Locus of Responsibility
2. Target Audience
3. Goals
4. Issues

3. The AGM is the central corporate governance and IR event for every listed company

Treat the Annual General Meeting as an IR event

- an opportunity to network, listen and understand shareholder concerns and expectations, conduct research on shareholder policies, achieve customized relationships with investors and all their advisors
- *it is the only moment in the year in which dialogue on these issues is possible!*

A basic framework to plan and conduct a successful Annual Meeting

- Analyze the company's shareholder base and assess its strategic implications
- Review governance "anomalies" and "red-flag" issues – analyze & submit alternatives to your Board
- Identify top institutional decision-makers and perform a governance Roadshow
- Prepare persuasive and transparent disclosure documents that align governance, strategic and performance goals
- Organize an effective vote gathering campaign
- Eliminate technical barriers to shareholder participation and voting
- Provide opportunities for shareholder dialogue during the campaign (and the AGM)
- Conduct a post-mortem and analyze AGM voting results
- Implement reasonable and useful suggestions received from shareholders

4. Take the initiative to implement corporate governance best practices

Be pragmatic – don't resist change

Substantial trends modify the landscape:

- Changing shareholder demographics
- Facilitation to cross-border voting: on-line voting, etc
- Institutional shareholders roles & responsibilities
- Pressure of regulators
- *Activists vs. Active investors*
- *Focus on managing concerns and expectations of shareholders (the sense of the vote)*

No one size fits all - overcome frustration

5. A company's "culture and its corporate governance are synonymous

“The best indicator of a company’s future performance is not its past performance but its culture.”

Herbert Allison (former CEO and Chairman of TIAA-CREF)





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