Uses of CG Scorecards: Private Standards

Investors Perspective: CG Scorecards as Rating Instruments

John Jarrett
Chief Executive
LT Governance Advisory
jjarrett@ltgovernance.com
CG Standards and Ratings

• Gompers\textsuperscript{1} study and many others show value of CG and ratings
• Ratings industry specific to Corporate Governance (along with ESG and Sustainability) evolved over the last decade
• Investors use as benchmark for determining where to undertake voting and engagement
• Investors have moved to incorporating into investment decisions
• UNPRI, Stewardship Code, etc helping drive incorporation of CG into investment

Comparative Tool

• Markets now benchmarking listed companies
• CG Scorecard can form basis of ratings or indexes for a market
• Can also create a market segment based on CG requirements
• Examples:
  – Novo Mercado (Brazil)
  – Corporate Governance Index (Malaysia)
• Raising standards also seen as positive for general investment into a market
Benefits for Markets

- Investors take into account in investing
- Particularly valuable for investing outside own market, especially in emerging and frontier markets
- Attractive to have reliable, transparent benchmark that ratings and the CG Scorecard provide to attract foreign capital
- Raising CG standards through the practical value of greater access to capital encourages improvement by listed companies
Questions?

Thank you

John Jarrett
Chief Executive
LT Governance Advisory
jjarrett@ltgovernance.com