GRUPO
BOLÍVAR

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LEGAL VICE-PRESIDENCY
CORPORATE GOVERNANCE MANAGEMENT

TRENDS IN INTERNATIONAL CORPORATE GOVERNANCE

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1. Introduction

This paper has as main purpose to identify the topics that are currently in the centre of analysis regarding Corporate Governance in the international context, and to ponder around the purpose and future prospects of business on Good Governance.

2. Regulation vs. Self-regulation

The global financial crisis experienced during years 2008 and 2009 brought along different questions about the future of free markets and the performance of the so-called invisible hand[1]. Thus, it has been discussed whether the self-regulatory nature of Corporate Governance has been adequate or, if on the contrary, a stronger oversight and regulation by the State is needed.

The economy based on free market has succeeded in ensuring a sustainable economic growth but situations like the above-mentioned financial crisis has produced spaces for considering it is important to make progress on a definition by the State of more clear rules regarding Corporate Governance.

Thus, a greater economic intervention by the State has been considered important, on such issues as asymmetric information[2], the administration of conflicts of interest and the improper risk valuation and exposure. The development of the above topics in practice has provided more tools to support the thesis that a more interventionist State is needed, that defines more stringent rules and verifies their fulfilment.

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[1] In Economics, the invisible hand is a metaphor that expresses the self-regulating capacity of the free market. It was an idea of Adam Smith, a Scottish political philosopher, in his Theory of the Moral Sentiments (1759) and became popular in his main work, The Wealth of Nations (1776).

[2] The asymmetric information occurs in a situation where market agents sharing the same characteristics (such as two investors) have different information on one same transaction or company, leading to a situation of price discrimination, harmful for an agent who may be paying more for the same product than the rest, or who may not be exercising the rights that correspond to his position due to a lack or deficiency in the information accessed. This asymmetric information leads the market economy to a socially inefficient macroeconomic result.

The State here is not acquiring, through regulation, a co-administration power of the Companies and other organizations that participate from the market, though the need has been suggested to adjust the institutional structure of the supervisory agencies, particularly those of the financial system, to adapt the model of intervention from the point of view of regulation and supervision, by incorporating more rigid rules of positive law.

The trend towards a greater economic intervention by the State in the free market, seeks to acknowledge it as guarantor of fair competition, involving it (without pretending to functionally substitute the market) in the direction of the economic system, in the setting of rules on business governance, risk exposure and transparency and in the capital mobilization to maintain market equilibrium.

3. Oversight Approaches

In recent years, international supervising and regulating bodies have argued that, it is in the nature of the financial entities to be permanently exposed to various risks which management is complex. Due to growing concern about financial stability, some of these bodies have made efforts to identify standards in matters related with the financial business covering, inter alia, principles on risk performance, capital adequacy and transparency of the financial reporting.

In response to this trend, institutions such as the Basel Committee on Banking Supervision[3] have been drawing guidelines for the various entities in the banking and insurance sectors to administer the risks that arise during their activities, which constitute true international standards that serve as benchmarks to regulators.

In this line of thought, the Committee on Banking Supervision, through "Basel II"[4] and "Basel III"[5] defined international standards to manage the specific risks of each financial entity and the systemic risks of an entire sector, highlighting, as an essential element in this activity, the tightening of rules relative to the exam made by the supervisor on risk exposure of the entities and the public disclosure of information, together with additional guidance in the areas of good

[3] The Basel Committee on Banking Supervision is a global organization created in 1975 by the Governors of the Central Banks of the eleven countries members of the Group of Ten (G-10), that gathers the banking oversight authorities, which duty is to strengthen the soundness of the financial systems.

[4] The purpose of Basel II, initially published in June, 2004, is the creation of an international standard that would serve as reference to banking regulators, in order to establish the capital requirements as needed to ensure protection of the entities from financial and operative risks.

[5] "Basel III" is a comprehensive set of reforms made by the Basel Committee on Banking Supervision to strengthen regulations, oversight and management of risks in the banking sector. These measures, which parameters were issued between July 2009 and September 2010, aim at improving the capacity of the banking sector to face disturbances caused by financial or economic stress of any type, improve risk management and good governance in banks and reinforce transparency and disclosure of bank information. Documents comprising Basel III are available at http://www.bis.org/list/basel3/index.htm

practices in assessment, stress testing, liquidity risk management, corporate governance and compensation policies.

Therefore, the existence and maintenance of an adequate risk oversight and administration system, both by oversight and financial entities, have increasingly gained strength as a fundamental pillar of a well governed company. Accordingly, in recent years it is no longer something optional but has progressively become mandatory, the fact that administrators and directors progressively assume more direct responsibility as major actors in the implementation of systems to identify, measure, evaluate and control risks to which Companies are exposed.

Furthermore, a need has been identified of having corporate governance systems to understand the risks to which a financial institution is subject, understanding that to the various risks to which an organization is exposed (market risk, credit, liquidity, operational, money laundering and terrorism financing among others) we must add, on cross-section basis, the problems arising from the absence of Corporate Governance, to the extent this situation leads to a change in the risk profile of a Company for not having adequate rules on the levels of liability of its officers or mechanisms of control and equilibrium of the governance bodies, as some major consequences.

4. Formalisation vs. Conviction

Another issue that has been subject of analysis is monitoring the implementation of corporate governance standards by the Companies and the consistency between measures formally adopted and their implementation and monitoring. In recent years large investments have been made in best Corporate Governance practices, but not in all cases the results were as expected, since the concept, although well-valued and standing, is truly functional only through proper implementation and appropriate monitoring.

Thus it has been proved, unfortunately not in few occasions that Corporate Governance measures are adopted as a legal requirement or a requisite to have a market share, the business reality being that no process of adequate measures is being adopted that efficiently impacts the activity of the governance bodies of the companies.

In the Colombian case, we find that rules contained in the Code of Commerce and Resolutions 275, 2001, 116, 2002 and 157, 2002 of the former Superintendence of Securities, today, the Financial Superintendence, and even the Country Code on Corporate Governance include minimum mandatory features, that led to the creation or promulgation of codes of good governance, particularly by issuers, also led to the existence of regulations within the companies that were limited to formalise the legal demands.

As already mentioned, notwithstanding the importance of having clear guidelines from the State we must keep in mind that the development of Corporate Governance requires an implementation process guided by a conviction in the same that permits not only the fulfilment of the regulatory requirements, but also the acknowledgment and performance of the company's and stakeholders' interests.

The process of incorporation of Corporate Governance measures cannot be limited then to an exclusively formal theme where legal minimums are recognized, but it must also depart from an acknowledgement of the will of businessmen, the Administration and Stakeholders that leads to practices within a Company that add value and from which principles and measures are built that are applied, cared for, disseminated and supervised. Thus, the implementation work of Corporate Governance practices requires consistency in the creation of a governability culture, based on a formation in business values.

The success or failure of the Corporate Governance Systems does not lie in having an extensive documentation. The key is to adequately land the Good Governance principles on the organizational structure and make them part of the daily performance of the Company. Thus, efforts need to be focused on designing a system that responds to the business environment and the Company's characteristics, Administrators, officers and Stakeholders. Only through the above, coherence is achieved between what is said and what is done.

5. The role of the Board of Directors

The Board of Directors is a neuralgic element for the Good Corporate Governance of companies. Being set up as accountable before shareholders, a Board of Directors with a composition, structure, functions, duties and rights correctly organized is crucial to the creation of business value*. Thus this body has the responsibility of setting the strategy in Good Governance matters that will guide the Company, as has been identified as the body in charge of the evolution of companies[6].

[6] In this context, the Unified Code of Corporate Governance of the Spanish companies establishes three basic responsiblities vested on the Board of Directors: to guide and promote the Company's policy (strategic responsibility), control the instances of performance (surveillance responsibility) and serve as a link with shareholders (communication responsibility). Unified Code of Corporate Governance of Listed companies. Spain. 2006. Page. 18.

Thus, the role of the Board of Directors results vital to the success and viability of the companies. *"The organizations that will be the most successful at work during the financial crisis and that will avail the opportunities when global economies recover, will be those having the adequate strategies in operation, as well as the resources and capacities to effectively execute them. A critical resource is a team of high quality leadership, which includes the board of directors"*[7].

The financial crisis has opened a stronger discussion which has always been in the agenda of discussions on Corporate Governance. In some events the Board of Directors have had little precaution in managing risk; the economic crisis has exposed Directors who did not perform sensitivity analysis for changes in the environment, or made sufficient analysis to get acquainted with the reality of businesses underway, thereby leaving at random decisions that required a careful study.

Therefore, to be carefully observed, a main lesson from bankruptcies and economic complications that since mid 2008 captured all the attention of the world economic systems, is the need to define a point of departure in the theme of commitment and specially, the supervisory role that needs to be assumed by the Board of Directors. The current situation demands greater dynamism by this corporate body, making it necessary to adopt features that express all its commitment with its duties of monitoring and supervision.

A comment made by Aldo Olcese, President of Societe Generale in Spain, Deutsche Telekom and Fire Wall investment bank shows the passivity with which the Board of Directors took the genesis of the mentioned crisis. When asked about some clues about the lessons of the short-run situation, in an interview for VEO TV he says "*What* is *truly dramatic is for the President of a large bank such as Lehman Brothers, in bankruptcy, and its administration council, when asked on how was it possible for them to have 250 times their own resources committed in risk credit investments, and the answer given was, they did not understand what happened.*

People think they are lying, but what is dramatic is the denial of the market economy, having an entire administration council to acknowledge they do not know what has occurred; because the financial products of third generation, the toxic assets, are sophisticated and a majority of the advisors do not understand them but authorizes them"[8].

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[7] Deloitte & Touche Ltda., Colombia. "*¿Sobrevivencia o exito? Alerta para directores: 10 temas para el 2010*". p 12.

[8] Interview with Aldo Olcese "The crisis has its origin in a bad corporate governance and lack of transparency" Published on December 04, 2008, by Jesus Martinez de Rioja. Expansion.com available in: http://www.expansion.com/2008/12/03/empresas/1228344125.html

In response to these elements, the need arises to redesign the Board of Directors as a governing body. An essential element has been to strengthen the fiduciary duties of the members of the Board: the duty of being diligent and loyal. In particular members of the board of Directors are required to act always with the necessary information and an adequate level of awareness of the situations and facts upon which to deliberate and decide.[9]

The role and duties to be developed by the Board of Directors have also become an element to be revised. Regarding these aspects the Basel Committee has stated:

"(…) The board should actively carry out its overall responsibility for the bank, including its business and risk strategy, organisation, financial soundness and governance. The board should also provide effective oversight of senior management.

To fulfil this responsibility, the board should:

- ✓ *Exercise sound objective judgment and have and maintain appropriate qualifications and competence, individually and collectively;*
- ✓ *Follow good governance practices for its own work as a board; and*
- ✓ *Be supported by competent, robust and independent risk and control functions, for which the board provides effective oversight"[10].*

"(…) The board has ultimate responsibility for the bank's business, risk strategy and financial soundness, as well as for how the bank organises and governs itself.

Accordingly, the board should:

- ✓ *Approve the overall business strategy of the bank, taking into account the bank's long-term financial interests and safety; and*

- ✓ *Approve and oversee the implementation of the bank's:*
  - *Overall risk strategy, including its risk tolerance/appetite;*
  - *Risk policy, risk management and internal control systems, including compliance policy; and*
  - *Corporate governance principles and corporate values, including a code of conduct or comparable document.*

In discharging these responsibilities, the board should take into account the legitimate interests of shareholders, depositors and other relevant stakeholders.

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[9] Principles of Corporate Governance of OCDE – 2004. Page 59.
[10] Committee of Basel "Principles for enhancing corporate governance" 15 June 2010. Page. 2. Available in: http://www.bis.org/publ/bcbs168.pdf

It should also ensure that the bank maintains an effective relationship with its supervisors"[11].

It can be seen that the supervising role of the Board of Directors has become essential in the development of better Corporate Governance practices. The definition of the policies that guide the company, in such matters as risk management and strategic planning, turns out to be the direct responsibility of this corporate body, for which its role is not limited to establish them, but entails an adequate surveillance and oversight of the activity that permits ensuring that the Company, through Senior Direction, complies with the guidelines provided and is channelled towards the fulfilment of the objectives set. This feature permits the identification by the Board of Directors of the drawbacks occurred while fulfilling the targets set out, and taking the corrective measures that permit the generation of value. At the same time, it must lead and supervise the establishment of policies to identify and manage the range of risks associated with the development of activities, mitigating the negative effects that may come about.

In this same line, attention has been drawn to the need that, departing from the Board of Directors of the Companies an applicable compensation system is defined for all officers, which is properly aligned with risk handling. Under this vision, the discussion at an international level is raised towards the way to use compensation, as an effective mechanism of control and aligning of incentives, an effective tool to obtain, at all levels, a prudent risk taking.

6. Committees of Support to the Board of Directors

The proper conduct of the duties of the Board of Directors requires the creation of specialized committees comprising some of its members in order to facilitate detailed and rigorous analysis of certain topics that, by their nature are of great importance to the entity. Such committees act as a filter and reinforce the objective analysis of the decisions that pertain to the Board of Directors.

"The strengthening, and particularly, the efficacy in developing the duties of the Council requires the establishment of specialized Commissions within it, in order to diversify the work and ensure that, in specified relevant matters which immediacy and importance do not require its direct remission to the full Council, the proposals and agreements of the same have first passed through a specialized organ that can filter and report their decisions, in order to reinforce the guarantees of objectivity and reflection of their agreements"[12].

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[11] Ibid. Page 7.

[12] Report of the Special Commission to promote transparency and safety in markets and listed companies –Spain, January 8, 2003. This Commission was in charge of producing a series of recommendations regarding Corporate Governance gathered in the "Olivencia" Code applicable to listed companies.

Repeatedly, the Organisation for Economic Cooperation and Development - OECD and other organisations acknowledged as prestigious for proposing practices of the Board of Directors, have promoted the convenience of the formation of the various Committees within this collegiate body. For example, the National Association of Corporate Directors - NACD and the Institute of Directors -*DoI* have developed training programs and formats of regulations for these Committees. The creation of this type of Committees has two main purposes:

(i) Search for a deep knowledge on technical and key aspects related with the company's management; and

(ii) Provide more independence when specific issues are delegated in commissions largely comprising independent individuals.

"These Commissions, generally comprising a majority of external members, must act as support, study, and at least, will have the capacity of informing and proposing to the Board on the subjects object of their competence and, eventually, decisions on specific matters may be thereto entrusted"[13].

The agenda of the Corporate Governance has currently been given a big role on this issue, gaining special strength after the financial crisis, where the need for space within the governing bodies became clear where information may be adequately studied and submitted to the Board of Directors on issues that may require detailed analysis for decision making.

Although in recent years the creation of these Committees of the Board of Directors have gained special relevance, whether due to their incorporation in the Bylaws, or through the Codes of Corporate Governance, the role they are playing and the way they have been implemented is being looked at more closely.

Generally, the first Committee to be formed is the Audit Committee. Likewise, we see how the market has led to the creation of other Committees supporting the Board: The Designation and Compensation Committee, the Corporate Governance Committee and the Risks Committee[14]. Research so far concluded with respect to listed companies have been left to the discretion of each company, the creation of these, or other Committees which are meant to improve the operation of the Board of Directors, save in the case of the Audit

[13] Corporacion Andina de Fomento. "Guidelines for an Andean Code of Corporate Governance". March, 2006. Page 54.
[14] In the Colombian case, the Financial Superintendence of Colombia, in a Conceptual Paper on Corporate Governance has spoken with respect to the existence of the Risk Committee as a practice of good governance.

Committee which is compulsory according to the various regulatory requirements[15].

Regarding the existence of Committees of Support to the Board of Directors, the Basel Committee has expressed that: "(...) *Among other specialised committees that have become increasingly common among banks are the following:*

- ✓ *Compensation committee - sets and oversees the compensation system's design and operation, and ensures that compensation is appropriate and consistent with the bank's culture, long-term business and risk strategy, performance and control environment (see Principles 10 and 11), as well as with any legal or regulatory requirements.*

- ✓ *Nominations/human resources/governance committee - provides recommendations to the board for new board members and members of senior management; may be involved in assessment of board and senior management effectiveness; may be involved in overseeing the bank's personnel or human resource policies.*

- ✓ *Ethics/compliance committee - focuses on ensuring that the bank has the appropriate means for promoting proper decision making and compliance with laws, regulations and internal rules; provides oversight of the compliance function"[16].*

It is important to note that the duties of the Committees comprise all the members of the Board of Directors, as while these bodies provide advice they do not replace the Board of Directors in decision-making, for which the latter body is responsible for determining the policies, regardless the position of its members and their roles in the various committees.

Despite the growing presence of these and other Committees within the Board of Directors, it is important to review the role they are performing, in order to determine if they are adding value to the performance of the Board of Directors thereby being able to evaluate its merits through a complete and clear image of its purpose, its duties and composition.

7. Administration of Conflicts of Interest

[15] It must be noted that, in the Colombian case, the Auditing Committee is mandatory, by legal obligation, for Companies subject to the surveillance of the Financial Superintendence of Colombia (External Circular Letter 38, 2009) and in the Companies issuer of Securities (Law 964, 2005).

[16] Basel Committee "Principles for Enhancing Corporate Governance" June 15, 2010. Page 12.

The ever present and growing need for the management of companies to have an independent, professional and ethical element which main objective is to protect the interests of the company, brings up another element, that although present in the agenda of Corporate Governance time ago, remains an issue in vogue. The need to ensure that people acting in the administration of a company operate free of conflict and with integrity remains an element that persists in dissertations and developments of Good Governance.

It is clear that conflicts of interest often arise and affect the ability to judge, for which they keep on raising some concern among businessmen, regulators and academics. The concern is centred in identifying the way they affect the corporate decision making and the criteria for disclosure and transparency of operations, for which the analysis is focused in observing the levels of professionalism and independence of the people facing the direction and management of a company, as well as the levels of interference from other Stakeholders in the behaviour of these managers.

The current discussion takes place in the field of the adequate dissemination and management. Business dynamics makes it imperative to be able to correctly know, regulate and manage a situation that is compromised by a possible conflict of interest, in such a way it may be assured that despite its existence, decisions and activities developed by the company and its administrators have invalidated any harmful effect or one which is contrary to the interests of the company, market and Stakeholders.

For this reason, supervisors, regulators as well as national and international agencies working in the field (OECD, IFC, World Bank), have promoted Companies to develop activities in the following areas:

i. To promote a culture among its managers and officers that permits them to identify recognise the elements that constitute a conflict of interest, and to identify how they should proceed when facing these situations.

ii. Formally establish mechanisms to address and administer the possible conflicts of interest that arise, endowing its officers and administrators with a formal procedure to enable them to alert the corresponding levels at the interior of the company of the existence of a situation permeated by possible conflicts of interest.

Accordingly, what is sought is that the conflict is recognised, approached, studies and managed with enough elements of judgment, and that the decision made is based on the authorizations as necessary, always guided towards the creation of value for the company and its Stakeholders.

8. Relations with related parties

Relations between related parties[17] are a normal feature of trade and business. Many entities carry out part of its activity through business with subordinated companies, collaboration agreements, joint ventures with related entities and/or agreements with shareholders. In such circumstances, the capacity exists to influence decision-making and the financial policy of a related party through the participation, control or subordination of one company over the other.

Relationships with related parties depart from the idea of structuring scale economies, reducing production costs, improving access to markets or perceiving larger benefits in terms of access to raw materials, among others, and in many cases are the basis for the existence of Business Groups. Related parties may conduct transactions that other parties, lacking a relationship, would not undergo. For example, an entity selling goods to its parent company at cost may not do so at this price if it were a third party.

However, relations with related parties also feature elements that trigger conflicts of interest, when these operations substantially affect the market, do not respond to decisions related to the corporate purpose of companies, or enclose additional interest that affect the transparency and benefits which the operation may represent. In this regard, the Financial Superintendence of Colombia has stated that *"In operations involving conflicts of interest, those with related persons have a prominent place, being one of the main mechanisms used by those having the control of the company at the expense of minority shareholders and creditors. A common strategy is the conduction of operations at prices different from those prevailing in the market, which favour the related party*[18].

For these reasons, knowledge of transactions between related parties, and above all, the disclosure of transparent and useful elements in these operations turn out really important in determining that the transfer of resources or obligations actually responds to needs proper of the intervening parties, and are not contrary to the sustainability and competitiveness of any of them.

Therefore, the discussion around the development of related operations has led to acknowledge the need for practices that promote transparency in these relations, thereby ensuring that the rights of the various Stakeholders are not affected. The establishment of controls and procedures that permit identifying

[17] The Manual of Conflicts of Interest and Use of Privileged Information of Grupo Bolívar S.A. identifies the following related parties: 1. The affiliates and subordinates of GRUPO BOLÍVAR S.A.; 2. The shareholders or beneficial owners 41 that own ten percent (10%) or more of the stock of GRUPO BOLÍVAR S.A.; 3. The legal entities where the Company is actual beneficiary of ten percent (10%) or more of the company's share; 4. The managers of GRUPO BOLÍVAR S.A. and the Companies comprising the Bolivar Business Group.

[18] Financial Superintendence of Colombia. *"Documento Conceptual de Gobierno Corporativo"* Version 2.0. August, 2010

and supervising these operations will be the standard to follow, suggesting to the Board of Directors as major player in the revision and authorization of operations: *"To facilitate control entities must design policies aiming at having any operation with related parties revised and approved within the Board of Directors"*[19].

9. Transparency, Fluidity and Integrity of the Information

Disclosure of information permits Stakeholders to exercise an effective control over the performance of managers and have knowledge of what occurs in the company. Adequate disclosure increases transparency in the operation of a Company, promoting informed decision-making and the proper exercise of the rights of shareholders and other Stakeholders.

Information is a key element to restrict or limit the negative effects and the distortions arising from asymmetric information. For this reason the timely availability of accurate, relevant, regular and reliable information is a guarantee for market agents, which positively affects the efficient behaviour of the latter and as a consequence increases investment and achieves economic growth.

As stated by OECD[20], a strong informative regime that promotes actual transparency, is a basic feature for the monitoring of a company in the market, and is essential for the ability of shareholders to exercise their property rights in a documented way and may also be a powerful tool to influence the behaviour of firms and protect investors.

As the Basel Committee says *"transparency is essential for a stable and effective corporate governance (…) the lack of transparency hinders proper monitoring of the administration council and senior direction by shareholders, other interested parties and market participants, as well as its proper accountability.*

(…) An adequate public disclosure facilitates market discipline, and thereby the good corporate governance, while reports to supervisors improve the capacity of the latter to effectively oversee banks soundness and security.

(…) The adequate public disclosure and supervising reporting of aspects relative to the corporate governance, in accordance with national legislation and supervisory practices, may help market participants and other interested parties to oversee the bank soundness and security"[21].

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[19] Ibidem.
[20] Op. Cit.
[21] Basel Committee on Banking Supervision. "*Improving Corporate governance in Banking Organizations*" February, 2006. Page 13.

Hence the debate from a perspective of the Corporate Governance reiterates the requirement of establishing (financial and non-financial) information systems and channels to ensure that information by the organization to the market and its associates, is enough (i.e., complete and relevant), reliable (that is accurate and objective) and timely (in other words available on time).

This covers the review of the legal information and company's standards, as well as economic and financial, the policies for the appointment of the bodies of control, the conditions of opportunity and characteristics of the information being disclosed and the attention in information to related parties, among the main.

10. Shareholders' Activism

Another trend that gains strength is the boom of shareholders' activism, a strategy where corporate organizations inform and mobilize shareholders of a particular company for these to influence their behaviour. As a result of the mentioned financial crisis a growing movement has risen of shareholders associations, that concentrate their efforts on acquiring means of protection and comprehensive information to investors, who have found in figures such as shares syndication (a mechanism which seeks shareholders' votes concentration, intended to channel decision power there from emanating, in a same direction), the way to exert some control and participation in companies.

However, the lack of interest and participation of investors in the boards and in the management of the company, added to a lack of identification of shareholders with their representatives has produced lack of confidence in these associations, which are blamed for "lack of professionalism"*; and in occasions they are accused of being a form of sustenance for those responsible, rather than a real tool for the protection of investors*"[22].

Although many factors concur and it is difficult to exactly estimate the impact of shareholders activism, the international trend to endorse its constant participation has allowed witnessing the improvement in the information supplied by the companies, as well as the pressure to set in operation the new policies of the Corporate Governance and risk management.

Likewise, an influence by shareholders is present in the development processes of the company towards the achievement of objectives of social and environmental nature, which has added to its agenda a concern for the sustainable development, succeeding in working diligently to achieve greater transparency, democracy and a corporate responsibility.

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[22] The Awakening of the Small Shareholder, April 4, 2005 in http://www.uts.es/node/view/44788

11. Sustainable Development

In addition to the discussions regarding the governance structures of the companies, on how to adequately control risks and achieve development of the economic goals, the discussion on the activities of the companies has also led to a concept: the sustainable development.

Sustainability, a concept that includes the principle of creating value for Stakeholders, covers the environmental, economic and social perspectives so as to build a concept of development understood as a process that is oriented towards sustainability of organizations, communities and society at large. Thus, business development is no longer seen as an isolated element and limited to the economic aspects, giving way to such aspects as social development and environmental protection.

The discussion revolves around how to encourage business management models that contribute to common welfare. Stakeholders are demanding companies to prove their sensitivity to their needs, and commit to a responsible exercise of their obligations and activities allowing their actions to produce common welfare.

Corporate Governance is called to act as a guiding element of these strategies, establishing a framework for the acting at the interior of the companies that allows them to define the lines or strategies of action to be followed in the performance of their objectives in parallel with the acknowledgement of their role at the interior of the company and the achievement of its commitments with its stakeholders.