

Corporate Governance Document and Information Request List for Financial Institutions

Incoming Monthly





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Document Request

To prepare a Corporate Governance Assessment (CGA), please provide the institution documents noted below, as applicable, in English. If requested documents are currently being developed, such as for greenfield operations or newly acquired operations, please provide draft or specimen versions.

- 1. Ownership Structure:** Chart setting out the shareholdings, holding companies, affiliates, and subsidiaries of the institution, indicating ultimate beneficial ownership and percentages held by each.
- 2. Governance Structure:** Chart setting out the governance structure of the institution, indicating the principle organs of the institution's governance and to whom each reports (including the state and its affiliates); shareholders' assembly or general meeting; board of directors; any board committees; senior management; internal audit; external audit; and principal management units.
- 3. Organic Documents:** Institution's charter/bylaws/statutes and other organic documents with amendments to date.
- 4. Corporate Governance Code, Code of Ethics, Conflict of Interest Policy, and other written policies, codes, or manuals** that set out the institution's approach to governance; roles of its governance bodies; responsibilities and composition of the board, including copies of policies or bylaws relating to the practices of the board of directors, charters/TORs (terms of reference) for board committees, and outline of current membership of committees established; disclosure and transparency practices; and treatment of minority shareholders.
- 5. ESG Policies:** Written environmental and social (E&S) policy or environmental, social, and governance (ESG) code addressing, at a minimum, compliance with E&S laws and regulations; external communication mechanism; integration of ESG in business activities; extent of board oversight of ESG issues.
- 6. Annual Report and Financial Statements:** Copies of the annual report and annual financial statements, quarterly statements, and auditor's opinions for the last three years.
- 7. Designated Officer Responsible for Corporate Governance Policies and Practices:** TORs/documents defining the person/body responsible for the corporate governance (CG) policy in the institution, such as the corporate secretary.
- 8. Current Board and Senior Management:** List of the current members of the board as well as senior management, with summary CVs indicating, at a minimum, the name; position(s) currently held in the institution; position(s) currently held in other companies; affiliations with the institution, management, and controlling shareholders, and other companies on which such persons sit as board members; age and qualifications; and shareholder agreements or provisions of institution's charter that specify which shareholders appoint directors. Indicate which directors are independent directors and provide the definition of an independent director used by the institution.
- 9. Board and Board Committee Policies:** The bylaws/charter for the board of directors and board committees, if any.
- 10. Board and Board Committee Procedures:** Annual calendar of board and board committee meetings and minutes of board meetings for the past year.
- 11. Management Policies:** The charter/bylaws on the CEO and bylaws on the management board, if any.
- 12. Non-Executive Director Remuneration and Executive Director Compensation:** Principles of non-executive remuneration and executive compensation received by directors and senior management for their services.
- 13. Employee Stock Ownership and Stock Options:** If the institution is listed, Descriptions (including approval processes, disclosure, and accounting treatment) of any employee stock ownership or stock options plans in place at the institution during the last five years; and amounts and value of securities of the institution distributed to executives and employees (and options exercised) pursuant to such plans.
- 14. Management Succession Plan:** (or outline of main principles on succession).
- 15. Internal Control, Internal Audit (Actuary/actuarial function for insurance companies), and Risk Management Policies:** Policies on internal control, internal audit (for example, an internal audit charter), and risk management; and TORs for the Chief of Internal Control, if applicable, and Chief Risk Officer (CRO). Also, include any separate policies on the integration of the Environmental and Social Management System (ESMS), approval criteria for E&S risks, and industry standards on E&S risk management adhered to (such as ISO14001 or other).¹ Risk Appetite Statement.
- 16. Compliance Program:** Details of the compliance program; compliance register; and TORs

¹ Note: If this is for an IS transaction, consult with the E&S specialist, who should make a similar request.

for the Chief Compliance Officer and Chief Ethics Officer, including the head of the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) compliance unit. Provide the institution's whistleblowing policy and procedures.

- 17. Management Letters from the external auditor for the past three years:** Information and results of any recent internal audit quality review that was conducted.
- 18. Tax Transparency Statement.**
- 19. Information Disclosure Policy.**
- 20. Shareholders Agreements:** Agreements, links, or other informal arrangements among all or some shareholders.
- 21. Shareholders Meetings:** Charter/bylaws on the shareholders' meetings; and summary of attendance and results of all shareholders' meetings (annual and extraordinary) for the past three years, including dates, type (annual and extraordinary), number of shares represented, number of shareholders represented, agenda items, and record of votes.
- 22. Policy on Related-Party Lending/Transactions** and list of transactions that required shareholder and/or board review and approval in the past three years.
- 23. Minority Shareholder Rights:** Timeline of major transactions and material events for the past five years (in particular, corporate acquisitions, mergers, restructurings, and sales or purchases of major assets, etc.) and a summary of such transactions in the past three years that have been subject to special review by the regulator or the exchange.
- 24. Dividend Policy:** The institution's formal policy on declaring and distributing dividends.

25. External Communication Mechanism: Policy, strategy, and procedures, describing external communication mechanism enabling external stakeholders to liaise with the institution; persons and operational team(s) accountable for stakeholder interaction, and their reporting line to management and board; and the relevant standards followed.²

26. Parent-Subsidiary Authorities/Agreements (if applicable): Any policies (if they exist) that define: a) the division of decision-making authorities between the parent institution and its subsidiaries; and/or b) any shared service agreements between the parent and subsidiaries (or other affiliated companies).

Information Request

Please provide the additional information noted below, as applicable, in English. If requested policies and procedures are currently being developed, please provide information on the institution's expected plans and timeline for implementation.

Commitment to Good Corporate Governance

- 1. Ownership and governance structure:** Are the everyday, practical governance of the institution and the exercise of ownership rights consistent with the formal documentation submitted? If not, how does the actual practice differ?
- 2. Institution corporate governance code:** What are the institution's procedures for monitoring its compliance with the institution corporate governance code and policies? Who in the institution is primarily responsible for ensuring that the institution complies with policies regarding corporate governance? Does the insti-

tion periodically disclose the extent to which it is complying with its corporate governance policies and procedures?

- 3. Country corporate governance code:** Are the board and the senior management familiar with the voluntary code of corporate governance for the country (if such code exists)? To what extent does the institution comply with the provisions of this code?
- 4. Code of ethics:** Are sanctions for non-compliance clearly specified? How are the institution's ethical precepts communicated to employees? Are there any training programs in place for staff? Does the institution have in place a formal implementation program for ensuring and systematically monitoring compliance with its code of ethics (e.g., dissemination, a regular training program, a "whistle-blower / hot line" system, etc.)? Who in the institution is primarily responsible for ensuring that the institution complies with its own code of ethics? How is compliance overseen and enforced? Does the institution disclose to its shareholders or other stakeholders, on a periodic basis, the extent to which it is complying with its code of ethics? If so, how? Is the institution a signatory of national and/or international initiatives to combat corruption (e.g., the Principles for Countering Bribery, voluntary industry-specific codes of practice)?

Structure and Functioning of the Board of Directors

- 1. Composition of the Board:** How is the composition of the board determined? Are there any shareholder agreements or provisions of the institution's charter that specify which shareholders nominate directors? Are there any informal understandings?

²Consult with assigned E&S specialist, who may have requested/obtained these documents.

2. **Agenda and minutes:** Is an agenda prepared and distributed in advance of board meetings? Are minutes prepared and approved after board meetings?
3. **“Independent” board members:** Who are the independent members of the board (independent of management and dominant shareholders) and how were they selected? What compensation do independent (and other) directors receive for their services? Do independent members tend to meet separately from other board members?
4. **Skill mix:** What sorts of business and other experience are represented on the board? What efforts are made to ensure an appropriate mix of skills and experience among board members? How many board members have an ESG background and/or expertise?
5. **The board and the management team:** If there are senior-manager members on the board, do they routinely attend board meetings? If so, does the board regularly hold “executive sessions” without the presence of management?
6. **Audit and other standing board committees:** Does the board have an audit committee or other standing committees, such as governance, finance, nomination and remuneration, conflicts of interest, risk? How are these committees established, who sits on them, and how do they function? Do the board committees have their own budget and can they acquire internal and external consultancy on issues under their scope of authority?
7. **ESG Oversight by Board:** Has a dedicated ESG committee of the board been established, and if so, what is the role and composition of the committee? Does the board formally approve ESG strategy and E&S policies adopted by the institution? Does the board ensure that man-

agement systems are in place to identify and manage E&S risks and impacts, and if so, how is this done? Does the board review independent audits of the effectiveness of the ESMS adopted by the institution? Describe the extent and frequency of training offered to the board on ESG risk issues (both for industry-specific and general risks). Do individual board members have sufficient experience in evaluating E&S issues? What is the frequency of inclusion of ESG issues on the board meeting agenda (over the past three years)?

8. **Board evaluation:** Does the board conduct self-evaluations or other reviews of its effectiveness? How are such reviews conducted and with whom are the results shared? Have any of the institution’s directors been the subject of a lawsuit for failure to comply with his/her fiduciary duties?
9. **Inspection committee:** Do the national company laws require the institution to have some form of inspection committee, such as a *conselho fiscal, sindico or commissaire*? If so, what has been the institution’s historical experience with its inspection committee? When was the inspection committee established? How often does it meet? What sorts of business and other experience are represented on it?
10. **Special requirements for financial institutions:** What special requirements, if any, for the structure, composition and functions of the Board are imposed on the institution pursuant to applicable financial sector legislation or regulation?
11. **The Board and critical financial institution policies:** What is understood as the role of the Board with respect to critical financial institution policies, functions and practices, outlined below? How do management officers, special

management committees (including credit committees) and operational departments of the institution relate to the Board with respect to each of these?

- Oversight of internal controls, external audit and preparation of financial statements;
- Credit policy and review of significant operations;
- Credit, market and operational risk management;
- Large exposures and exposure limits;
- Loan and credit classification;
- Loss reserves and provisions;
- Code of ethics and relations with depositors, customers, etc.;
- Oversight of the legal and regulatory compliance function; and
- Anti-money laundering and combating the financing of terrorism.

12. **The Board and regulatory compliance:** What is the Board’s role with respect to regulatory compliance and relations with the financial sector regulators, including, if applicable, any deposit insurance scheme? Does the Board have access to or receive reports about communications between the institution and the regulators, including periodic reporting, requests for information, investigations and enforcement actions?

Control Environment and Processes: Internal Control (IC), Internal Audit (IA), External Audit (EA), Compliance Function, Risk Management

1. **Regulatory frameworks:** What special requirements, if any, for the control environment and processes, are imposed on the institution pursuant to applicable financial sector legislation or regulation? Are there any additional industry, local or internation-

al legislation, regulations or standards with which the institution voluntarily complies? What departments within the institutions are responsible for compliance with the applicable (mandatory and voluntary) legislation, regulations or standards? How does the board exercise oversight over these compliance activities? Is the institution subject to inspection and audit by regulatory or supervisory bodies? In the last three years, has the institution been censured by any regulatory or supervisory body for any inadequacies in its control environment or processes?

2. **Internal Control System:** Describe how the institution's IC (operational, financial, and for the institution's highly automated systems) are developed and implemented. Are the existing controls documented and the documentation reviewed periodically? Do the board and management appropriately consider control issues when planning new strategies, activities, and products? Does the external auditor report on the adequacy of the institution's IC? Are there areas of IC deficiency reported repeatedly by the external auditors? Are the controls risk-based? Does the institution undertake self-assessments of IC?
3. **Internal Audit Function:** How often does the IA chief privately meet with the board and with the audit committee? Does IA have any operational responsibilities in addition to its audit role? Are the internal auditors rotated periodically to different areas of audit responsibility? Have IA staff reported any conflicts of interests, and if yes, how have these been handled? Are IA work plans and audits conducted in accordance with local or international standards? Does the board monitor management's response to deficiencies and weaknesses identified by the IA function? Are internal audits risk-based? Describe the (opera-

tional and financial) competencies and skills of the IA staff. Does the audit committee review the resources available to IA? What has been the turnover in the IA over the last three years? Does IA conduct IT audits? Has IA undergone a quality assessment within the last five years? Is IA or any of its work outsourced, and what is the institution's policy regarding the selection of IA service providers? Does the provider have any association with the external auditor and/or are there any other services provided to the institution?

4. **Risk management:** Who is responsible for developing and implementing the risk management system? Does the institution have a dedicated chief risk officer (CRO)? Does the CRO report directly to the board, or to the board's risk committees? How are the risks identified and risk appetite set? Does the board periodically review the risk management systems? What is the role of IA in relation to risk management? Do strategy and risk management include or fully integrate E&S issues and risks? Describe how are credit decisions made and any involvement of the board of directors.
5. **External audit:** What is the institution's policy for the selection of external auditors? What other services does the external auditor perform for the institution? How does the board ensure that the management takes appropriate measures to address deficiencies identified in Management Letters?
6. **Compliance Program:** Does the institution have a dedicated chief compliance officer (CCO)? To whom does the CCO/function report? What information does the institution provide to the shareholders regarding its compliance program and its results? How is the quality of and compliance with the code of ethics considered within the scope of the enterprise risk management system of the

institution? What best practices/framework is the compliance program based on? Does the compliance function maintain a compliance register? What type of compliance training does the compliance program deliver to employees? How is the AML/CFT compliance overseen and enforced? What has been the history of AML/CFT/compliance tracking and required regulatory disclosures?

7. **Special requirements for financial institutions:** Are there any special requirements that exist under applicable financial sector legislation or regulation with respect to ethics and anti-corruption policies and/or procedures? If so, please describe.

Transparency and Disclosure

1. **Regulatory reporting frameworks:** What special requirements, if any, for reporting, are imposed on the institution pursuant to applicable financial sector legislation or regulation? Are there any additional industry, local or international legislation, regulations or disclosure standards with which the institution voluntarily complies? What departments within the institutions are responsible for compliance with the applicable (mandatory and voluntary) legislation, regulations or standards? How does the board exercise oversight over these compliance activities? Are these reports subject to inspection and audit by regulatory or supervisory bodies?
2. **Review of Financial Statements:** Does the audit committee review audit adjustments proposed by the external auditors? Is the audit committee made aware of any changes made to accounting policies and their impact on the current financial statements? Does the audit committee review major accounting estimates and major assumptions made in the financial statements with the external auditors? Is the

audit committee briefed on planned changes to accounting and regulatory rules that may have an impact on the financial statements in the next two years, including any changes in International Financial Reporting Standards (IFRS) and/or International Standards on Auditing (ISA)?

3. **Shareholders agreements:** Are shareholders agreements with or among the controlling shareholders disclosed to all shareholders? Are shareholders agreements registered with the securities regulator?
4. **Disclosure of major transactions and material events:** What is the procedure for drafting and approving disclosure of major transactions and other material events? How has the institution complied with regulatory and exchange rules concerning disclosure of major transactions, including mergers and acquisitions?
5. **Regulatory and self-regulatory review:** What has been the institution's experience with review of its periodic disclosure by the securities regulator and the exchange? Has the regulator or the exchange ever required the institution to provide additional information or clarification in the annual report or other disclosure? On what elements of the institution's disclosure have the regulator and the exchange historically had the most comments? Has the institution ever been sanctioned or censured by the regulator or the exchange for any failure or delay in disclosing required information to the public?
6. **Nonfinancial Reporting:** Does the institution make meaningful periodic reports on its ESG data and performance, in line with minimum national reporting requirements (if any)? What ESG/sustainability reporting standards does the institution adhere to in addition to national requirements (for example, those set by GRI,

IIRC, SASB, or other organizations)? Is ESG information included in the institution's annual report? Are ESG data subject to an annual audit/evaluation by an independent provider? Are ESG reports subject to board-level review (if yes, how, and by what committee)?

7. **Adherence to Anti-Corruption Initiatives:** Is the Institution a signatory of national and/or international initiatives to combat corruption (e.g., the Principles for Countering Bribery, voluntary industry-specific codes of practice)?

Treatment of Minority Shareholders

1. **Shareholders meetings:** Who in the institution is responsible for calling, organizing, and reporting the results of annual and extraordinary shareholders meetings? How can shareholders add items to the agenda? Are shareholders consulted on major issues, such as executive compensation, and is shareholder approval required for compensation? How much notice is required? When is the agenda provided? When can shareholders add items to the agenda?
2. **Changes of control:** What would be the treatment of minority shareholders in the event of a change of control of the institution? Are there tag-along rights for minority shareholders that require the new controller to make an offer to purchase their shares at the same price and conditions? Is there any other requirement that the new controller make a tender offer concurrent with or following the change of control of the institution?
3. **Minority shareholder nomination of board members:** Are there any types of transactions or other events that require special voting procedures (such as supermajority approval by the shareholders, or majority vote of minority shareholders)? Is there any history of disputes

or legal action from any shareholders (if yes, describe)? Is there a program for engaging minority shareholders?

4. **History of shareholder relations:** What is the institution's history with respect to disputes with shareholders? What types of disputes have arisen? Has the regulator or the exchange ever conducted any investigation into the institution's treatment of shareholders? How have shareholder disputes been resolved?
5. **Differentiated classes of equity and quasi-equity securities:** Please outline the principal terms of, and differences in voting rights and cash flow rights between the institution's various classes of equity and quasi-equity securities.
6. **Special requirements for financial institutions:** What special requirements exist under applicable financial sector legislation or regulation with respect to the capital structure or share ownership of the institution? Are there any limits on ownership of voting shares by a single owner or group? Are there limitations on what types of legal persons or individuals may be shareholders or controlling shareholders?

Governance of Stakeholder Engagement

External Communication Mechanism: Describe the institution's external communication mechanism (ECM). Who or what department/unit is accountable for ECM, and what is their reporting line to management and the board? Is there a senior executive responsible (if so, who)? Does the institution (1) receive and register external communications from the public; (2) screen and assess the issues raised and determine how to address them; (3) provide, track, and document responses, if any; and (4) adjust its management systems, as appropriate Board Decision Making: Are stakeholder engagement activities and outcomes included in board decision making?

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