



## مركز المشروعات الدولية الخاصة

### ملحوظة

في حالة ظهور رموز غير مفهومة في النص الذي بين يديك يرجع هذا إلى خطأ في الطباعة وبيعادة طباعته بصورة سليمة يرجى زيارة الرابط الآن [www.cipe-arabia.org/pdfhelp.asp](http://www.cipe-arabia.org/pdfhelp.asp)

# IFC CORPORATE GOVERNANCE PROGRESSION MATRIX FOR BANKS AND FINANCIAL INSTITUTIONS

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ATTRIBUTES	LEVEL 1 <i>Acceptable CG Practices</i>	LEVEL 2 <i>Extra Steps to Ensure Good CG</i>	LEVEL 3 <i>Major Contribution to Improving CG nationally</i>	LEVEL 4 <i>Leadership</i>
<b>A. COMMITMENT TO CORPORATE GOVERNANCE</b>	<ul style="list-style-type: none"> <li>- The basic formalities of corporate governance are in place.</li> <li>- The Company has a written articulated set of policies or code of corporate governance addressing, at a minimum, the rights and treatment of Shareholders, the role of the Board of Directors, transparency and disclosure and business ethics.</li> </ul>	<ul style="list-style-type: none"> <li>- The Company has a designated officer responsible for ensuring compliance with the corporate governance code and policies of the Company, and for periodic review of such code and policies.</li> <li>- The Company periodically discloses to Shareholders its corporate governance code and practices and the extent to which such practices conform to voluntary codes of best practice in this country.</li> </ul>	<ul style="list-style-type: none"> <li>- The Company meets all applicable recommendations of the voluntary code of best practices of the country.</li> <li>- The Board has a Governance Committee.</li> </ul>	<ul style="list-style-type: none"> <li>- The Company is publicly recognized as a national leader and among the global leaders in corporate governance.</li> </ul>
<b>B. STRUCTURE AND FUNCTIONING OF THE BOARD OF DIRECTORS</b>	<ul style="list-style-type: none"> <li>- The Board of Directors meets regularly, and deliberates independently of the executive management of the Company.</li> <li>- Board members are provided with adequate information and sufficient time for analysis and deliberation to exercise their duties of oversight and development of company direction and strategy.</li> <li>- The Board includes a majority of Directors who are not executives of the Company or its affiliates.</li> <li>- The Board has an Audit and Compliance Committee with a majority of independent Directors that recommends the selection of external auditors to the Shareholders meeting, reviews and approves the reports of the external and internal auditors, is responsible for overseeing implementation of auditor recommendations and oversees the Company's regulatory compliance program.</li> <li>- The Board establishes, and reviews on a periodic basis, the Company's policies for what types of credit transactions must be approved at the manager, credit committee and full board levels (i.e. qualitative and quantitative thresholds).</li> </ul>	<ul style="list-style-type: none"> <li>- The Board includes two or more Directors independent of management and controlling Shareholders.</li> <li>- The Board has a risk management committee and the full Board receives annual reviews, with input from outside sources of expertise, of the Company's risk management (credit, market and operational risk) system.</li> <li>- The Company's has instituted special procedures for full Board review of all material credit transactions with officers, Directors and affiliates of the Company.</li> <li>- Board composition (competencies/skill mix) adequate to oversight duties. Annual evaluation conducted.</li> </ul>	<ul style="list-style-type: none"> <li>- The Board's Audit and Compliance and Risk Management Committees are composed <u>entirely</u> by Independent Directors.</li> <li>- The Company's Board is composed of a majority of independent Directors.</li> <li>- A committee of the Board composed <u>entirely</u> of independent Directors is required to approve all material transactions with affiliates of the controllers, Directors or management.</li> <li>- Other specialized committees of the Board exist to address special technical topics or potential conflicts of interest (i.e. nominations, compensation).</li> <li>- The Board is fully elected on an annual basis.</li> </ul>	<ul style="list-style-type: none"> <li>- The Company has an independent asset (or loan) review function reporting directly to the Board (or a committee of the Board) to ensure timely recognition and resolution of impaired assets.</li> </ul>
<b>C. TRANSPARENCY AND DISCLOSURE</b>	<ul style="list-style-type: none"> <li>- The Company's financial statements are prepared in accordance with an internationally recognized system of accounting and audited by a recognized independent auditing firm.</li> <li>- The Company's policies and practices with respect to reporting regulatory capital, portfolio quality and performance, anti-money laundering and all other matters of regulatory compliance meet all standards established by the corresponding national regulatory agency (ies).</li> <li>- The Company has in place an appropriate system of internal controls and internal auditing that regularly interfaces with the Company's compliance officer, its external auditors and the regulator and which is responsible to the Board of Directors.</li> <li>- The Company complies with all disclosure requirements under applicable law, regulations and listing rules (fair disclosure). Investors and financial analysts are treated equally regarding information disclosure.</li> </ul>	<ul style="list-style-type: none"> <li>- The Company's financial and regulatory accounting, reporting and disclosure policies and practices go beyond national legal and regulatory requirements to incorporate significant elements of international best practices for financial institutions.</li> </ul>	<ul style="list-style-type: none"> <li>- The Company's financial and non-financial reporting and disclosure practices are in accordance with <u>highest international standards</u>.</li> <li>- All Disclosure and communications with Shareholders and the general public are made available on the internet in a timely fashion.</li> </ul>	

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<p><b>D. TREATMENT OF MINORITY SHAREHOLDERS</b></p>	<ul style="list-style-type: none"> <li>- Minority Shareholders are provided with adequate notice and agenda of all Shareholders meetings and permitted to participate and vote at Shareholders meetings.</li> <li>- The Company treats all Shareholders of the same class equally with respect to voting rights, subscription rights and transfer rights.</li> <li>- All securities holders are treated equally regarding information disclosure (fair disclosure).</li> <li>- Shareholders are provided with accurate and timely information regarding the number of shares of all classes held by controllers and affiliates (ownership concentration).</li> </ul>	<ul style="list-style-type: none"> <li>- Effective representation of minority Shareholders is provided by cumulative voting or similar mechanisms.</li> <li>- The company has clearly articulated and enforceable policies with respect to treatment of minority Shareholders in changes of control.</li> <li>- The Company has a well understood policy and practice of full and timely disclosure to Shareholders of all material transactions with affiliates of the controlling Shareholders, Directors or management (conflicts of interest) and complete, timely and accurate disclosure is made of all material shareholder agreements among controllers.</li> <li>- The Company's annual report discloses the principal risks to minority Shareholders associated with the identity of the Company's controlling Shareholders, the degree of ownership concentration, cross-holdings among company affiliates and any imbalances between the controller's voting power and overall equity position in the Company.</li> </ul>	<ul style="list-style-type: none"> <li>- The Company has in place effective shareholder voting mechanisms (which may include super-majority requirements or "majority of minority" provisions) to protect minority Shareholders against unfairly prejudiced actions of controllers when ownership is especially concentrated or controlling Shareholders may have strong conflicts of interest.</li> </ul>	<ul style="list-style-type: none"> <li>- The Company's history of equitable treatment of Shareholders evidences consistent conformance with international market expectations.</li> </ul>
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[ML January 30, 2003]