

IFC CORPORATE GOVERNANCE PROGRESSION MATRIX FOR LISTED COMPANIES

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>
A. COMMITMENT TO CORPORATE GOVERNANCE	<ul style="list-style-type: none"> - The basic formalities of <u>corporate governance</u> are in place. - The company has a written articulated set of policies or <u>corporate governance code</u> addressing, at a minimum, the rights and treatment of shareholders, the role of the board, and transparency and disclosure. - The company has a written <u>code of ethics</u>, approved by the board. 	<ul style="list-style-type: none"> - The company has a designated officer responsible for ensuring compliance with the company's corporate governance policies and code and also a compliance officer for its <u>code of ethics</u>. - The company periodically discloses to shareholders its <u>corporate governance code</u> and practices, and the extent to which such practices conform to the country's voluntary code of best practices. 	<ul style="list-style-type: none"> - The company meets all applicable recommendations of the country's voluntary code of best practices. - The board has a <u>corporate governance committee</u>. 	<ul style="list-style-type: none"> - The company is publicly recognized as a national leader and among the global leaders in <u>corporate governance</u>.
B. STRUCTURE AND FUNCTIONING OF THE BOARD OF DIRECTORS	<ul style="list-style-type: none"> - The board meets regularly, and deliberates independently of executive management. - Board members are given sufficient time and information for analysis and deliberation so they can exercise their duties of oversight and developing company direction and strategy. - The board includes <u>directors</u> who are neither executives of the company and its affiliates, nor a <u>controlling shareholder</u>. 	<ul style="list-style-type: none"> - Two or more board members are independent of management and <u>controlling shareholders</u>. - The board has an <u>audit committee</u> with a majority of <u>independent directors</u>. - Board composition (competencies/skill mix) adequate for its oversight duties. Annual <u>board and director evaluation</u> conducted. 	<ul style="list-style-type: none"> - The <u>audit committee</u> is composed <i>entirely</i> of <u>independent directors</u>. - A board committee composed <i>entirely</i> of <u>independent directors</u> is required to approve all material transactions with affiliates of the <u>controlling shareholders, directors</u> or management. - Other board specialized committees address special technical topics or potential <u>conflicts of interest</u> (e.g., nominations, compensation, risk). - The board is fully elected on an annual basis. 	<ul style="list-style-type: none"> - The company's board is composed of a majority of <u>independent directors</u>.
C. CONTROL ENVIRONMENT AND PROCESSES	<ul style="list-style-type: none"> - The company has in place an appropriate system of <u>internal controls</u> and <u>internal audit</u> that regularly interfaces with the external auditors and is accountable to the board. 	<ul style="list-style-type: none"> - The company's financial statements are audited in accordance with <i>International Standards on Auditing</i>. - The board monitors the company's <u>risk management</u> and compliance policies and procedures. 	<ul style="list-style-type: none"> - The company has a comprehensive compliance program that is annually reviewed. 	<ul style="list-style-type: none"> - <u>Internal controls, internal audit</u> and external audit practices are in accordance with <i>highest international standards</i>.

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<p>D. TRANSPARENCY AND DISCLOSURE</p>	<ul style="list-style-type: none"> - Financial statements are prepared in accordance with an internationally recognized system of accounting, and audited by a <u>recognized independent external auditing firm</u>. - The company complies with all disclosure requirements under applicable laws, regulations and listing rules (fair disclosure). Investors and financial analysts are treated equally regarding information disclosure. 	<ul style="list-style-type: none"> - The company publishes meaningful quarterly reports, containing segment reporting as well as results per share. Its practices go beyond local listing requirements. - The company prepares and presents all financial statements and reporting in accordance with IFRS or U.S. GAAP. 	<ul style="list-style-type: none"> - The company discloses its <u>code of ethics</u>, the main provisions of its <u>implementation program</u> and the degree of compliance experienced in its <u>annual report</u>. - All disclosure and communications with shareholders are made available on the Internet in a timely fashion. 	<ul style="list-style-type: none"> - Financial and <u>non-financial</u> disclosure practices are in accordance with <i>highest international standards</i>.
<p>E. TREATMENT OF MINORITY SHAREHOLDERS</p>	<ul style="list-style-type: none"> - Minority shareholders are provided with adequate notice and an agenda of all shareholders' meetings; and are permitted to participate and vote at shareholders' meetings. - All shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights. - Holders of all securities of the same type and class are treated equally with respect to information disclosure (fair disclosure). - Shareholders are provided with accurate and timely information regarding the number of shares of all classes held by <u>controlling shareholders</u> and their affiliates (ownership concentration). 	<ul style="list-style-type: none"> - Effective representation of minority shareholders is provided by <u>cumulative voting</u> or similar mechanisms. - The company has clearly articulated and enforceable policies with respect to treatment of minority shareholders in <u>changes of control</u>. - The company has a well understood policy and practice of full and timely disclosure to shareholders of all material transactions with affiliates of the <u>controlling shareholders</u>, <u>directors</u> or management (conflicts of interest); and complete, timely and accurate disclosure is made of all material shareholder agreements. - The <u>annual report</u> 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 <u>controlling shareholders'</u> voting power and overall equity position in the company. 	<ul style="list-style-type: none"> - The company has effective shareholder voting mechanisms in place to protect minority shareholders against unfairly prejudiced actions of <u>controlling shareholders</u> when ownership is especially concentrated or <u>controlling shareholders</u> may have strong conflicts of interest (e.g., super-majority or "majority of minority" provisions). 	<ul style="list-style-type: none"> - The company's history of equitable treatment of shareholders demonstrates consistent conformance with international market expectations.