



IFC's Corporate Governance Performance Indicators for Capital Markets Financial Institutions (FIs)





Level of Impact on Performance: ● High | ● Medium | ● Low

Performance Indicator		Performance Metric
 A: Commitment to ESG (Leadership and Culture)		
1. Corporate Governance Code	●	Company has a Corporate Governance Code.
2. Code of Ethics or Conduct	●	Company has a Code of Ethics or Conduct.
3. Corporate Governance Officer	●	There is a designated officer/body responsible for overseeing Corporate Governance policies and practices.
 B: Structure & Functioning of the Board of Directors		
4. Board Independence	●	At least 33% of independent directors meet an adequate level of independence. See the IFC Indicative Independent Director Definition as an example. *
5. Board Diversity	●	There are at least 25% of women (non-promoter/sponsor) on the Board.
6. Diversity in Senior Management	●	There are at least 25% of women in C-Suite positions or in Senior Management.
7. Audit Committee	●	The Board level Audit Committee is comprised of financially literate members all of which are non-executive directors and at least one member is independent. **
8. Role and Responsibilities	●	The Board approves both the strategy and key policies. ***

* See [IFC Indicative Independent Director Definition](#).

** Financially literate means the ability to read and understand financial statements. Financial expertise means experience as a preparer or auditor of financial statements (CFO, Chief Accountant, CPA, CA) and/or internal auditor and/or Certified Financial Analyst (CFA).

*** The board approves the risk appetite, strategy and key policies including but not limited to: the Internal Audit Charter, Risk Management Charter, Compliance, Sustainability Policy, Stakeholder Engagement Policy, Disclosure Policy, Corporate Governance Code, Code of Ethics/Conduct, Auditor Rotation Policy, Related Party Transactions Policy, etc.

Performance Indicator		Performance Metric
 C: Control Environment (Internal Control System, Internal Audit Function, Risk Governance and Compliance)		
9. Internal Audit	●	The Internal Audit function has its own charter or by-law establishing its role, responsibilities and reporting lines.
10. Risk Governance	●	The Chief Risk Officer (CRO) has access to the Board and reports to the Board/ Risk Committee.
11. Compliance	●	The Chief Compliance Officer (CCO) reports to the Audit Committee.
12. Fraud and Corruption	●	There are public controversies, including legal actions associated with fraud, corruption, money laundering involving the Company or its representatives.
 D: Disclosure and Transparency		
13. Annual Report	●	The annual report or the sustainability report includes ESG information. *
14. Risk Disclosure	●	The annual report includes descriptions of risk and risk appetite.
 E: Treatment of Minority Shareholders		
15. Equal Voting	●	All shareholders of the same class have equal: (1) voting; (2) subscription; and (3) transfer rights.
16. Ownership Disclosure	●	Ultimate beneficial ownership is disclosed publicly.
17. Related Party Transactions	●	There is a Related Party Transaction Policy.
18. Dividend Policy	●	Dividend Policy is publicly disclosed.
19. Executive Compensation	●	Executive compensation is subject to shareholder consultation and approval.
 F: Governance of Stakeholder Engagement		
20. Governance of Stakeholder Engagement	●	There is a Stakeholder Engagement Policy approved by the Board.

* For example, one of the Group of Five sustainability reporting standard setting frameworks. The Group of Five" consists of CDP, Climate Disclosure Standards Board (CDSB), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC) and Sustainability Accounting Standards Board (SASB).

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