

CG Updates

Newsletter produced by
IFC's Corporate Governance Group

Feature



Switzerland: IFC and UN Partnership Enhances ESG Disclosure and Transparency in Emerging Markets

IFC and the United Nations Sustainable Stock Exchanges Initiative (SSE) are teaming up with an initiative aimed at strengthening ESG disclosure and reporting requirements for companies in emerging markets—and supporting stock exchanges in these countries as they look to upgrade these requirements. Better disclosure and transparency leads to better business and matches sustainable companies with responsible investors. The overall goal is to help build investor trust, attract capital, and grow strong local capital markets. [Feature story](#) | [Press release](#) | [Disclosure and Transparency toolkit](#)

News

GLOBAL

Turkey: Preparing Family Business Leaders

Istanbul, November 21–22, 2018—A new program developed by IFC, in partnership with Argüden Governance Academy, is educating board directors and senior executives of Turkey's family companies about the importance of corporate governance and environmental and social sustainability. With content based on IFC's SME Corporate Governance Methodology, the program is designed to give private sector leaders the tools to advocate for better governance within their own companies. The event attracted 30 board members and top executives from influential Turkish family companies. [Read more](#)

IFC's Corporate Governance Program

In Numbers

\$11 BILLION
in financing
facilitated due
to improved CG
practices

1,600+
firms reached
and 1300+
firms reporting
improved CG
practices

35
DFIs have
adopted the CG
Development
Framework

133
laws, regulations
and codes adopted

98
partner
intermediaries now
promote CG and
provide CG training
and other services

About IFC

IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. Working with 2,000 businesses worldwide, we use our six decades of experience to create opportunity where it's needed most. In FY16, our long-term investments in developing countries rose to nearly \$19 billion, leveraging our capital, expertise and influence to help the private sector end extreme poverty and boost shared prosperity.

Kenya: At Pan-African Conference, Understanding Integrated Reporting

Nairobi, October 9, 2018—A conference on integrated reporting jointly hosted by IFC and the World Bank attracted 110 delegates from 13 countries in the region. Other conference hosts included the World Bank-founded Africa Integrated Reporting Council and the Pan-African Federation of Accountants. Sessions focused on the practicalities of integrated reporting and helping attendees understand more about its value, how to implement it, and where to seek guidance and resources. Participants also learned more about IFC's [Disclosure and Transparency toolkit](#).

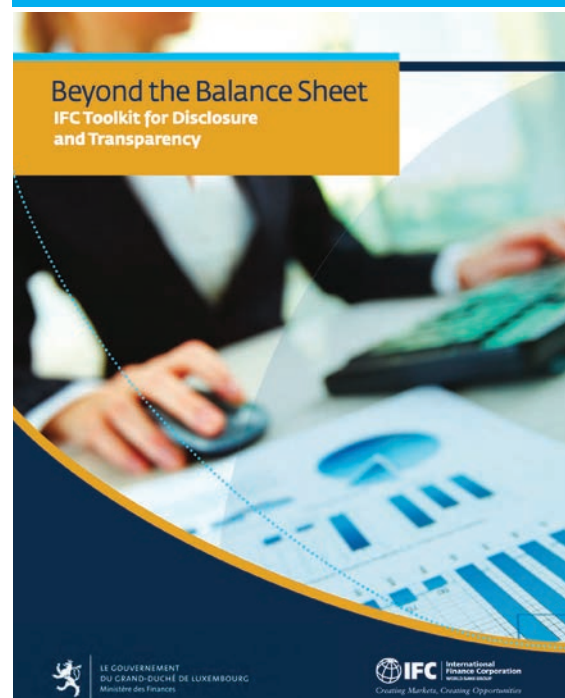
Qatar: Event-filled Conference Features Launch of Corporate Governance Code for Listed Companies

Doha, October 2–4, 2018—At an October 2018 conference, the Qatar Financial Markets Authority introduced its first-ever corporate governance code, which will require listed companies and legal entities to upgrade their business processes. Among the changes for companies: adopting clear business strategies, establishing risk departments, appointing independent board directors, and enhancing disclosure and transparency. The event, part of World Investors Week sponsored by the International Organization of Securities Commissions, featured presentations by IFC experts on its [Disclosure and Transparency toolkit](#) and [Corporate Governance Methodology](#). Going forward, the markets authority is considering the creation of a corporate governance scorecard based on IFC's model scorecard, to assess code implementation progress.

EAST ASIA AND THE PACIFIC

Myanmar: Transforming Microfinance Providers: Corporate Governance Challenges and Opportunities

Nay Pyi Taw, December 14, 2018—At the annual general assembly of the Myanmar Microfinance Association, attendees learned more about corporate governance challenges and opportunities for microfinance providers. The session, led by the IFC corporate governance team, featured a presentation on a corporate governance handbook for microfinance institutions that is currently in draft form. The handbook, envisioned as a practical resource guide for such institutions in Myanmar, will be published in the local language as well as in English.



Vietnam: Sustaining Vietnam's Growth through Good Governance

Ho Chi Minh City, December 7, 2018—Vietnam is an economic success story—moving from a lower-income nation to a middle-income country within the space of just a few decades. Now, the nation is focused on sustaining this growth. A corporate governance forum jointly hosted by the Vietnam Corporate Governance Initiative and Vietnam Institute of Directors drew more than 100 key market and industry decision makers, all looking to understand more about the connection between good governance, individual company performance, and overall economic growth. Supported by IFC, the Japanese and Swiss governments, along with the Ho Chi Minh City and Hanoi stock exchanges and the State Securities Commission of Vietnam, the Forum provided an opportunity for interaction and knowledge exchange among board directors, CEOs, senior executives of listed companies, regulators, investors, and the business media.

The forum, called “Governing for Sustainability,” was the latest initiative in VIOD’s ongoing effort to improve board professionalism in Vietnam, as part of an overall emphasis on enhanced corporate governance in connection with company sustainable growth.

China: Strengthening Commercial Bank Governance

Suzhou, October 17–19, 2018—The need for sound governance of banks in China has become stronger. 2018 was regarded as “Corporate Governance Year” for Chinese commercial banks as the Chinese banking regulator, China Banking Regulatory Commission, announced that it is focusing on enhancing the bank governance practices in 2018. An indication of the banking sector’s interest in the topic was the strong attendance at a recent corporate governance training provided by IFC expert. One hundred and fourteen executives representing 90 commercial banks across 30 Chinese provinces and cities attended the program, hosted by the China Banking Association. Session focused on actionable information and ways banks could improve their corporate governance and contribute to sustainable development by emphasizing good corporate governance practices for their commercial banking customers.

EUROPE AND CENTRAL ASIA

Kazakhstan: Roundtable Highlights Value of Women on Boards and in Business Leadership

Almaty, November 29, 2018—A panel discussion jointly hosted by IFC and Governance & Management Consulting, LLP highlighted the importance of accelerating the pace of change and increasing the number of women



in Kazakhstan's business leadership. The event drew strong representation from corporate executives and board directors alike. After a lively discussion and robust give-and-take, the group agreed to take several important collective actions, including launching a women's leadership training program and a "HiPo Women's Club"—a network for high-potential professional women. They seek to enter into cooperation agreement with international organizations to assist with improving gender balance in Kazakhstan's workplaces and increase the number of women on boards. In addition, the group created an action plan to raise awareness about the value of women in business leadership, including plans for research and consultation with government bodies and other stakeholders.

Netherlands: Educating International Law Students on the Role of Corporate Governance in Europe and Central Asia

Tilburg, November 15, 2018—Using role plays, real-world case studies, and highly interactive materials, IFC's Europe and Central Asia corporate governance experts detailed the specific governance challenges and opportunities in the region to a group of 60 eager and engaged students in the International Business Law program of the Netherlands' Tilburg University. Of particular interest to the students: the role of corporate governance in IFC's investment decision making.

Georgia: For Business Leaders, Questions Answered on Global Governance Trends

Tbilisi, October 23, 2018—Against the backdrop of a December 2019 deadline to comply with newly tightened corporate governance standards, top representatives of Georgia's commercial banks gathered with other business leaders, along with regulators, academics and interested members of the public to learn more about the positive impacts of good corporate governance, including better credit ratings and improved funding terms. With a keynote from the chairman of the National Bank of Georgia—the nation's central bank—the event drew more than 150 participants. An IFC presentation emphasized the increasingly important role environmental, social, and governance standards are playing in capital markets development in the region—and in IFC's own investments throughout Europe and Central Asia. Other sessions explored in detail the new corporate governance requirements taking effect in the coming year.

Serbia: Roadmap to Improve Environmental, Social, and Governance Standards

Belgrade, October 2, 2018—As part of an ongoing and broad-based effort to enhance Serbia's environmental, social, and governance standards, IFC cohosted an investment and networking session focused on the importance of ESG in investment decisions. Attracting investment professionals from

Press Releases

Iraq

IFC Helps Boost Iraq Trade Sector; Strengthen Corporate Governance in Banks

Iraq

IFC Launches National Institute of Directors in Baghdad to Boost Transparency, Help Attract Investment

Switzerland

IFC, U.N. Team Up to Strengthen ESG Disclosure by Listed Companies across Emerging Markets

IFC SUSTAINABILITY WEBINAR



Women in Business Leadership: A Boost to ESG and the Triple Bottom Line

Read the **report**

throughout Serbia and the region, the event had several overarching goals: creating a roadmap for improving ESG risk assessments by investors and starting a conversation on the kinds of changes to the regulatory environment that would be needed to achieve market improvements and level the playing field. Other sponsors included local consulting firm WM Equity Partners, which has long partnered with IFC to provide corporate governance support to local institutions, along with the Serbian Association of Investment Professionals, and the Serbian chapter of the CFA Institute—a global association of chartered financial analysts.

LATIN AMERICA AND THE CARIBBEAN

Brazil: Post-Lava Jato, Focus on Corporate Governance for Boards of State-Owned Companies

São Paulo, December 4-8, 2018—In the wake of the Lava Jato scandals that have embroiled a number of companies in Brazil, improved corporate governance for private companies and state-owned enterprises has taken on heightened importance throughout the region. With interest growing on the topic, IFC and key Latin American partner Instituto Brasileiro de Governança Corporativa organized and delivered IFC's flagship corporate governance training program for 24 directors of Latin American state-owned enterprises. The five-day, intensive program addressed critical corporate governance issues unique to SOEs: the role of the state in the SOE; managing conflicts; integrity and compliance; the roles, responsibilities, and duties of an SOE director; and control, finance and audit, and transparency. Other topics covered included general challenges for board directors, such as the growing influence of blockchain technologies, artificial intelligence, and social media. The group also explored board composition and the importance of board diversity. The sessions represented a first-time delivery for directors from Spanish-speaking Latin American countries, building on a similar program offered by IBGC for Brazil's SOE directors that has run for about three years, with IFC and World Bank support. A key takeaway from the program: that SOE board directors have an important role to play as leaders in corporate governance in their countries, helping their enterprises set a high standard for state-owned entities and the private sector as well.

Colombia: Tailoring Corporate Governance to Needs of Infrastructure Companies

Bogota, December 4-5, 2018—In Colombia's key infrastructure sector, 70 percent of companies lack a related-parties transaction policy—an astonishing figure given that such common transactions often cause



significant anxiety for infrastructure companies. But many firms lack the knowledge to develop corporate governance systems that can address such issues. For this reason, IFC developed a corporate governance training program customized for infrastructure firms, with a focus on key topics such as principles of corporate governance for infrastructure companies, shareholder and board practices, succession planning, and disclosure. At a recent workshop in Bogota built around this content, owners, directors and managers of Colombian infrastructure companies, came together to learn more about general corporate governance, as well as specifics unique to their sector. Co-hosted by IFC and local partner Camara Colombiana de la Infraestructura, the two-day program included individualized, one-on-one sessions with corporate governance experts, so participants could seek guidance on developing tailored governance policies that addressed their specific needs. Attendees—including representatives from airports, road construction and engineering companies, and others—also explored the local corporate governance environment in the context of globally accepted standards. A second workshop is slated for February 2019.

Peru: Raising the Bar for Peruvian Companies: Integrating ESG into Investment Due Diligence

Lima, November 8, 2018—Since its creation in 2016, Peru's Programa de Inversión Responsable, an association of financial institutions dedicated to promoting responsible and sustainable investment, has made inroads into the country's investment culture, elevating sustainability standards and spreading awareness on the importance of responsible investing. Now, the organization is raising the bar once again. In November, the association released its newly adopted environmental, social, and governance matrix, developed in partnership with IFC. The launch event, co-hosted by Bloomberg, highlighted the importance of integrating good ESG practices into company and market culture as a way to create a competitive and attractive business environment. The program, entitled "Convincing the Skeptics: Responsible Investment is Profitable," also explored investment decision processes and use of the new ESG matrix.

MIDDLE EAST AND NORTH AFRICA

Egypt: Ready for IPO: IFC Clients Explore Listing Requirements and Governance Fundamentals

Cairo, December 2018—Companies in growth mode often turn to an initial public offering of shares in their stock as a means to generate the capital they need. But in Egypt—as in other counties around the world—listing on a stock exchange comes with regulatory requirements, including adherence to certain corporate governance standards. At a seminar co-hosted by IFC

Quick Access to IFC CG Topic Pages and Fact Sheets

Board Leadership Training
www.ifc.org/cgboardleadership

Building Corporate Governance
Institutes
ifc.org/cgioid

Corporate Governance Codes
and Scorecards
ifc.org/cgcodes
- Fact Sheet

Corporate Governance
Development Framework
ifc.org/cgdevelopmentframework
- Fact Sheet

Corporate Secretaries
www.ifc.org/cgcorpsec

Disclosure and Transparency
- Fact Sheet

Family Business Governance
ifc.org/cgfamilybusinessgovernance

Fragile and Conflict-Affected
Situations
ifc.org/cgfcfs
- Fact Sheet

Microfinance Institutions
www.ifc.org/cgmf
- Fact Sheet

Resolving Corporate Governance
Disputes
ifc.org/cgdisputes

Small and Medium Enterprises
ifc.org/cgsme
- Fact Sheet

State-Owned Enterprises
www.ifc.org/cgsme
- Fact Sheet

Women on Boards and in
Business Leadership
www.ifc.org/cggender
- Fact sheet

All topics:
www.ifc.org/cgtopics

and the Egyptian Exchange, IFC investment clients learned more about the fundamentals of listing and the role of corporate governance as a key factor in investors' decision-making processes. In a dialogue with EGX's chairman, participants explored potential benefits, challenges, and concerns associated with listing. They also learned about ways in which the exchange can assist companies as they work their way through the IPO process.

Iraq: Institute of Directors' Expansion Gives More Companies Access to Governance Guidance

Baghdad, November 8, 2018—The newly expanded Iraqi Institute of Directors is helping the nation's businesses strengthen their environmental, social and governance standards and, in the process, enhance their sustainability at a critical time for this fragile country. IFC has supported the institute from its beginnings in 2014 as the Kurdistan Institute of Directors—part of IFC's multi-faceted and strategic focus on rebuilding Iraq's economy by strengthening its private sector. With its broader reach, the institute will provide specialized ESG training and advisory services to firms across Iraq, offering guidance in areas such as enhancing the role of independent directors, fostering more effective boards, and understanding and integrating best ESG practices. Government officials and key market stakeholders have ascribed great importance to such efforts—as evidenced by the impressive crowd of 350 business leaders and government representatives gathered for the November expansion announcement. The event was organized under the sponsorship of Iraq's prime minister, Adil Abdul Mahdi. IFC will continue to play a key role in the institute's development, providing guidance on a new business plan, strengthening its board of trustees, and building the technical capacity of the institute's faculty. [Press release](#)

Iraq: New Code Requires Banks to Comply with ESG Standards

Baghdad, November 8, 2018—Iraq's central bank has enacted an obligatory corporate governance code that emphasizes environmental, social, and governance in commercial banking practices. Developed in partnership with IFC, the new code requires heightened ESG disclosure, including details on board diversity, board director accountability, cumulative voting and minority shareholder rights, integration of women on boards, and sustainable banking principles. As with the expansion of the Iraq Institute of Directors, IFC's involvement in the development of this new code is part of an overarching effort to rebuild Iraq's economy with a focus on strengthening the private sector. Of note, Iraq is the first FCS country in the MENA region to join the Sustainable Banking Network aiming to undertake regulatory actions to demonstrate progress in advancing sustainable finance policy enabling environment. [Press release](#)



Lebanon: At Regional Conference, Focus on Board Diversity; Business Case for ESG

Beirut, November 2018—More than 120 representatives of firms across the industry spectrum gathered for a regional conference to share experiences and learn more about trends in corporate governance—and about investors' heightened focus on environmental, social, and governance. Co-hosted by IFC, Excellence in Governance Lebanon, Banque Du Liban, Middle East Airlines, PWC, and Thomson Reuters, the event featured a keynote by the governor of Lebanon's central bank. Breakout sessions and panel discussions addressed top-of-mind governance issues, such as the value of increasing the number of women on boards and the business case for ESG—including the fact that a growing number of investors are integrating such issues into their investment decisions.



South Asia

Bangladesh: New Partnership Aims to Increase the Number of Women on Boards

Dhaka, December 19, 2018—With goals of increasing the numbers of candidates for appointment as independent directors and women with the qualifications to become board directors, IFC and the Institute of Chartered Accountants of Bangladesh have entered into an agreement that will enable more professional accountants and women to receive board skills training. Under the terms of the agreement, IFC will train ICAB members on board leadership and corporate governance, so that in turn, these members can become trainers and conduct sessions for others. With over 100 women members, ICAB will place special emphasis on encouraging women to pursue the board training. The first board leadership training-of- trainers program is slated for January 2019. Others will be scheduled throughout the year.



Sri Lanka: Why Investors Care about Sustainability

Colombo, December 4-5, 2018—IFC's [Disclosure and Transparency toolkit](#) was distributed at a workshop designed to increase awareness about the growing importance of sustainability reporting. Co-hosted by the Colombo Stock Exchange and the Global Reporting Initiative on Corporate Transparency and Sustainability Reporting in partnership with IFC, the two-day program drew 80 participants, representing more than 60 organizations. IFC session explored sustainability and transparency best practices, with examples of how companies around the world and in the region are implementing initiatives aimed at improving their disclosure. Of particular interest to attendees: insight into the reasons that investors are increasingly focused on sustainability and how better reporting on sustainability could attract increased attention from these investors.



India: Better Corporate Governance Starts in the Boardroom

Mumbai, November 21-22, 2018—The key to better corporate governance lies in improving board relationships—with managers and among directors themselves. That was the message to nearly 30 senior executives and board members of Indian companies, who attended a two-day workshop “Navigating Boardroom Dynamics and Making Boards Effective,” co-hosted by IFC and the Confederation of Indian Industry’s Directors’ Guild. Speakers emphasized the importance of good working relationships between boards and managers, positive inter-personal dynamics in board interactions, and the competence, integrity, and constructive involvement of individual directors. The workshop also featured a session on board’s role in environmental, social and governance oversight.

India: Increasing the Number of Women on Boards and in Business Leadership

New Delhi, October 9, 2018—Without greater female representation on boards, companies are losing out not only on an important segment of talent, but on a critical marketplace perspective. This message served as the theme of an important seminar, co-hosted by IFC and the Association of Independent Directors. Attracting an audience of more than 50 male and female business leaders, the seminar highlighted opportunities and challenges in increasing the number of women in business leadership. Presentations explored several aspects of this complex issue, including the negative impacts of unconscious bias and stereotyping. During the event, participants learned more about women’s leadership strengths and the connection between emotional intelligence and competent leadership skills. They also identified strategies to accelerate the pace of women joining boards and ascending to senior executive positions.

Sub-Saharan Africa

Rwanda: Building Bankers’ Governance Knowledge and Skills

Kigali, December 11, 2018—A December seminar co-hosted by IFC and the Rwanda Bankers Association offered detailed insights into the business value of enhanced corporate governance, particularly for banks. The event highlighted the unique corporate governance needs of banks and underscored the relevance of the topic for Rwandan banking professionals. After the event, several participants indicated an interest in accessing additional corporate governance guidance and advice for their institutions. As a result of the positive feedback and strong interest, IFC is in the process of formalizing a partnership with the bankers’ association, which will build the knowledge base on corporate governance through masterclasses and training of trainers on board leadership and banking governance.

Latest Publications



Women on Boards
- Research Study in
Lebanon in [English](#)
and in [Arabic](#)



Women on Boards -
Research Study in Egypt
in [English](#) and in [Arabic](#)



The Case for Gender
Diversity Among
Sri Lanka's Business
Leadership



Corporate Governance
Scores 2018

Liberia: Spotlight on Corporate Governance for Smaller Businesses

Monrovia, November 2018—The corporate governance needs of small- and medium-sized businesses are not the same as for larger companies. And, since the majority of Liberia's businesses fall into the SME category, providing guidance and skills training specifically tailored to these smaller companies is critical to ensuring successful and effective implementation of governance upgrades. For this reason, IFC has partnered with Access Bank Liberia to offer a series of corporate governance awareness raising events and training sessions targeted to SME clients. The goal is to help Access Bank spread the word on the benefits of corporate governance for SME operations and performance.

At one such event, a Monrovia small business forum in November, a group of Access Bank's most important SME business clients came together to explore current and future SME governance challenges. Among the issues identified: accessing affordable financing to enable growth, handling family relationships in family-owned businesses, and building business and professional expertise, such as board skills. In addition to receiving expert advice on addressing such challenges, participants had an opportunity to network and set the stage for future collaboration.

Côte d'Ivoire: Corporate Governance Fundamentals for Smaller Businesses

Abidjan, October 4, 2018—Burkina Faso's Chamber of Commerce and Industry is focused on helping local businesses grow and thrive. As part of this mission, the chamber reached out to IFC with a request for assistance in raising awareness about the importance of good corporate governance for small- and medium-sized companies, which dominate the private sector in both Burkina Faso and Côte d'Ivoire. The result: a corporate governance workshop co-hosted with Côte d'Ivoire's National Institute of Administrators that attracted 25 representatives from SMEs and public institutions and cooperatives active in Côte d'Ivoire and Burkina Faso. Workshop sessions provided an overview of corporate governance fundamentals and highlighted specific benefits for SMEs and family-owned businesses. For many participants, attendance represented the first-such experience at a corporate governance-focused event. Interest was high—as evidenced by the \$4300 in participant donations collected at the event—and feedback was positive, as many attendees indicated an appetite for follow-on programming. IFC plans to build on this success with future efforts to strengthen corporate governance practices in both countries.



Learn About our Latest Programs

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For more information about our women on boards and in business leadership training, visit: www.ifc.org/corporategovernance/gender



>> [Download the brochure](#)

For more information about our ESG services in the ECA region, visit: www.ifc.org/corporategovernance/eca

In the next CG Updates Newsletter

January- March 2019

Ring the Bell for Gender Equality 2019 events – a partnership with over 70 stock exchanges, international organizations and IFC. The global bell ringing events aim to raise awareness of the pivotal role the private sector can play in promoting gender equality.

13th Annual DFI Corporate Governance Conference – signatories of the Corporate Governance Development Framework are coming together to advance implementation of the CG Development Framework.

Corporate Governance Case Studies in East Asia and the Pacific



CORPORATE GOVERNANCE CASE STUDIES | CAMBODIA

In Cambodia



CORPORATE GOVERNANCE CASE STUDIES | INDONESIA

In Indonesia



CORPORATE GOVERNANCE CASE STUDIES | TIMOR-LESTE

In Timor-Leste



CORPORATE GOVERNANCE CASE STUDIES | VIETNAM

In Vietnam

Comprehensive best practice data is the key to improving the investment climate of emerging markets, writes the International Finance Corporation's Ethiopis Tafara.

Investors across the world are keeping their capital on the sidelines. In 2018, they have parked as much as \$8000bn in negative-yielding bonds, opting for the safety of government bonds rather than the promise of strong financial returns in other markets.

This is bad news for emerging markets, who require up to \$4000bn a year to meet their development needs. These countries have made tremendous progress over the decades in developing local capital markets that can mobilize domestic and foreign capital, but something is still missing: complete, accurate and reliable information on the environmental, social and governance practices (ESG) of local companies.

For capital to flow freely into these countries, investors need to better understand how risk is managed and how value is created. Adhering to high standards of disclosure and transparency can mitigate some of the inherent risk in investing in emerging and frontier markets, such as weaker public institutions and governance, heightened social and environmental risk, and smaller companies.

The value of detail

Expanding the availability of ESG data can go a long way. Companies in Brazil, South Africa and India that are part of sustainability indices and provide greater transparency on their ESG performance gain a competitive advantage. They have outperformed their broader markets in recent years. They have attracted capital at reduced cost.

Key global investment players, including giants such as BlackRock, the Japanese Government Pension Fund and State Street Global Advisors, which collectively manage close to \$10,500bn in assets, are now calling for greater ESG transparency in emerging markets. They are adding their influential voices to the debate, and indicating that they are ready to invest as ESG reporting conditions improve. They agree that ESG data can create levels of trust that build deep and liquid local capital markets, which is vital for a thriving private sector.

Stock exchanges can play a crucial role in strengthening disclosure requirements, to ensure that local standards on ESG transparency are aligned with international best practices. That's why my organization, the International Finance Corporation (IFC), teamed up with the UN's Sustainable Stock Exchanges initiative to help improve ESG standards for at least 78 exchanges across emerging markets.

The new partnership focuses on helping local stock exchanges produce ESG disclosure rules that align with global best practices while meeting specific local needs. This work will draw on the Sustainable Stock Exchanges initiative's Model Guidance on ESG Disclosure and the IFC's recently released [Disclosure and Transparency toolkit](#) for companies, investors and capital markets regulators. Since the toolkit's release in January 2018, it has been used to develop market and regulatory guidance in Kazakhstan, Kenya, Nigeria, Peru and the Philippines.

First principles

This partnership is part of a broader effort by the IFC to transform standards in local capital markets in the same way that the Equator Principles transformed the activities of banks and project finance more than a decade ago. Those principles were based on the IFC's environmental and social performance standards.

Today, we are working with institutional investors, asset managers, stock exchanges, data providers, regulators and companies to promote a clear set of ESG performance indicators derived from our performance standards. We're seeking to develop standards that are most useful to investors in their decision-making while promoting better reporting and disclosure by listed companies in emerging markets.

Together with our partners – stock exchanges, investors, regulators and development organizations – we believe we can help build momentum across capital markets to match responsible companies in emerging markets with local and international institutional investors. In this manner, the investment that developing countries need will flow more readily, while generating returns for investors.

*Ethiopis Tafara, Vice President & General Counsel Legal, Compliance Risk & Sustainability, IFC
First published by The Banker on December 3, 2018*

Media Coverage

This section includes links to articles, editorials, and op-eds where IFC colleagues are the authors or have been quoted or interviewed about IFC corporate governance programs. This material was published in various media outlets around the world. Also featured here are our contributions to reports, white papers, and other documents published by organizations outside IFC. Items are arranged in alphabetical order by country and text is in English, unless otherwise noted.

Fiji **Greater Gender Diversity Needed in Corporate Arena: IFC Rep**

(Deva De Silva)

Sun Fiji News, November 28, 2018

Ghana **Board of Directors - Ghanaian Women Are Not the Best-Off**

(Deva De Silva)

Agence Ecofin, November 16, 2018

Global **Transparency Can Open the Door to Investment**

(Ethiopis Tafara)

The Banker, December 3, 2018

Global **IFC Tips Firms on Getting Creditors**

(Frederic Wandey)

Business Daily Africa, November 18, 2018

Kazakhstan **Access to Finance, Global Knowledge, and Experience** (in Russian)

Business & Power, December 20, 2018

Liberia **LCC, IFC to Build Awareness on Corporate Governance**

Liberian Observer, November 27, 2018

Myanmar **AustCham Myanmar's 2018 Women in Business and Leadership Development**

Myanmar International Radio, November 14, 2018

Qatar **QFMA's Role Key to Helping Listed Firms Embrace CGC**

(Ralitza Germanova)

Qatar Tribune, October 3, 2018

Myanmar **Companies Should Clean Up Their Acts to Fend Off Corruption Risks**

(Cassandra Colbert)

Myanmar Times, December 10, 2018

Singapore **Singapore Offers Corporate Succession Lessons**

Prothom Alo, November 27, 2018

Vietnam **Banking - VIOD, IFC, PwC Vietnam Launch 2nd Audit Committee Master Program**

Vietnam News, November 19, 2018

Vietnam **VIOD Holds First Audit Committee Master Programme in Vietnamese with Support by IFC and PwC**

Vietnam Institute of Directors, November 13, 2018

Vietnam **Awards Given for Best Annual Report, Corporate Governance and Sustainability**

Vietnam News, November 4, 2018

Vietnam **Forum Urges Companies to Govern for Sustainability**

(Kyle Kelhofer)

Vietnam Net, December 9, 2018

WHY PROMOTING WOMEN IS A KEY INGREDIENT FOR BUILDING THRIVING ASEAN ECONOMIES

The business case for board diversity is becoming increasingly evident. US Fortune 500 companies with the highest percentages of women board directors reported, on average, 53 per cent higher return on equity than those with the least, according to research firm Catalyst.

Similarly, a 2018 McKinsey study of 1,000 firms in 12 emerging markets found that companies in the top quartile for gender diversity on executive teams were 21 per cent more likely to outperform on profitability and 27 per cent more likely to have superior value creation. A 2017 World Economic Forum report also showed that countries that are able to make even small inroads in closing the global gender gap could increase their gross domestic product by \$5.3trillion in the next seven years.

The economic rationale is even more profound for Southeast Asia, home to some of the fastest-growing economies in the world. The region is estimated to grow at 5.3 per cent in the next two years, according to the Organization for Economic Co-operation and Development. To cope with such rapid economic growth, companies in the Association of Southeast Asian Nations (ASEAN) economies must tap into female talent. A recent International Labor Organization report has already warned that business growth in Asia could become severely stunted if companies do not recruit and promote more women.

Yet, substantive change inside ASEAN boardrooms can be difficult to achieve, given the male-dominated societal culture in the region. To produce region-specific research to back up the business case for board diversity, the International Finance Corporation (IFC) and the Economist Intelligence Unit (EIU) conducted a new study using 2017 data to examine how female representation impacted the performances of more than 2,300 listed companies across China and six ASEAN countries, namely Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

The research is unique not only in its breadth of country coverage but also in its effort to examine whether more women in different roles such as independent directors, audit committee members, and senior management are linked to better company performance. It also disaggregated firms by industry, size, and even shareholding structure to see if other specific correlations emerged. The research, which combined statistical analysis with insights gained from interviews with business leaders, is scheduled to be released later this year. The research is funded by the Umbrella Facility for Gender Equality, a multi-donor trust fund dedicated to investing in priority areas critical to advancing gender equality by equipping policymakers and development experts with data, knowledge, and evidence. The fund, launched in 2012, currently supports more than 150 activities in more than 80 countries.

Preliminary findings show that a greater proportion of women in the boardroom and senior management boosts firm performance. More specifically, there was positive correlation between performance and diversity among board directors, senior management, independent directors and audit committee members. Financial firms with higher diversity among independent directors and senior management performed better. Interestingly, even small firms with more women on their boards and senior management teams did better than their male-dominated counterparts.

Such correlations are positive proof for embracing board diversity. Many of the firms participating in the study reported that female board members often enhance a company's strategy and decision-making by bringing a fresh perspective to complex challenges. They provide unique insights on how a company is perceived and can facilitate more open discussion between board members and improve relations between board members and employees. Other studies point to the duty of care, showing that female directors have better attendance records than male directors (interestingly,

male directors' attendance records improve when the board is more gender-diverse).¹ A Chinese study also found that female board members were not only stricter with corporate governance but were also more risk averse.

Gender quotas

With such significant benefits, companies should make increasing female representation on boards and in senior management ranks a priority. At the moment, the ratio averages only 15.7 per cent across the ASEAN company samples in the IFC study. This ranges from 11.9 per cent in Singapore to 20.4 per cent in Thailand. For independent directors specifically, the average is 14.4 per cent female. At the senior management level, the ASEAN average is 26 per cent, ranging from 18.4 per cent in Indonesia to 32.8 per cent in the Philippines. China averages about 12.7 per cent female board representation and 13.5 per cent in senior management. One encouraging result shows that 88 per cent of the Thai companies surveyed have at least one female director, compared to 64 per cent among Philippine companies and 63 per cent among Malaysian companies.

These numbers are on par with and, in some cases, a bit higher than global averages of about 15 per cent of women board directors and 25 per cent female senior managers, according to an MSCI study. Yet, it is still a long way from achieving an average of 30 per cent female representation in the boardroom, a goal that leading international investors and advocacy groups have been pushing for as the tipping point for women to optimize their influence and impact on boards and company performance. In fact, MSCI estimates that it will take until 2027 before the 30 per cent target is met.

Moving the needle in the ASEAN region will continue to be a struggle, requiring shifts of entrenched attitudes

and mindsets. Respondents to the IFC research said females in Asia were historically perceived as subordinates rather than leaders; this cultural norm is still prevalent in the region today. Part of the challenge is self-inflicted, suggested one respondent, as some women instinctively resign themselves to more supportive roles or drop out of the workforce altogether. Others raised factors such as pay inequality as significant inhibitors. One important factor in trying to turn the tide in the gender diversity battle is how to capitalize on the predominance of family companies in the ASEAN region (80-90 per cent of large companies in the ASEAN region are family owned, according to McKinsey).² Although first-generation family companies are usually founded and run by patriarchs who prefer a centralized decision-making model, they also have the ability to evolve quickly once the second and third generations come into the business. This often opens the doors to more female family members and the possibility of ushering in more modern mindsets and business practices. Our recent research findings back this up, showing that both younger companies and those with family owners tend to have higher diversity ratios than other companies.

Such research and empirical evidence go a long way to help convey the business case, but action on the ground requires a multi-pronged approach, including efforts by regulators and market stakeholders to constantly encourage, if not mandate, change.

In the ASEAN region, changes have been happening, albeit slowly, on the regulatory front. Regulators and practitioners are debating if a hard mandate – already adopted by Belgium, France, Germany, India, Italy, and Norway – is the right approach for their given markets. Within ASEAN economies, only Malaysia has imposed a requirement on large listed companies to achieve 30 per cent board diversity by 2020; Securities Commission Malaysia figures showed that the board diversity of the 100 largest Malaysian companies stood at 19.2 per cent

as of December 2017, up from 16.6 per cent a year ago. The Malaysian Code on Corporate Governance also requires all companies to disclose their diversity policy, targets and results. Other countries, such as Singapore, have taken a softer legal approach by encouraging companies to consider diversity when appointing board directors and disclosing their relevant policies.

Besides the regulatory push, various institutes, associations and networks have been leading gender diversity activities around the region. For example, Malaysian business leaders have started a 30 per cent club aimed at advancing women in directorships and leadership positions, following the lead of similar chapters in the UK, the US, Hong Kong and elsewhere. The Women Corporate Directors (WCD) Foundation has also launched chapters around Asia, including Indonesia, Malaysia, Myanmar, the Philippines, Singapore, and Vietnam.

Over the years, IFC has been spearheading efforts to promote board diversity in selected Asian markets, such as partnering with stock exchanges around the world to host the annual Ring the Bell for Gender Equality events; we are also working with local director institutes, training organizations, as well as other associations and networks, including WCD, to promote opportunities for women. In Myanmar, which currently has only five listed companies and is therefore not included in the IFC study, efforts are underway to promote the benefits of board diversity and build a pipeline of female directors to serve on Myanmar company boards. IFC has partnered with the newly launched Myanmar Institute of Directors to organize a series of seminars and workshops based on IFC's new Women on Boards and in Business Leadership toolkit. The toolkit, which is being rolled out in other countries, positions gender diversity as a strategic tool to leverage talent, stimulate innovation and spur business growth. It prepares participants in dealing with technical issues while serving as different types of company directors, and also in establishing and implementing strategies to grow the pipeline of female talent in companies. In addition, the toolkit covers the behavioral dynamics

participants may encounter inside the boardroom or in senior ranks, such as unconscious bias and stereotypes, as well as ways to leverage effective leadership skills.

Despite these market-level efforts, the ultimate decision-makers are the individual companies. Shareholders can therefore play a catalytic role by encouraging their boards to: commit to voluntary diversity targets for both directors and senior managers over a period of time; create mentorship programs for younger female executives to connect with more senior leaders, including male managers, within and outside the company; offer targeted training workshops for future female leaders, preparing them to sit on boards and take up senior manager positions; and ask the company to disclose its diversity policies and measures not just for accountability but also for signaling its commitment to this important matter.

¹ Adams, R.B. and Ferreira, D. (2009), "Women in the boardroom and their impact on governance and performance, *Journal of Financial Economics*, Vol. 94 No. 2, pp. 291–309.

² pp. 291–309. <https://www.mckinsey.com/featured-insights/winning-in-emerging-markets/the-family-business-factor-in-emerging-markets>



J. Chris Razook
Corporate Governance Lead
East Asia and the Pacific, IFC
Ethical Boardroom, Autumn 2018

REPORTS AND PUBLICATIONS

This section lists reports and publications produced by IFC's corporate governance group and in collaboration with other organizations. Some items are available in different languages and are organized in chronological order by publication date.



Corporate Governance Scores 2018



Corporate Governance Case Studies in Timor-Leste



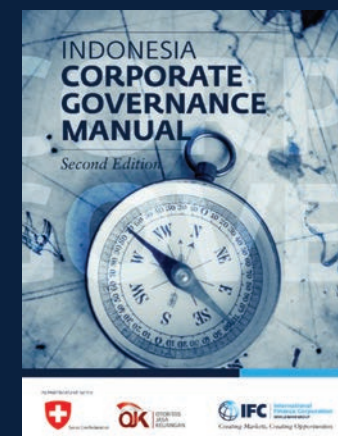
PSO 42: Women in Business Leadership Boost ESG Performance: Existing Body of Evidence Makes Compelling Case



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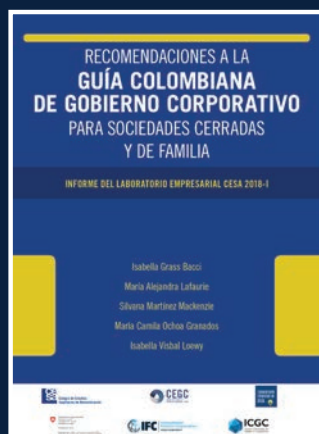
Synthesis Report: 6th International Research Conference on Corporate Governance in Emerging Markets



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To build capacity of local institutions to promote CG reforms and good practices in a sustainable manner



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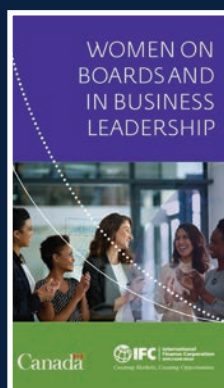
BOARD LEADERSHIP

To provide training material that builds on directors' expertise and emphasize practical approaches to leadership



DISPUTE RESOLUTION

To equip board directors with knowledge and skills to resolve CG disputes and difficult conversations on the board



Women on Boards and in Business Leadership

To promote the business case for more women in business leadership positions



CORPORATE SECRETARIES

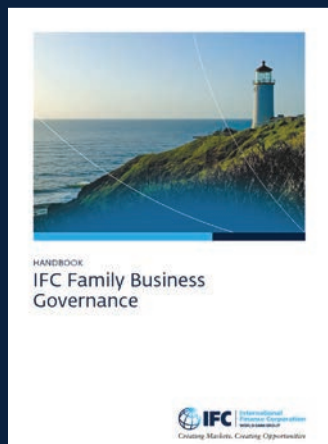
To enhance the corporate secretary's roles, functions, responsibilities, and skills

FIRM-LEVEL TOOLS FOR CG SERVICES



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To provide guidance, tools and other resources for IFC practitioners to help firms improve board effectiveness



FAMILY BUSINESS GOVERNANCE

To help IFC CG and investment officers to identify and address basic family business governance issues with their clients



CONTROL ENVIRONMENT

To help improve the control environment and its components, including the internal audit function, internal control system, risk management and compliance

CG METHODOLOGY AND TOOLS



The process of analyzing companies' corporate governance structures, ESG policies and processes applying the relevant set of tools for listed companies family businesses, financial institutions, funds, state-owned enterprises, and SMEs.

For more information regarding any of these toolkits and manuals, contact Ghita Alderman at galderman@ifc.org



Creating Markets, Creating Opportunities

About IFC Corporate Governance Group

IFC Corporate Governance Group brings together staff from investment support and advisory operations into a single, global team. This unified team advises on all aspects of corporate governance and offers targeted services in areas such as board effectiveness, the control environment, and family businesses governance. We also help assess and support corporate governance improvements and reform efforts in emerging markets and developing countries, while leveraging and integrating knowledge tools, expertise, and networks at the global and regional levels.

For more information about our work, visit:
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