Development and Usage of Corporate Governance Scorecards
Ownership Models and Types of CG Scorecards

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Mitigation of the 5 Key Corporate Governance Risks

**Risk 1**  
The board of directors is not up to the task of overseeing the strategy, management and performance of the company.  
— No proper “check and balance” of managers – e.g., UBS, Barings

**Risk 2**  
The company’s risk management and controls are insufficient to ensure sound stewardship of the company’s assets and compliance with relevant regulations.  
— Catastrophic operating systems failure – e.g., Societe Generale

**Risk 3**  
The company’s financial disclosures are not a relevant, faithful, and timely representation of its economic transactions and resources.  
— Fraudulent numbers shared with investors/capital markets – e.g., Nikol-Fert, Enron, Satyam

**Risk 4**  
The company’s minority shareholders’ rights are inadequate or abused.  
— Minority shareholders rights trampled or they need courts for recourse – e.g., Royal Ahold

**Risk 5**  
The IFC potential investee company and its shareholders have not demonstrated a commitment to implementing high quality CG policies and practices.  
— Much of what investors see is window dressing – e.g., Nova Hut, Ades Alfindo
Matching Tools for Different Firms

The IFC CG Methodology has specific tools for each major type of IFC client; can be blended, if needed

5 Company Archetypes/Paradigms
- Listed companies
- Family- or founder owned unlisted companies
- Financial institutions
- Transition economy companies
- SOEs

5 CG Attributes (6 for SOEs)—matching the 5 risks
## Core Tool—Simple Progression Matrices

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<tr>
<th>CG Attributes</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
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<td>Commitment to Good CG</td>
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<td>Structure and Functioning of the Board of Directors</td>
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<td>Control Environment</td>
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<td>Treatment of Minority Shareholders</td>
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IFC CG Methodology’s Key Tools by the CG Unit

- Instruction Sheets
- Why Corporate Governance?
- Indicative Independent Director Definition
- CG Progression Matrices
- CGR Report Generator
- CGA Information Request List
- CGA Document Request List
- Sample CG Improvement Programs
- Supervision Checklist
- Website address:
  http://www.ifc.org/ifcext/corporategovernance.nsf/Content/CG_Tools
Thank you

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