### Introduction

**Why This Toolkit**
- The Business Case for Transparency and Disclosure
- Toolkit Rationale and Structure
- Using the Toolkit

### Part 1: Disclosure Framework

#### Strategy
- Business Model and Environment
- Strategic Objectives
- Risk Analysis and Response
- Sustainability Risks and Impacts
- Key Performance Indicators

#### Performance
- Performance Report
- Financial Statements
- Sustainability Statements

### Corporate Governance

- Commitment to ESG: Leadership and Culture
- Board Structure and Functioning
- Control Environment
- Disclosure and Transparency
- Treatment of Minority Shareholders
- Governance of Stakeholder Engagement

### Part 2: Reporting Guidance

- Materiality
- Information Quality
- Scope of Disclosure
- Disclosure Requirements
- Reporting Formats

### Appendixes
## Table 0.1 IFC ESG Progression Matrix—General Description

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies that fulfill the requirements of national legislation</td>
<td>Companies that take extra steps to ensure good ESG practices</td>
<td>Companies that provide a major contribution toward improving ESG nationally and that comply with good international standards (e.g., IFC Performance Standards)</td>
<td>International best practices—companies that are publicly recognized as among national and global leaders on ESG; trailblazers</td>
</tr>
</tbody>
</table>

Source: IFC.
|-----------------------------|-------------------------------|--------------------------------|------------------|
| - Board ensures that management systems are in place to identify and manage E&S risks and impacts. | - At least 1 director has experience analyzing E&S risks.  
- Board is trained on ESG risks issues generally and for the industry. | - ESG issues are a recurring board agenda item, board approves ESG strategy and E&S policies, routinely reviews E&S performance, ensures appropriate dialogue among the company and key stakeholders, ECM effectiveness  
- In sensitive industries, one (or more) director has in-depth knowledge of E&S risks. | - Special board-level committee est. to review E&S issues.  
- Specialized committees (incl. E&S/sustainability) composed of majority of independent directors (including chair).  
- Board reviews independent audits on effectiveness of ESMS, including stakeholder engagement processes and grievance mechanism. |
Performance Standards

PS1: Assessment and Management of E&S Risks and Impacts

PS2: Labor and Working Conditions

PS3: Resource Efficiency and Pollution Prevention

PS4: Community Health, Safety and Security

PS5: Land Acquisition and Involuntary Resettlement

PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

PS7: Indigenous Peoples

PS8: Cultural Heritage
MODEL STRUCTURE OF ANNUAL REPORT

**Strategy**
- Business Model and Environment
- Strategic Objectives
- Risk Analysis and Response
- Sustainability Risks and Impacts
- Key Performance Indicators

**Corporate Governance**
- Commitment to ESG: Leadership and Culture
- Structure and Functioning of the Board of Directors
- Control Environment
- Disclosure and Transparency
- Treatment of Minority Shareholders
- Governance of Stakeholder Engagement

**Performance**
- Performance Report
- Financial Statements
- Sustainability Statements
# ORGANIZATION OF THE TOOLKIT

<table>
<thead>
<tr>
<th>Content Elements</th>
<th>Suggests elements to be included in the report and provides guidance on how to report.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integration of Sustainability</td>
<td>Describes how sustainability information can be integrated into the main sections of the annual report, when relevant.</td>
</tr>
<tr>
<td>Progression Matrix</td>
<td>Provides four levels of performance that can be described in the annual report, when relevant, supporting a flexible and progressive framework that accommodates companies of different sizes and sophistication.</td>
</tr>
<tr>
<td>Best Practices</td>
<td>Summarizes key frameworks and guidance for relevant content elements.</td>
</tr>
<tr>
<td>Examples of Disclosure</td>
<td>Provides excerpts from annual reports from a range of companies and countries.</td>
</tr>
</tbody>
</table>
# USERS OF THE TOOLKIT

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Companies</strong></td>
<td>The Toolkit is designed to guide emerging market companies (including IFC clients) in the preparation of their annual reports.</td>
</tr>
<tr>
<td><strong>Regulators and Stock Exchanges</strong></td>
<td>To design or refine regulatory requirements related to TD and for comparison of local practices with global good practices.</td>
</tr>
<tr>
<td><strong>Investors and Banks</strong></td>
<td>Can use the toolkit and resulting company report to reduce risk and to support their valuation and credit analyses.</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>Director training institutions, suppliers, media and academia.</td>
</tr>
</tbody>
</table>
## MODULAR USE OF THE TOOLKIT

### Table 0.2 Illustrative Table for Modular Use of the Toolkit

<table>
<thead>
<tr>
<th>Type of Company</th>
<th>Content of Report</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strategy</td>
</tr>
<tr>
<td><strong>Small/Early Stage:</strong></td>
<td></td>
</tr>
<tr>
<td>Basic management &amp; ownership</td>
<td>Strategy &amp; risk</td>
</tr>
<tr>
<td><strong>Medium Size:</strong></td>
<td></td>
</tr>
</tbody>
</table>
| More complex management & ownership         | \textit{Add} Business model & environment | \textit{Add} Internal control & audit  
|                                            |          | \textit{Add} Compliance | n.a. |
| **Large but Private/ National:**           |          |            |             |
| Size, complexity, E&S impact, and capital needs grow | \textit{Add} Sustainability strategy | \textit{Add} Risk management 
  
|                                            |          | \textit{Add} Minority shareholders | \textit{Add} Performance report |
| **Publicly Listed/ International:**        |          |            |             |
| Public expectation, part of global value chain | n.a.    | \textit{Add} Sustainability governance 
|                                            |          | \textit{Add} Stakeholder engagement | \textit{Add} Sustainability performance |

Note: "\textit{Add}" indicates that the number of relevant topics for the annual report increases with the company size.

Source: IFC.
NEXT STEPS

• Finalize Framework
• Develop associated support tools for ES Specialists, CG Officers, clients e.g., information / document request lists, questionnaires, model reports, ESGR, etc.
• Adapt to Other Paradigms (Family, FIs, SOEs, Privatized Transitioned, Funds & SMEs)
• Adapt Framework to other tools e.g., Model CG/ESG Code, Model Listing Rules and other standards
• Finish the disclosure and transparency toolkit
• Implement new framework and tools into regional CG/ESG Advisory Programs
THANK YOU!

WWW.IFC.ORG/CORPORATEGOVERNANCE

WWW.IFC.ORG/SUSTAINABILITY