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Keynote Speech
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As prepared, for delivery

- Good afternoon, everyone! It's great to see the ICGN here at IFC!
- Indeed, all of us at IFC are pleased to be able to host your conference here at our headquarters and to welcome you!
- It's wonderful to see so many governance and investment stewardship professionals in one place:
    - -- People who believe in the benefits of good governance;
    - -- And people who make good governance part and parcel of what you do each and every day.
- Now, early in my career, before IFC, I worked for the Government of Uganda. There, I helped set up Uganda's Institute of Corporate Governance. It was a project dear and near to my heart … and it remains so.
- Fast forward to today and you can imagine how privileged I feel to be here with you.

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- Let me thank you, Kerrie, for introducing me, and for inviting me to join you.
- I'd like to also salute Kerrie.

- For 10 years, she's been at the helm of ICGN.
  - She has had quite a successful tenure.
  - And I am particularly grateful to Kerrie for fostering such excellent **collaboration** between our two institutions.
    - For example, when we updated our Corporate Governance Methodology in 2018 at IFC, **we turned to ICGN for guidance** … and you helped us get to a product that is in-line with international best practice.
    - Since we focus on **clients in emerging markets** around the world, we are also happy to see that ICGN is following our interest and taking a deeper look at corporate governance **in those markets** too.

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- It's clear: we have learned – and are learning – a great deal from one another.
- And we have much in common.

- When I look at ICGN, I see you advancing the highest standards of corporate governance and investor stewardship worldwide. You do this in pursuit of long-term value creation. You do this to contribute to sustainable economies, societies, and the environment.
- Your influence is quite significant – as you bring together investors with assets under management of around **77 trillion dollars**.
- When you look at IFC, I hope you see the largest global development finance institution focused exclusively on the private sector. For over 25 years now, we have played a leadership role in the evolving ESG landscape—from pioneering early ESG concepts around safeguards to developing our corporate governance methodology.
- I am proud to say that IFC has facilitated 11 billion dollars in financing due to improved corporate governance practices, of which 1.9 billion was directly from our own resources.

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- So, make no mistake about this: Because of our experiences at IFC, and at ICGN – and at many of the other organizations represented here today – **we understand firsthand the power of effective, impactful corporate governance.**

- This is a way to create long-term value.
- This is how we drive sustainable and inclusive private sector-led development.

- And this is what I want to highlight today.
- As the world faces considerable environmental, economic, and social challenges, **I see four ways corporate governance** is moving the needle on sustainable and inclusive private sector-led development.
- Let me say a few words on each of these ways.

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- **First, better governance is essential to robust E&S risk management.**

- The research is clear. ESG risk awareness and management can contribute to improved long-term financial performance.
- In other words, environmental, social, and governance considerations are inextricably linked with business and economic success. You can't have one without the other.
- With this context in mind, we updated our Corporate Governance Methodology in 2018 to incorporate the governance of environmental

and social **risks**. A well-functioning corporate governance framework is essential for this.

- We outlined the board's role in risk management, including E&S risk management, and who reports on sustainability.
- In addition, we expanded our methodology to include the governance of **stakeholder engagement**.
- ICGN, too, recognizes the value of integrating E&S risks management into corporate governance approaches.
- And I am sure many of you can point to examples in your own organizations.
- Collectively, we have all come a long way, particularly in the past decade, **on designing and implementing integrated ESG risk management and investment stewardship approaches**. These are driving long-term value creation not only for shareholders, but also for all stakeholders.

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- **A second way corporate governance is moving the needle toward sustainable and inclusive development is on how it equips boards to address both the risks and opportunities of climate change.**

- Boards are uniquely positioned to drive climate action.
- I think the World Economic Forum captured it best when they said that, *"Climate change is simply another issue that drives financial risk and opportunity, which boards inherently have to address with the same rigor as any other board topic."*
- No company can afford to dismiss the effects of climate on its financial performance – and board members have a fiduciary duty to act.
- ICGN has been at the forefront of this issue.
  - We see the network lay out **why** accounting for climate change matters to investors.
  - You suggest ways for constructive dialogue between investors and companies on this matter.
- Now, this dovetails well with how we approach climate governance at IFC. We support boards in incorporating climate into their strategies and into how they identify, they monitor, and they respond to climate-related issues.
- This is particularly relevant as large institutional investors, many of you present here today, continue to press companies to eliminate greenhouse gas emissions by 2050.

- This reality leads us to one conclusion: It's impossible for boards to ignore climate change.

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- **Third, corporate governance supports more inclusive and gender-diverse business leadership.**

- We gather here today, on the eve of International Women's Day tomorrow – a day which focuses us all on the urgency of investing in women to accelerate greater gender equality. Corporate governance can drive us forward on this.
- After all, gender diversity – and, I would add diversity in all its forms – are hallmarks of a highly functioning board.
- As to why more women on boards and in C-suites make sense, the reasons are clear and compelling.
    - For one thing, more women on boards has a positive effect on climate change mitigation and adaptation. A recent IFC survey showed that companies in emerging markets with between 20 and 60 percent women on their boards were more likely to have formal climate change-related commitments and net-zero goals …

compared to boards with less than 20 percent in female representation. **Think about that for a moment!**

- Other studies found that firms with at least 30 percent women board members outperformed their peers when it comes to climate policy and transparency.
- When we zoom **out** and **look at overall ESG performance**, we see that 30 percent female representation comes with higher ESG standards. This includes stronger internal controls, reduced risk of fraud or ethical violations, positive workplace environments, increased stakeholder engagement, and enhanced brands.
- These are very important for all of us.

- So, how can we get more women on boards?
  - One way we are doing this at IFC is by nominating directors in our equity investments. Now, back in 2010, roughly 80 percent of our board nominees were men. But to achieve gender balance, we pursued more thorough talent searches and supported more women in becoming ready to serve on boards. As a result, I can say we are exceeding our ambitions, **as 62 percent of our board nominees are now women.**

   - And it's certainly not just IFC. Many of you have been at the forefront of pushing for more gender-diverse corporate leadership.
   - And this work is paying off I'm happy to say.
   - The latest UN Sustainable Stock Exchanges Initiative Market Monitor for Gender Equality shows us that a significant number of stock markets in Europe and in North America have achieved a critical percentage of women -- reaching 30% on their boards.

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- **Fourth and finally, corporate governance drives greater disclosure and transparency that can shift capital flows to sustainable investment opportunities.**
- Let me give you a tangible example: Investors and regulators increasingly require disclosure of climate-related risks and opportunities to help direct capital toward companies and activities aimed at climate mitigation and adaptation.
- In other words, when companies increase their climate reporting, investors can better understand – and I would say, ultimately, manage, –

their ESG risks … and seize the opportunities to invest in sustainable businesses.

- This has become particularly important as we look to meet the ambitions of the 2030 Sustainable Development Agenda and of the Paris Agreement. Investors and stakeholders want to understand the narrative behind how a company is creating long-term value and sustainability.
- This is especially important as we look at emerging markets … where the development challenges are greatest.
- But, in those markets, investors often face ESG data shortages because of limited disclosure regulations. Sometimes, data is missing altogether.
- I am very excited about one way IFC is addressing this gap.
- We developed MALENA, which is a tool powered by artificial intelligence to help transform ESG analysis for emerging markets.
    - It's quite exciting to see this tool in action.
    - Our ESG experts developed it.
    - It uses over 15 years of emerging markets data, AI, and natural language processing to simplify the extraction of meaningful ESG

insights from dense reports and news to enable transparent and speedy decision-making to support sustainable investments.

- For the first time now, MALENA is available as a public good. You can log onto malena dot ifc dot org – that's, malena dot ifc dot org – to access it and see for yourself.
- I assure you, you'll be super-pleased that you did.

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- Ladies and gentlemen: a conference such as this is an excellent reminder of why we do what we do.
    - Corporate governance matters.
    - It matters to minimize risks and to optimize ESG principles.
    - It matters for the climate.
    - It matters for women and for greater inclusion.
    - It matters for sustainable investments – and for shifting to the use of latest technology to fill data gaps and to make informed decisions in the markets that need development impact the most.
- I Invite you to make the most of this conference –as I know all my IFC colleagues in attendance will be doing.
    - Let us learn from one another.

  - Let us debate and discuss.

- And let us reaffirm what we know best: The more inclusive, sustainable, and resilient world that we all seek **can – and must – be built** with sound, solid and strong corporate governance at its very core.
- Thank you.