

Recent Developments on Inclusive Governance and Corporate Social Responsibility.

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Outline

- CBE's definition of Bank Governance.
- What is Inclusive Governance?
- Board of Directors' Responsibilities.
- Tools.
- Effective Communication channels.
- Corporate Social Responsibility (CSR).
- Conclusion.

CBE's definition of Bank Governance :

“A **set of relationships** between a bank's management, board, its shareholders, and other stakeholders, it involves the manner in which the business and affairs of the bank are governed to protect the interest of stakeholders and operate **in a safe and sound manner**, in **compliance** with laws and regulations.”

What is Inclusive Governance?

□ Represents the **extent** to which institutions provide space to **accommodate** disadvantaged groups seeking to **participate and influence** the decision making process, affecting them, targeting equal: **participation , treatment , rights**

□ Achieved, when the bank makes its policies and strategies both:

- ✓ Accessible,
- ✓ Responsive.

Board of Directors' responsibilities:

- ❑ **Take into account the interests of shareholders, employees, depositors and other relevant stakeholders.**
- ❑ **Ensure that bank's objectives and standards are widely communicated** within the organization.
- ❑ **Spread governance culture** and encourage senior management and employees to apply effectively banks governance.

Board of Directors' responsibilities con't.:

- ❑ **Approve Professional Standards and Corporate Values** that reflect the bank's policies applied by senior management and other employees and the BOD itself; taking into consideration the necessity of enhancing individual and collective responsibility and accountability in the following context:
 - **Set an ethical tone** at the top.
 - **Establish a code of ethics.**
 - **Establish a whistleblower policy.**
 - **maintain an effective system of checks & balances.**

Board of Directors' responsibilities con't.:

- ❑ Establish effective **communication** channels for **the exchange of complete, timely and accurate information**.
- ❑ Approve **bank's organizational structure** and **define authorities and responsibilities** to support proper decision making and good communication.

Tools:

- ❑ **Transparency and disclosure.**
- ❑ **Applying the principle of empowerment and accountability .**
- ❑ Being **responsiveness** to the needs and interests of all involved parties.
- ❑ **Recognize** the critical importance of **timely and frank discussion** and **proper escalation of problems.**
- ❑ **Promoting the** use of human rights.

Effective communication channels

Hold periodical meetings with shareholders and have constructive ongoing dialogues to:

- **Ensure that the views of shareholders are well communicated**, especially regarding bank governance and strategy.
- **Understand of the views of major shareholders about the bank's performance.**

Effective communication channels

- ❖ **BOD** must **meet regularly** with **senior management** and **internal control functions** to review policies, monitor progress towards strategic objectives.
- ❖ The **non-executive board** members should meet at least once a year, in the presence of chairman and without the executive members.

Corporate Social Responsibility:

Banks are required to disclose their policies regarding CSR.

Impact on banks:

- ❑ Reputation,**
- ❑ Performance.**

Thank you.