



# **CORPORATE DISCLOSURE ON BUSINESS INTEGRITY IN ASEAN 2022**

November 2022



Centre for Governance and Sustainability  
NUS Business School



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## List of Abbreviations

ACN	ASEAN CSR Network
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
CC	Control of Corruption
CG	Corporate governance
CGIO	Centre for Governance, Institutions and Organisations
CGS	Centre for Governance and Sustainability
CLOB	Central Limit Order Book
CPI	Corruption Perceptions Index
CS	Corporate sustainability
CSR	Corporate social responsibility
ESG	Environmental, social and governance
FATF	Financial Action Task Force
FDI	Foreign direct investment
FY	Financial Year
GCB	Global Corruption Barometer
IPC	Institution of Public Character
IPEF	Indo-Pacific Economic Framework
MNC	Multinational corporation
NUS	National University of Singapore
OECD	Organisation for Economic Co-operation and Development
SIAS	Securities Investors Association (Singapore)
UK	United Kingdom
UNCAC	United Nations Convention against Corruption
UNDP	United Nations Development Programme
UNODC	United Nations Office on Drugs and Crime
US	United States
USD	US dollars
WGI	Worldwide Governance Indicators

## Securities Investors Association (Singapore)

Securities Investors Association (Singapore) or SIAS, was founded unexpectedly in June 1999 to champion the CLOB issue. 172,000 retail investors were suddenly stranded when the Malaysian Government froze their investments on Malaysian stocks in September 1998, amounting to US\$5 billion. A group of civic-minded citizens lead by Mr David Gerald got together and took on the challenge to help free the frozen shares with an initial backing by 49,880 retail investors as members of the non-profit organisation. Their resoluteness and unity helped to resolve the issue on our terms.

Today, SIAS is a Charity and an Institution of Public Character (IPC), and the largest organized investor group in Asia, with almost 71,000 retail investors as members. It is run by an elected Management Committee comprising of professionals who are volunteers. It actively promotes Investor Education, Corporate Governance and Transparency and is the advocate for Investor rights in Singapore. To-date, SIAS has successfully organized over 1000 investor education programmes ranging from basic investment seminars for novices to certificate courses for investment savvy investors. Thus far, more than 140,000 retail investors have benefited from these programmes that are offered largely free. Members are educated on the features of investment products, and the attendant risks involved in each product. Investors are taught to make informed decisions on investing. SIAS is able to provide a variety of investor education programmes to its members and the investing community at large through collaborative arrangements with financial institutions and listed companies interested in investor education as part of its corporate social responsibility agenda.

SIAS is “the voice” for minority shareholders and has already engaged with corporations falling short of good Corporate Governance practices. However, its preferred approach to resolve investors’ right issues is to do so in the boardroom and not in the courtroom. Many SIAS investors have sought protection also from errant traders. SIAS conducts dispute resolution sessions regularly to assist investors to resolve issues. Annually, SIAS tracks and grades listed companies for their Corporate Governance practices and rewards those who have excelled with the Singapore Corporate Governance Award.

SIAS also works with Public Listed Companies to reach out to retail investors through its corporate communication programme to enable investors to determine the fundamentals of a company and take a long-term view of the company for investment.

## Centre for Governance and Sustainability

The Centre for Governance and Sustainability (CGS), formerly known as Centre for Governance, Institutions and Organisations (CGIO), was established by the National University of Singapore (NUS) Business School in 2010. It aims to spearhead relevant and high-impact research on corporate governance (CG) and corporate sustainability (CS) issues that are pertinent to institutions, government bodies and businesses both in Singapore and Asia. This includes corporate governance and corporate sustainability, governance of family firms, government-linked companies, business groups, and institutions. CGS also organises events such as public lectures, industry roundtables, and academic conferences on topics related to governance and sustainability.

CGS is the national assessor for the corporate sustainability and corporate governance performance of listed companies in Singapore.

More information about CGS can be accessed at <https://bschool.nus.edu.sg/cgs/>

Founded in the same year that Singapore gained independence, NUS Business School stands among the world's leading business schools today. It is distinctive for offering the best of global business knowledge with deep Asian insights, preparing students to lead Asian businesses to international success and to help global businesses succeed in Asia.

The School attracts a diversity of smart and talented students to our broad portfolio of academic programmes, including BBA, MBA, Executive MBA, MSc and PhD programmes in addition to our customised and open enrolment Executive Education courses. Admission to NUS Business School is highly competitive, and we are proud of the exceptional quality of our students.

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## ASEAN CSR Network

Founded in December 2010, ASEAN CSR Network (ACN), an accredited ASEAN entity, is a regional network that promotes responsible business conduct, to achieve a sustainable, equitable and inclusive ASEAN Community. Its vision is to create a responsible business community that makes ASEAN a better place to live for all. ACN creates change by influencing and working with different actors, ranging from ASEAN bodies, ASEAN member states to the private sector, civil society and international organizations, who have the power to influence the way businesses operate. It provides a platform for networking and cooperation at the ASEAN level, supports capacity-building and training activities, helps catalyze thought leadership and collective actions on CSR and key related issues including business integrity, business and human rights, gender equality, and environmental sustainability. For more information, please visit [www.asean-csr-network.org](http://www.asean-csr-network.org)

## Executive Summary

This study is part of a biennial series conducted since 2016. It examines the FY 2021 disclosures on anti-corruption policy and strategy of the top 50 listed companies in five ASEAN countries: Indonesia; Malaysia; Philippines; Singapore and Thailand. The trend of company performance is evaluated along three dimensions: internal commitment to anti-corruption, external commitment to anti-corruption, and reporting and monitoring programs.

A summary of key findings is as follows:

*<to be converted to infographics>*

1. A steady trend of improvement in disclosures. Overall average score has increased from 56% in 2018 to 69% in 2022.
2. Thailand-listed companies overtook those in Malaysia to take the lead position, with an overall average score of 83% in 2022.
3. Indonesia-listed companies had their average score fall to 44% in 2022. This was mainly due to lower levels of disclosures in reporting and monitoring, and a larger proportion of new top 50 companies who were weaker in business integrity disclosures.
4. Companies in almost all countries had greater internal and external commitment to anti-corruption, as reflected by their disclosures.
5. Malaysia-listed companies showed the greatest improvement in internal commitment disclosures.
6. Thailand-listed companies showed the greatest improvement in external commitment disclosures. They also had the highest average score for this dimension.
7. Companies in most of the countries showed very strong performances in reporting and monitoring.

## 1. Introduction

Corruption has been identified as one of the grand challenges of society. It hinders economic growth, undermines trust, and impedes the effectiveness of government (Castro et al. 2020). From an economic perspective, corruption acts as a tax, increasing the cost and difficulty of doing business. It distorts the market as bribes result in unfair competition, and can delay business processes, such as when facilitation payments are required to access public services. Consequently, corruption reduces willingness to invest and can deter investors altogether (OECD 2020, Ochave 2022). It also affects consumers, as the cost of bribes is passed down to them. Corruption is a key factor in poor economic performance and a major obstruction to reducing poverty. (Transparency International 2019).

Most research attention has focused on corruption in government. However, corporations can play a large role in corrupt activity. Corporate corruption occurs as company representatives misuse their power to gain benefits for themselves or their organizations (Castro et al. 2020). This may take the form of corruption between the government and the private sector, with companies functioning as the “supply side” of corruption, such as when paying bribes to public officials. It also covers corruption within individual companies or between companies, as they seek to gain a competitive edge in the market. For corporations, corruption can result in large fines and reputational damage. However the main ones who suffer are shareholders and other stakeholders of the company. This includes company employees, as corruption can damage employee productivity and morale (Castro et al. 2020, Peninsula Business Services Ltd nd.).

Against this backdrop, this study assesses corporate disclosures on business integrity among the largest companies in ASEAN. It examines disclosures on anti-corruption policy and strategy of the top 50 listed companies in five ASEAN countries: Indonesia, Malaysia, Philippines, Singapore and Thailand. Company performance is evaluated along three dimensions: internal commitment to anti-corruption, external commitment to anti-corruption, and reporting and monitoring programs.

Results show that amidst the challenges of Covid-19, the top companies in ASEAN generally continue to improve in their integrity disclosures. This is reflected in more comprehensive coverage of their anti-corruption policies and practices. There remains substantial difference between the countries as well as between the different indicators, with companies generally being the strongest in reporting and monitoring, and the weakest in external commitment to anti-corruption. Recommendations for the further development of business integrity in ASEAN are also discussed.

## 2. Corruption and Business Integrity in ASEAN

Corruption is a widely acknowledged problem in Southeast Asia (Conventus Law 2015, Transparency International 2019). An indicator of perceived levels of public sector corruption in ASEAN can be obtained from Transparency International's Corruption Perception Index (CPI). On a scale of 0 (highly corrupted) to 100 (very clean), the ten ASEAN countries had an average score of 41.9 in CPI 2021, below the Asia Pacific average of 45.6. **Table 1** shows that there has been relatively little change in the scores for the ASEAN countries since 2017. There is also a wide range of scores, with Singapore and Brunei perceived as the least corrupt (global ranking of 4<sup>th</sup> and 35<sup>th</sup> respectively), while Myanmar and Cambodia had the lowest scores (global ranking of 140<sup>th</sup> and 157<sup>th</sup> respectively).

**Table 1 Corruption Perceptions Index 2017-2021**

Country	Score 2021	Rank 2021	Score 2019	Rank 2019	Score 2017	Rank 2017
Brunei Darussalam	60*	35*	60	35	62	32
Cambodia	23	157	20	162	21	161
Indonesia	38	96	40	85	37	96
Lao PDR	30	128	29	130	29	135
Malaysia	48	62	53	51	47	62
Myanmar	28	140	29	130	30	130
Philippines	33	117	34	113	34	111
Singapore	85	4	85	4	84	6
Thailand	35	110	36	101	37	96
Vietnam	39	87	37	96	35	107

\*2020 data Source:

Transparency International, <https://www.transparency.org/en/cpi/2021>

A similar picture emerges from the Control of Corruption (CC) indicators in the World Bank's Worldwide Governance Indicators (WGI) index. CC measures "perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests" (World Bank nd.). CC has a wider coverage than the CPI, including some sub-indicators of corporate corruption. Again, Singapore and Brunei ranked as having the lowest perceived corruption amongst ASEAN in the 2021 CC indicators, while Cambodia, Laos and Myanmar have the highest (**Table 2**).

**Table 2 Governance Indicators on Control of Corruption Across ASEAN Countries 2017-2021**

Country	CC Estimate 2021	Percentile Rank 2021	CC Estimate 2019	Percentile Rank 2019	CC Estimate 2017	Percentile Rank 2017
Brunei Darussalam	1.2	86	0.8	78	0.7	75
Cambodia	-1.2	12	-1.3	10	-1.3	9
Indonesia	-0.4	38	-0.5	37	-0.3	46
Lao PDR	-1	15	-1.1	13	-0.9	16
Malaysia	0.2	61	0.3	63	0	58
Myanmar	-1	16	-0.6	30	-0.6	33

Philippines	-0.5	34	-0.6	31	-0.5	39
Singapore	2.2	99	2.2	99	2.1	98
Thailand	-0.5	35	-0.5	37	-0.4	43
Vietnam	-0.3	47	-0.5	33	-0.6	31

Note:  
The

estimates are shown in units of a standard normal distribution (ranging from approximately -2.5 to 2.5), while percentile rank shows the rank from 0 (lowest rank) to 100 (highest rank).

Source: World Bank, <https://databank.worldbank.org/source/worldwide-governance-indicators>

For perceptions of corruption in the private sector, Transparency International's Global Corruption Barometer (GCB) Asia 2020 has an indicator measuring the extent to which business executives are perceived to be corrupt. For most of the countries included in this study (Indonesia, Malaysia, Thailand), at least one-quarter of respondents thought most or all business executives to be corrupt (**Table 3**). This is slightly higher than the Asian average of 24%. Philippines had a slightly lower perceived rate of corporate corruption, with 17% of respondents thinking most or all business executives are involved in corruption<sup>1</sup>.

**Table 3 GCB 2020: How Many of the Following People do you Think are Involved in Corruption? - Business Executives**

Country	None / Some	Most / All	Don't know/ Haven't heard
Cambodia	82%	4%	14%
Indonesia	70%	25%	5%
Malaysia	69%	27%	4%
Myanmar	71%	26%	2%
Philippines	80%	17%	3%
Thailand	72%	27%	1%
Vietnam	69%	12%	15%

Note: 5% of respondents in Vietnam did not want to answer this question. This response option was only included in Vietnam.

Source: GCB 2020, <https://www.transparency.org/en/gcb/asia/asia-2020>

The problem of corruption in ASEAN is exacerbated by its size and importance as a trading bloc, and its dependence on foreign investment for continued growth and development. As of 2019, ASEAN represented the world's fifth-largest economy - expected to be the fourth-largest by 2030 - with a combined GDP of US\$3.1 trillion. Also one of the largest free trade areas in the world, ASEAN attracts almost 20% of global FDI (foreign direct investment) inflows (Conventus Law 2015, OECD 2020). On the one hand, large investment opportunities tend to be associated with higher corruption risks. On the other, corruption can discourage foreign investment in the region. This is especially the case for companies from countries such as the US and UK, which have anti-corruption laws extending to companies' foreign operations. MNCs from these countries therefore need to invest more resources on business integrity programs if they are to operate in ASEAN (Conventus Law 2015, UNODC Regional Office for Southeast Asia and the Pacific 2018, Transparency International 2019).

<sup>1</sup> Singapore was not included in the GCB Asia 2020.

Corruption in ASEAN can also delay economic recovery from Covid-19. This is not only because of the potential for losing investment, but also because the positive effect of government expenditure aimed at restimulating the economy could be diluted if funds are used corruptly (Brende and Bechtel 2021). Further, this is coming at a time when some companies are reducing resources given to addressing corruption. In a 2020 OECD/UNDP survey of 229 businesses in ASEAN, 29% of respondents reported reducing budgets allocated to business integrity activities because of Covid-19. This means that they may lack the resources needed to maintain and improve their anti-corruption activities (Wu et al. 2020).

In terms of what is being done to address corruption at a regional level, the countries covered in this report are participants in various anti-corruption agreements. They have all ratified the United Nations Convention against Corruption (UNCAC), which requires parties to address issues such as bribing foreign public officials, and to establish the liability of legal persons (UNODC Regional Office for Southeast Asia and the Pacific 2018). They are also all members of Asia-Pacific Economic Cooperation (APEC), which has endorsed the *Complementary Anti-Corruption Principles for the Public and Private Sectors*, published in 2007. Principles for the private sector in this document include what is considered the minimum in many jurisdictions, such as developing internal anti-bribery programs, prohibiting all bribery - including facilitation payments - by companies and third parties, and provisions and protection for whistleblowers (Conventus Law 2015).

More recently, the five countries joined the Indo-Pacific Economic Framework (IPEF) which seeks to deepen cooperation in investment and trade, and had its first ministerial meeting in September 2022. One of the four pillars of the framework, Fair Economy, specifically addresses corruption. IPEF members signaled their intention to speed their progress in implementing standards such as those of UNCAC, the Financial Action Task Force (FATF), and the OECD Anti-Bribery Convention (IPEF Ministerial Statement 2022).

At the national level, all five countries have implemented regulatory requirements. These include national anti-corruption laws as well as requirements or recommendations of the stock exchanges (see e.g. SIAS et al. 2020). These regulatory efforts are important motivators for companies in implementing business integrity measures. ASEAN businesses cite requirement under national law as among the top reasons for establishing risk management policies for sustainable risks, including corruption (OECD 2020).

Progress in developing business integrity has been made in the region. The challenges posed by corruption remain, with the OECD/UNDP survey finding corruption to be the main sustainability risk identified by businesses in ASEAN (58% of respondents). However, companies are also taking necessary steps to address corruption. Sustainability risk management policies in businesses most commonly cover anti-corruption (61% of respondents) and ethics (55% of respondents) (OECD 2020, Wu et al. 2020).

## 3. Methodology

### 3.1 Scope of Study

This study evaluates the disclosure of corporate integrity practices among the top listed companies by market capitalization in five ASEAN countries. Market capitalization data in USD millions as of 30 June 2022 was used to identify the 50 largest listed companies from the major stock exchange of Indonesia, Malaysia, Philippines, Singapore and Thailand.

The scope is restricted to publicly accessible corporate disclosures for Financial Year (FY) 2021, including annual reports, sustainability reports and company microsites. Only companies with English language disclosures are included. The exclusion of non-publicly disclosed information and non-English disclosures may limit the representativeness of results.

### 3.2 Research Model

The research model adopted by this study is based on the anti-corruption framework of Transparency International (Transparency International 2014). The framework consists of 13 questions grouped into three dimensions: internal commitment to anti-corruption; external commitment to anti-corruption; and reporting and monitoring (**Table 4**).

**Table 4 Assessment Framework for Business Integrity Disclosures**

Category	Question	Description
Internal commitment to anti-corruption	Q1	Publicly stated commitment to anti-corruption or zero-tolerance statement
	Q2	Commitment to comply with laws
	Q3	Leadership support
	Q4	Code applied to all employees and directors
	Q5	Training program for all employees and directors
External commitment to anti-corruption	Q6	Code applied to agents
	Q7	Code applied to suppliers
	Q8	Gifts, hospitality, expenses policies
	Q9	Prohibition of facilitation payments
	Q10	Disclosure of political contributions
Reporting and monitoring	Q11	Whistleblowing channel
	Q12	Prohibition of retaliation for reporting
	Q13	Regular program monitoring

Note: Detailed assessment rubrics can be found in the Annex.

Comprehensiveness of disclosures is assessed through the assignment of scores as follows:

- 1 point if the disclosures fully satisfy the requirements for the question
- 0.5 point if the disclosures only partially satisfy the requirements
- 0 points if the disclosures do not satisfy any requirements

All questions are equally weighted in the framework. Final scores are expressed as a percentage of the maximum possible score (13 points).

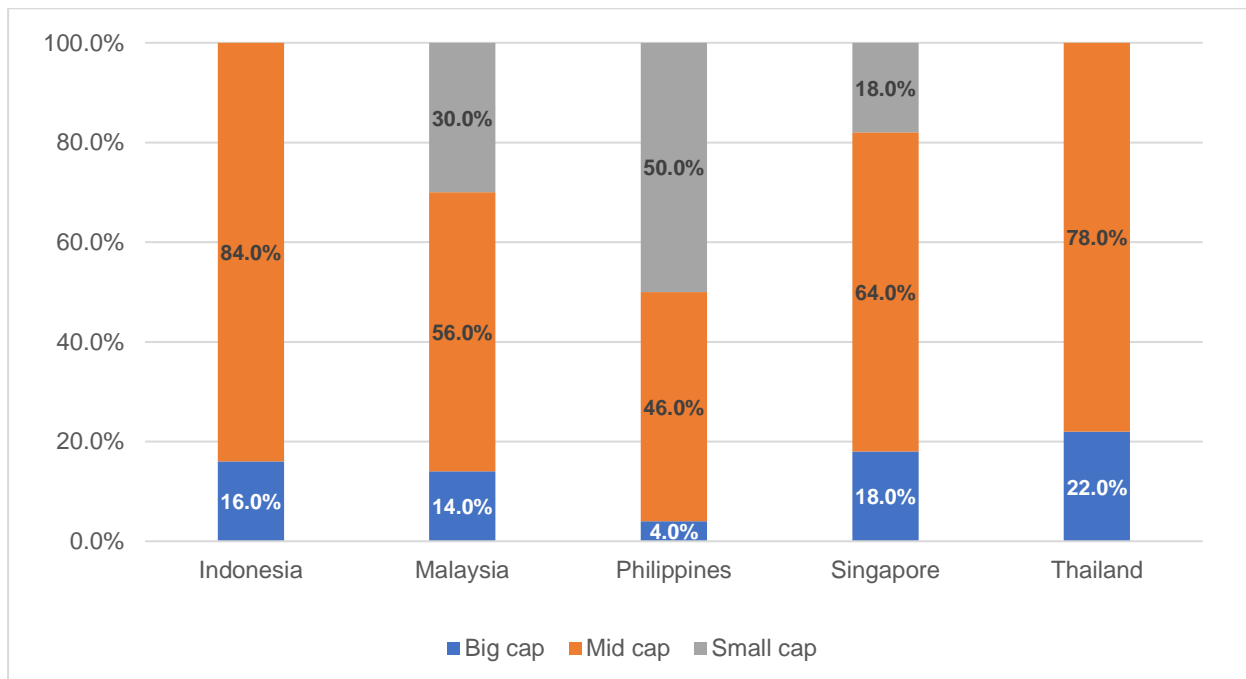
It should be noted that the assessments in this study are based on corporate disclosures. Actual business integrity policies and practices are not evaluated, although it is assumed that the disclosures provide an accurate representation of corporate practice.



## 4. Profile of Companies

Most of the 250 companies (66%) assessed in this study are in the mid cap category and around 20% are small cap companies. There is some variation in the size distribution of the companies within each country. Philippines stands out in having a high share of small cap companies (50%), in contrast to Indonesia and Thailand which do not have any (Figure 1).

**Figure 1 Market Capitalization Profile of Assessed Companies**



Note: 'Big cap' refers to market capitalization above 10 billion USD; 'Mid cap' refers to market capitalization between 2 billion and 10 billion USD; 'Small cap' refers to market capitalization below 2 billion USD.

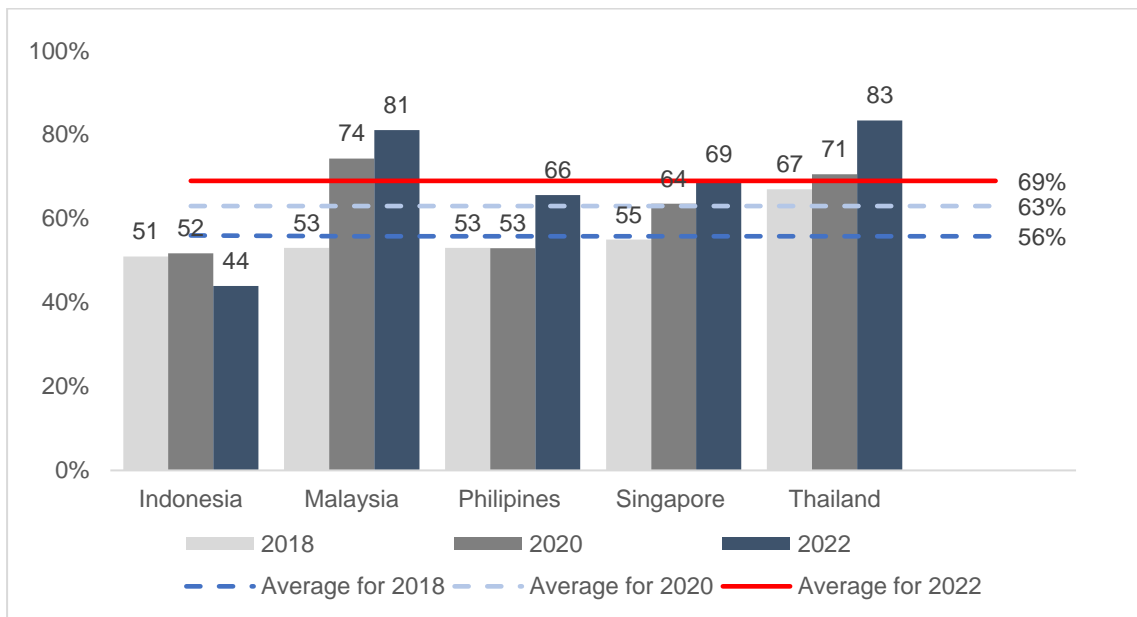
## 5. Overall Level of Disclosure Across ASEAN

Corporate integrity disclosures in ASEAN have been steadily improving since 2018, with the average score rising from 56% in 2018 to 69% in 2022 (**Figure 2**). Thailand had the highest overall average score (83%), overtaking Malaysia which ranked second in 2022 with an average score of 81%. Thailand-listed companies also exhibited the highest levels of disclosures in each of the three dimensions, internal commitment to anti-corruption, external commitment to anti-corruption, and reporting and monitoring (see **Figures 3-5**).

Thailand and Philippines had the largest increase in average scores from 2020 (around 12 percentage points). Malaysia and Singapore showed smaller increases of around six percentage points. In contrast to these, Indonesia-listed companies' average score fell by eight percentage points, to 44% in 2022. This is partially due to a drop in disclosures on reporting and monitoring (see **Figure 5**).

In terms of individual questions, the greatest improvement was seen in two aspects of external commitment to anti-corruption. Disclosures on prohibition of facilitation payments had the largest increase (16 percentage points, to reach an average score of 69%) followed by application of anti-corruption code to agents (13 percentage points, to reach 39%).

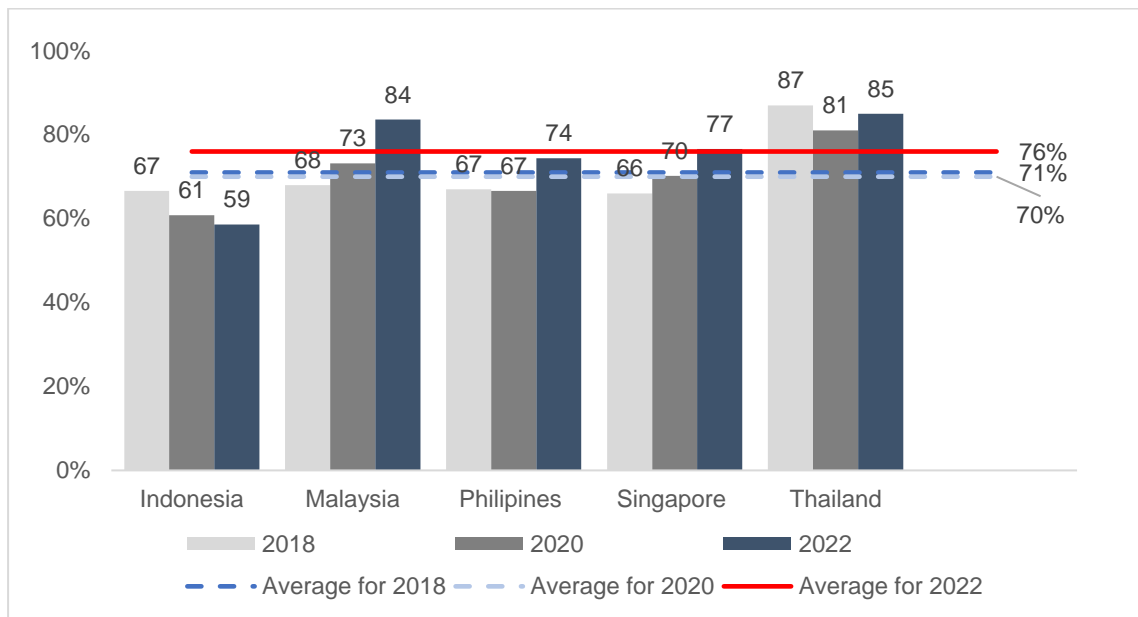
**Figure 2 Overall Level of Disclosure Across ASEAN**



Internal commitment to anti-corruption assesses the degree to which company leadership has established policies and programs to develop a culture of integrity. This includes aspects such as public statements conveying a zero-tolerance of corruption and compliance with relevant laws, as well as having an anti-corruption code of conduct (Transparency International UK 2017, Peninsula Business Services Ltd nd.)

The ASEAN average score for disclosures of internal commitment to anti-corruption rose by five percentage points to 76% in 2022, after showing only a marginal one percentage point increase from 2018 to 2020 (**Figure 3**). Thailand, followed closely by Malaysia, had the highest average score (85%), with Malaysia also showing the largest increase (11 percentage points). This improvement among the Malaysia-listed companies is mainly due to an increase in disclosures on the application of anti-corruption codes and relevant training to both employees and directors. In contrast, Indonesia’s score decreased from 61% in 2020 to 59% in 2022 due to a fall in disclosures of leadership support of anti-corruption.

**Figure 3 Disclosure on Internal Commitment to Anti-Corruption**



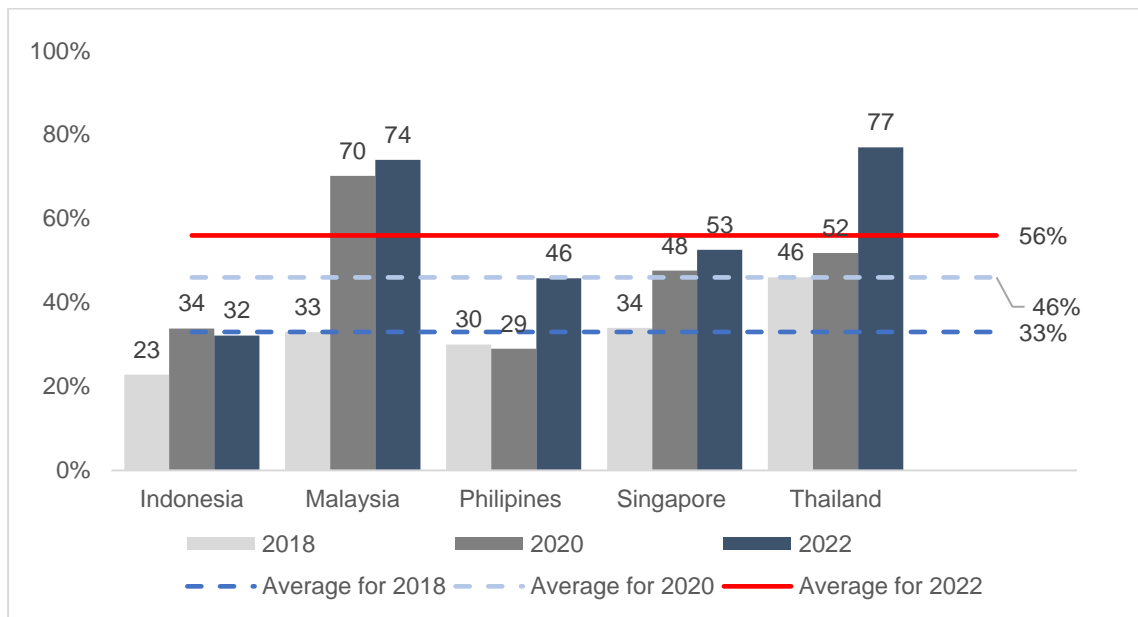
External commitment to anti-corruption assesses the degree to which companies extend their anti-corruption policies to external stakeholders. This includes regulating how company personnel relate to external stakeholders through policies on facilitation payments, political contributions, and gifts and hospitality. Companies can also directly impose codes of conduct on third parties such as agents, representatives, contractors and suppliers, making compliance a requirement of doing business with them.

Disclosures on external commitment to anti-corruption are the lowest among the three dimensions assessed in this study, having an average score of 56% vs. around 75% for the other two dimensions (**Figure 4**). However this category has also seen the largest increase, with the average score rising by 23 percentage points since 2018.

Thailand-listed companies show the greatest improvement, with their average score increasing by 25 percentage points since 2020. This was due to greater application of anti-corruption policies to agents and representatives, as well as increased disclosures of policies regarding gifts and hospitality, and prohibition of facilitation payments.

Indonesia’s average score decreased slightly to 32% from 34% in 2020. Indonesia-listed companies generally earned lower or unchanged scores for most of the questions in this category, though the largest decrease was seen in disclosures on policies regarding political contributions.

**Figure 4 Disclosure on External Commitment to Anti-Corruption**

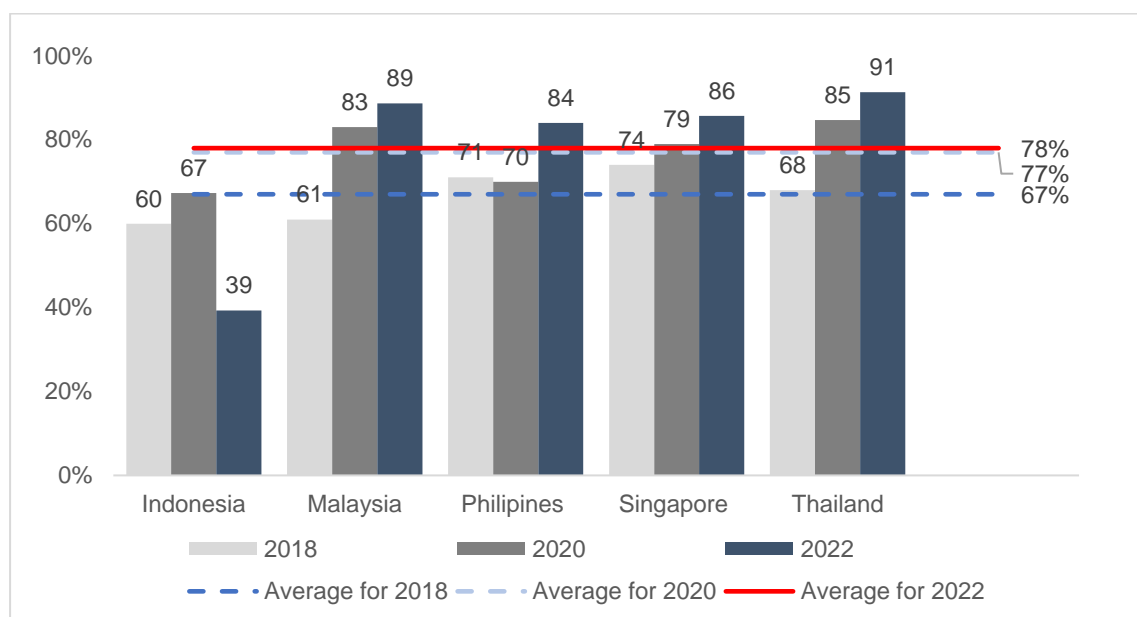


Effective anti-corruption programs must include provisions for whistleblowers to report ethics violations. Given that the key reasons for not reporting such violations are a fear of consequences and a belief that it will make no difference (Transparency International 2019), whistleblower systems should not only have a confidential reporting channel, but also guarantee protection from reprisal and provide for two-way communication with whistleblowers. This is assessed in the reporting and monitoring dimension. In addition, regular internal audits and reviews of integrity programs should be performed. This helps to ensure that programs remain relevant, and that companies can track their effectiveness. Public disclosures regarding the impact and outcomes of such reviews help the company to be transparent and remain accountable to stakeholders (Peninsula Business Services Ltd nd.).

Apart from Indonesia, there are high levels of disclosures for reporting and monitoring indicators, with average scores of at least 84% in 2022 (**Figure 5**). Thailand had the strongest disclosures at 91%, followed closely by Malaysia with 89%. However, it was the Philippines-listed companies which had the largest increase in average score (fourteen percentage points).

In contrast to the other countries, Indonesia's average score fell by 28 percentage points to 39% in 2022. This is due to a drop in disclosures concerning regular monitoring of anti-corruption programs, and provision of confidential whistleblower channels.

**Figure 5 Disclosure on Reporting and Monitoring**



## 6. Country Performance Reports

### 6.1 Indonesia

The Indonesia-listed companies had an average disclosure score of 44%, a drop from 52% in 2020 (**Figure 6**). Their performance varied widely among the thirteen indicators, with stronger performance in disclosures regarding compliance with all laws (99%), having the anti-corruption code apply to both directors and employees (87%) and publicly committing to anti-corruption (70%)<sup>2</sup>. However, disclosures regarding provision of whistleblowing channels dropped substantially, with the average score falling from 96% in 2020 to 65% in 2022. 27 of the companies did not provide assurance of a two-way communication channel for whistleblowers (**Figure 7**). By contrast, only two companies in 2020 failed to make this disclosure. Similarly, only 23 companies in 2022 disclosed policies of protecting whistleblowers from reprisals, down from 31 in 2020. This deterioration in performance may be partly due to the fact that Indonesia had a higher share of new companies in the Top 50 in this assessment. One-third of the companies were new as compared to 2020, and these were generally weaker in business integrity reporting.

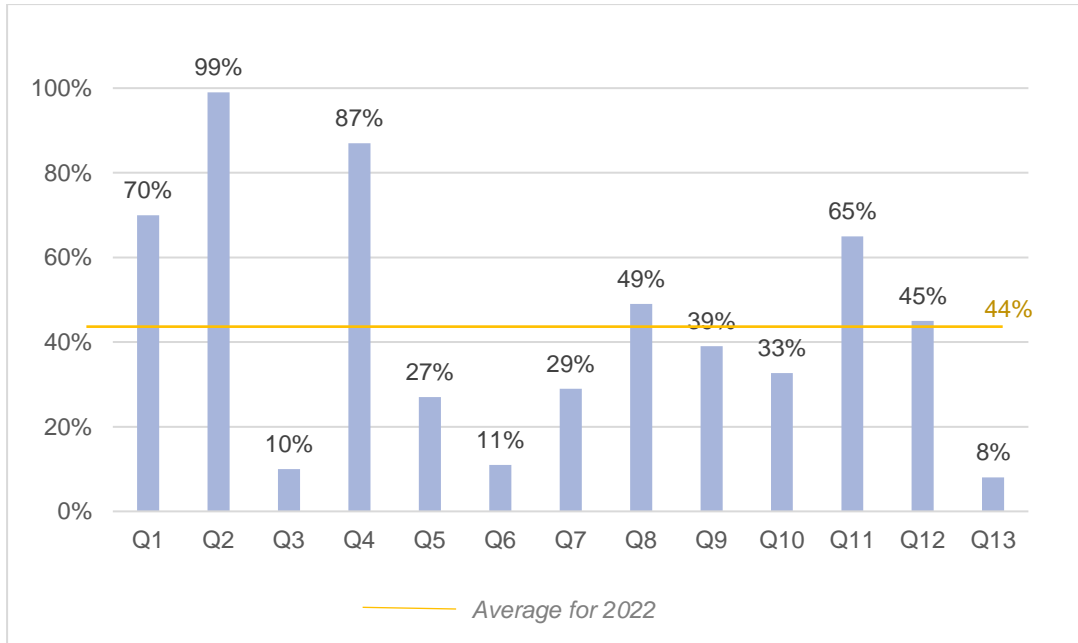
The areas in which Indonesia-listed companies have the most room for improvement are in expressing leadership support for anti-corruption (average score of 10% in 2022), applying their anti-corruption code to agents (11%), and regular monitoring of their anti-corruption program (8%, a drop of 36 percentage points from 2020). In each of these areas at least 40 of the 50 companies assessed did not make any disclosure at all.

Of these, the lack of application of the code to agents is notable, given that the companies earned higher scores for applying their anti-corruption codes to suppliers (average score of 29%). It would seem that Indonesia-listed companies are making efforts to encourage the adoption of integrity practices in their supply chain, but now need to broaden their perspective to include third parties authorized to represent

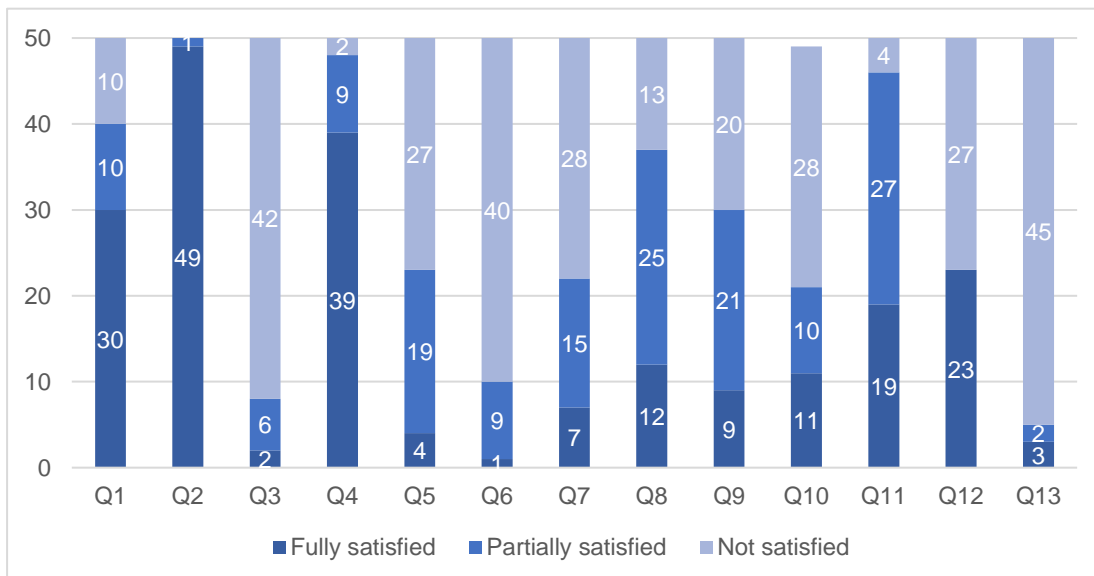
<sup>2</sup> It should be noted however that for the latter two indicators, the average score for the Indonesia-listed companies is below the ASEAN average.

their organizations. They also need to deepen this with due diligence and monitoring of third parties. Of the ten companies which did disclose application of their code to representatives, only one reported that mandatory compliance was reinforced by monitoring such parties.

**Figure 6 Indonesia-listed Companies: Average Disclosure Level**



**Figure 7 Indonesia-listed Companies: Breakdown of Scores**



## 6.2 Malaysia

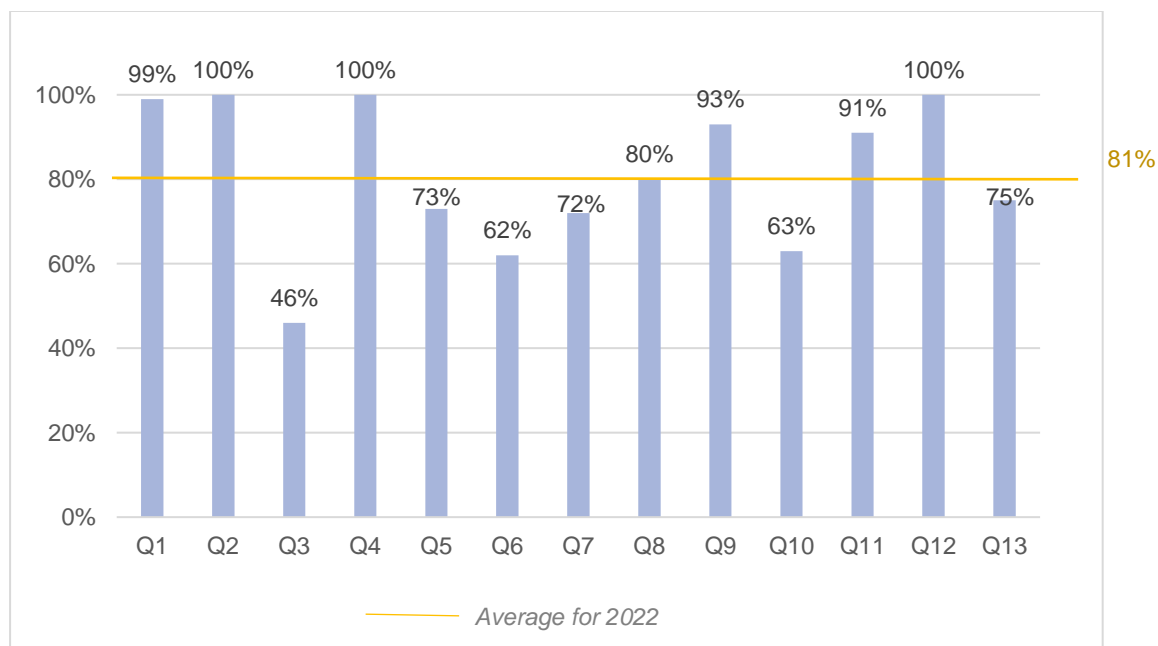
With an average score of 81% among the top listed companies, Malaysia ranked second of the five countries in this study (**Figure 8**). Even though this is a drop from its first-place ranking in 2020, it is an improvement over its 2020 score of 74%.

The companies assessed all made full disclosures for three of the questions: commitment to comply with relevant laws; application of anti-corruption policy to both employees and directors; and commitment to protect whistleblowers from reprisals (**Figure 9**). Additionally, all companies made at least partial disclosures on publicly-stated commitment to anti-corruption, having anti-corruption training, having an anti-corruption code for suppliers, prohibiting facilitation payments, and having a whistleblowing channel.

Significant improvement can be seen in applying the anti-corruption code and providing training to both directors and employees (increase in average score of around 16 percentage points). However the most improvement was seen in disclosures of regular monitoring and reviewing of the companies’ anti-corruption programs. The average score for this rose from 49% to 75%, an increase of 26 percentage points. 27 companies made full disclosures on this item in 2022. They reported not just regular monitoring, but also provided some indication of the outcomes of such monitoring. This is significantly higher than the five companies that did this in 2020.

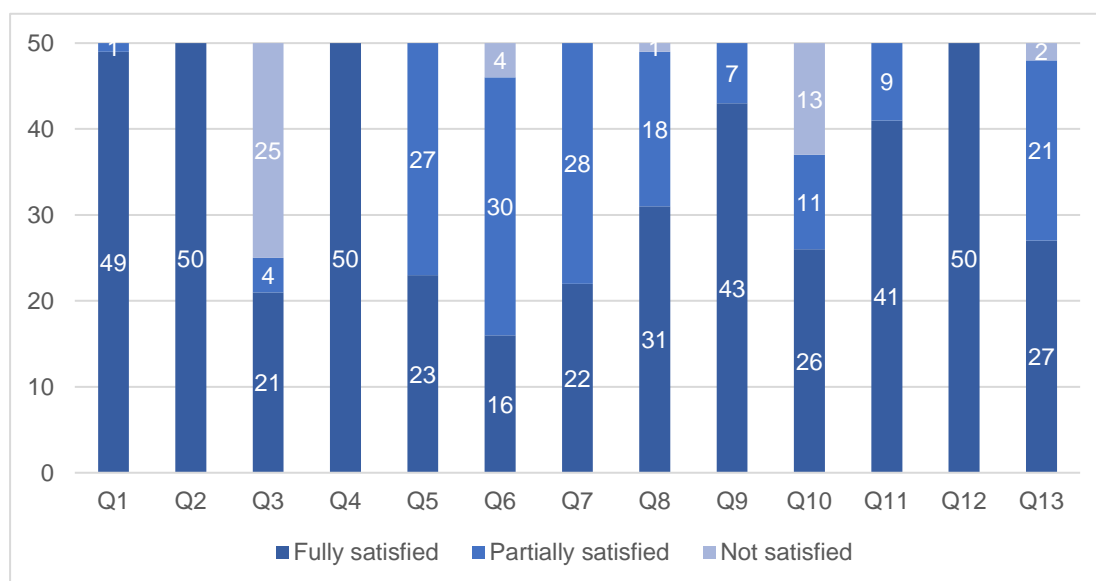
Given Malaysia’s strong performance, the relative lack of disclosure regarding leadership support for anti-corruption is notable. The average score for this indicator was 46%, substantially lower than any of the other scores, although this is an increase from the average score for 2020 (35%). In addition, for one question, regarding the provision of a channel for confidential whistleblowing, the average score fell (from 100% in 2020 to 91% in 2022). Although all companies disclosed a provision for whistleblowing, nine companies failed to disclose a facility for two-way communication with whistleblowers.

**Figure 8 Malaysia-listed Companies: Average Disclosure Level**





**Figure 9 Malaysia-listed Companies: Breakdown of Scores**



### 6.3 Philippines

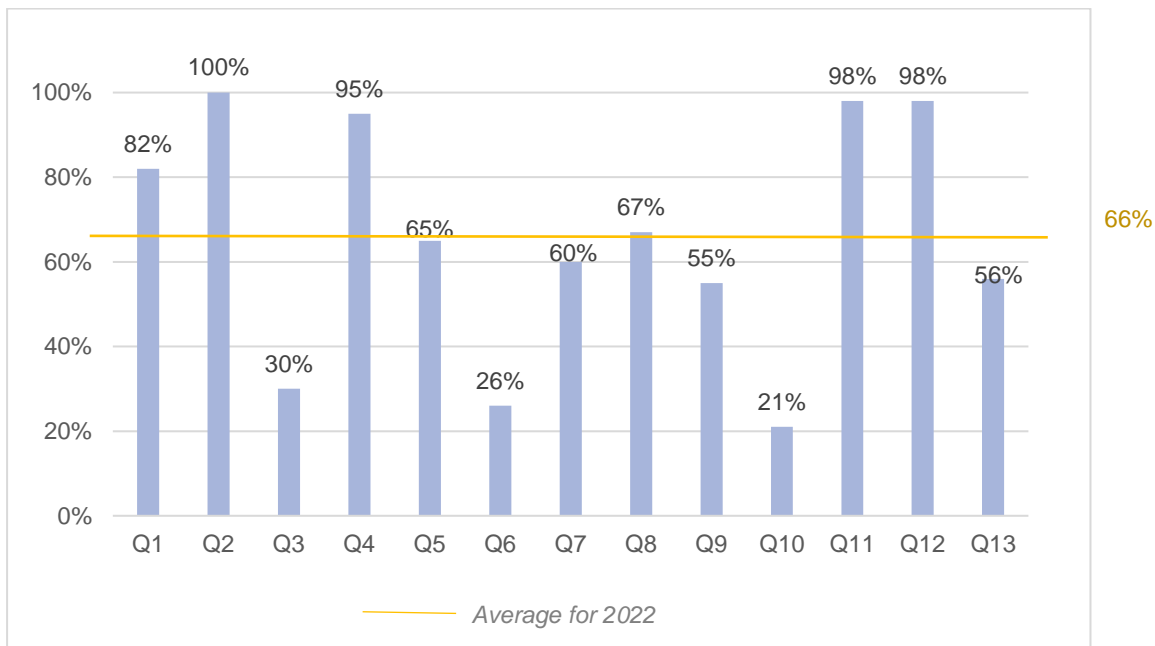
The average score of the Philippines-listed companies is 66%, substantially higher than the 2020 average of 53%, although it remains slightly below the ASEAN average (69%) (Figure 10).

The companies earned their highest scores with disclosures committing to comply with all laws. All the companies assessed made this disclosure. They also achieved high scores on whistleblowing indicators, with all but one company providing for confidential reporting together with two-way communication with whistleblowers, and committing to protect them from reprisals (Figure 11). For the latter, the Philippines-listed companies showed the largest improvement on average, among all assessed companies.

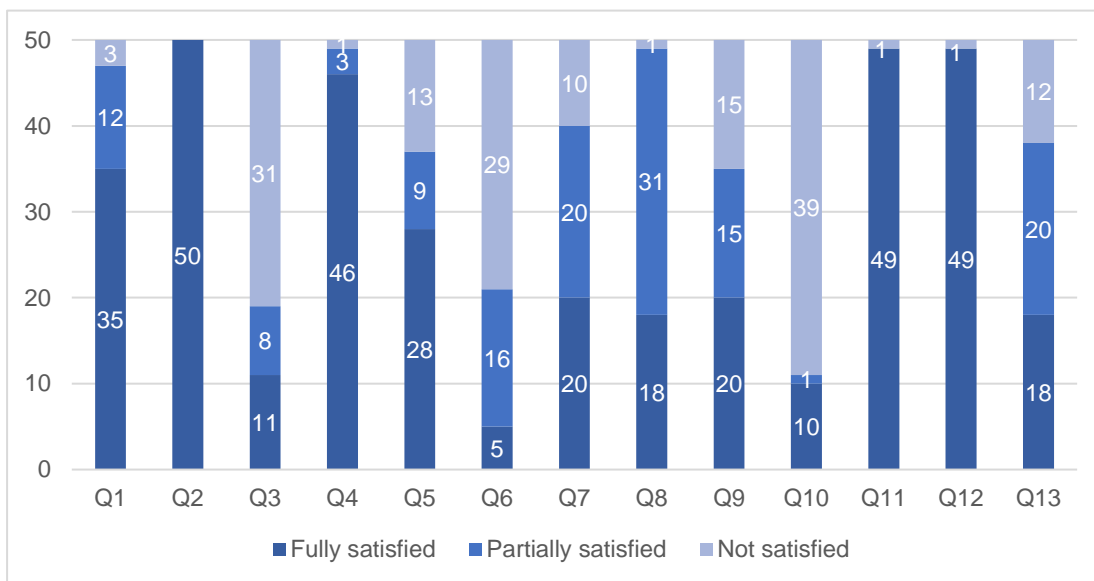
Other significant improvement for the Philippines-listed companies is seen in the application of the anti-corruption code to cover third parties. On average, scores for the code extending to suppliers and representatives increased by 33 percentage points and 20 percentage points respectively. The average score for application of the code to representatives remains low however, at 26%. There is also large improvement in disclosures regarding monitoring of anti-corruption programs, with average scores rising from 33% in 2020 to 56%. 18 companies in 2022 reported conducting regular reviews and disclosed outcomes from their reviews; none of the companies made such complete disclosures in 2020.

The lowest-scored item for Philippines-listed companies was for disclosing their policies on political contributions (average of 21% in 2022). This was also the lowest average score across the ASEAN countries. Where companies had former political office bearers on their boards, they tended not to have policies prohibiting political contributions.

**Figure 10 Philippines-listed Companies: Average Disclosure Level**



**Figure 11 Philippines-listed Companies: Breakdown of Scores**



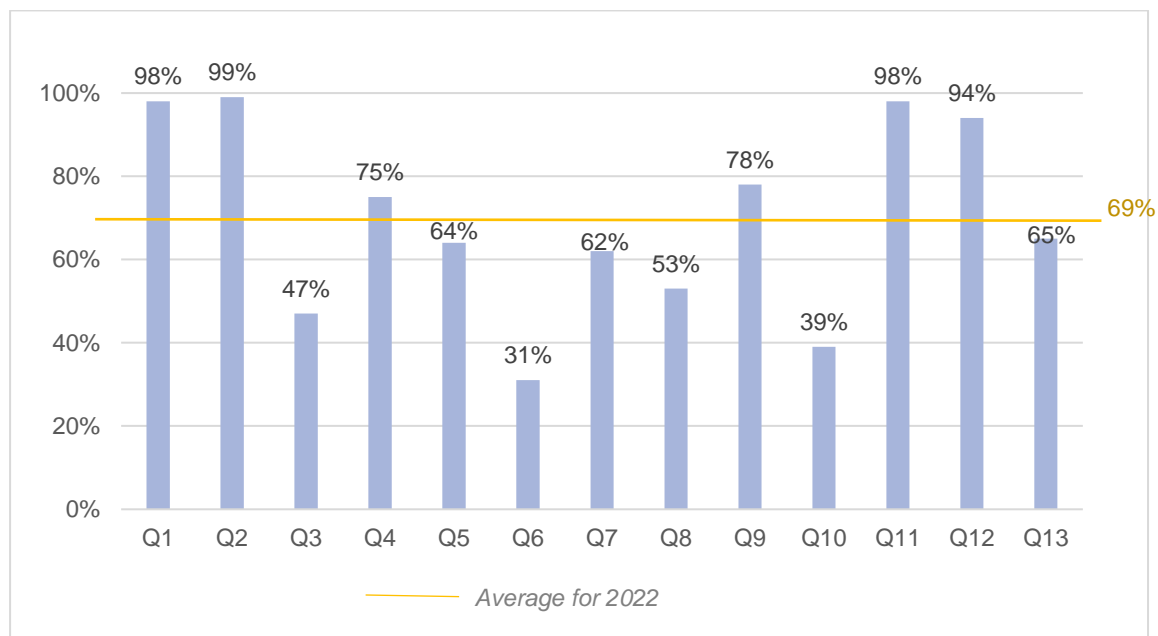
## 6.4 Singapore

With an average score of 69%, the Singapore-listed companies' overall performance matched the ASEAN average (Figure 12). This is an increase over the Singapore 2020 average score of 64%. The companies generally showed the strongest performance on public commitment to anti-corruption and compliance with relevant laws, as well providing for confidential whistleblowing. All but one or two companies made full disclosures for these factors (Figure 13).

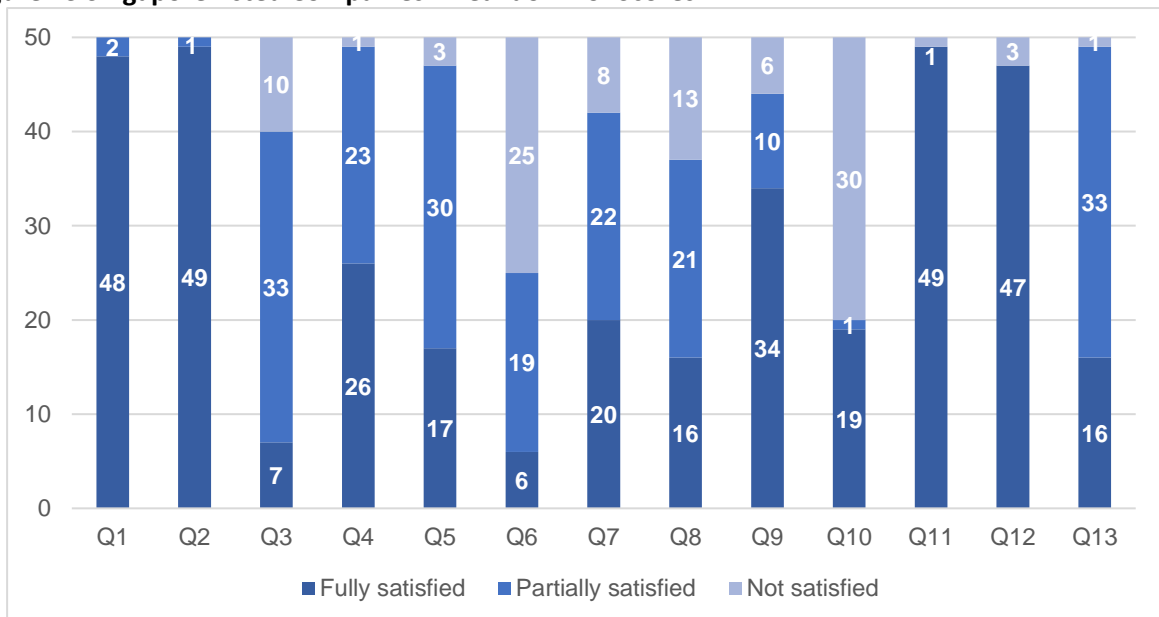
Singapore’s performance is marked by significant rises and falls in scores. Disclosures on prohibition of facilitation payments increased by 25 percentage points, to 78% in 2022. 34 companies made full disclosures for this item, compared with only eight companies in 2020. Reporting of anti-corruption training for both employees and directors, and of regular reviewing of anti-corruption programs, both increased by 14 percentage points. The number of companies without any disclosure on these items dropped from ten to around three.

Conversely, the Singapore-listed companies exhibited weaker performance in external commitment to corruption. The lowest average scores were obtained for disclosures of anti-corruption codes applying to agents, and of policies regarding political contributions (31% and 39% respectively). Further, the average score for disclosing policies on gifts and hospitality fell by 13 percentage points to 53%.

**Figure 12 Singapore-listed Companies: Average Disclosure Level**



**Figure 13 Singapore-listed Companies: Breakdown of Scores**



## 6.5 Thailand

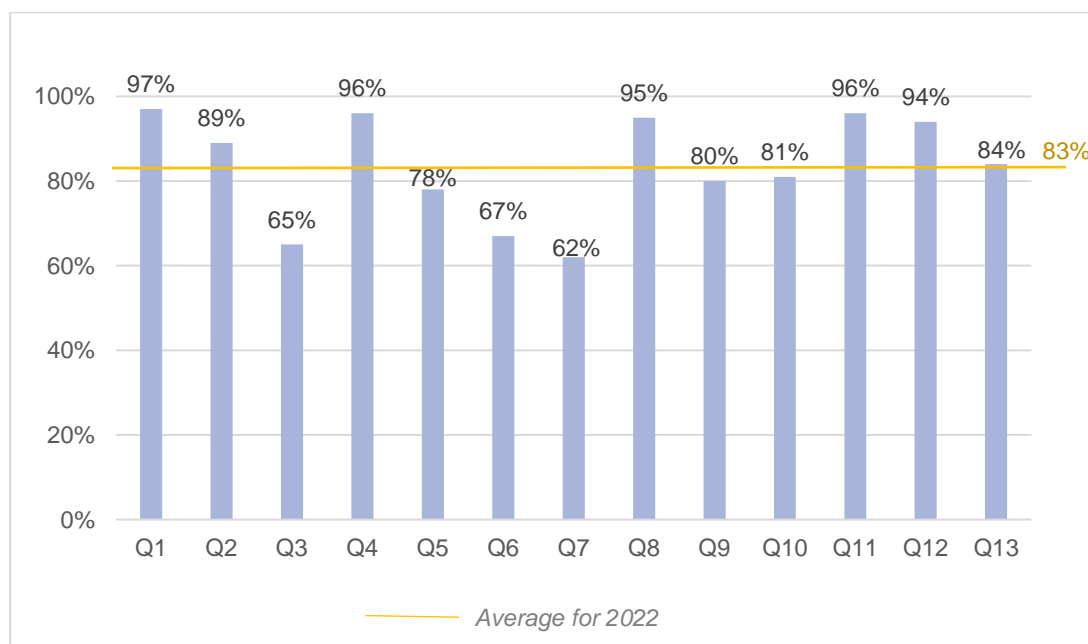
Thailand overtook Malaysia to achieve the highest average score for 2022, at 83%. (Figure 14). This represented a 12 percentage point increase. Companies earned average scores of at least 95% for disclosures of public commitment to anti-corruption, applying anti-corruption codes to both employees and directors, gifts and hospitality policies, and provision of whistleblowing channels. Significant improvement was seen in disclosures of anti-corruption codes applying to agents, with the average score jumping from 19% to 67%. The number of companies making full disclosure on this item (including conducting due diligence and monitoring of such persons) rose ten-fold, from two to 20 companies (Figure 15). Conversely the number of companies with no relevant disclosures on this fell from 33 to three.

Large increases were also seen in disclosures regarding gifts and hospitality policies, and prohibition of facilitation payments. The average scores for these indicators increased by around 25 percentage points, to 95% and 80% respectively.

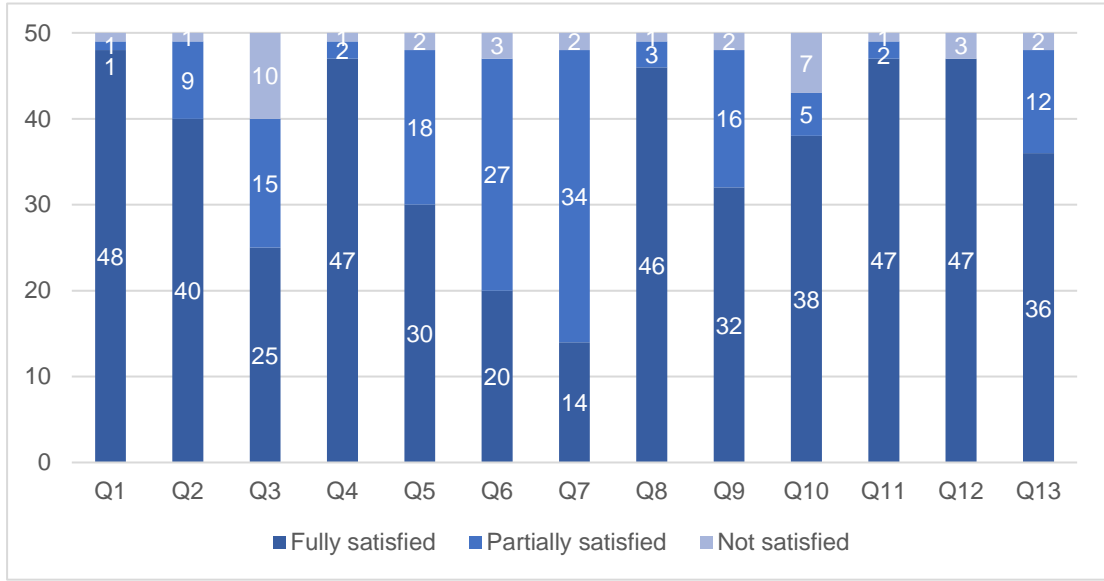
In regards to disclosure of policies on political contributions, Thailand had the highest average score by a substantial margin. The companies had an average score of 81%, far above the average score for the next-highest country (Malaysia, at 63%) and the ASEAN average of 47%. 38 Thailand-listed companies had policies on prohibition of political contributions. Among those which did not have such a policy, five required public disclosures of political contributions.

There is however room for improvement in extending anti-corruption initiatives to cover supply chains. The average score for these items was only 67% for applying anti-corruption codes to agents, and 62% for suppliers.

**Figure 14 Thailand-listed Companies: Average Disclosure Level**



**Figure 15 Thailand-listed Companies: Breakdown of Scores**



## 7. Conclusion

The most recent assessment of corporate business integrity among the top listed companies in ASEAN reveals steady improvement in disclosures. The average score for the companies assessed in Indonesia, Malaysia Philippines, Singapore and Thailand rose from 56% in 2018 to 69% in 2022. The 2022 average score was a six percentage point increase over 2020.

Average scores over 2018-2022 have increased in each of the individual countries except for Indonesia. The relative positions of the countries has changed however. Thailand-listed companies overtook those in Malaysia to take the lead position. Together with the Philippines, they also had the largest increase in average score (around 12 percentage points, reaching 83% in 2022). Indonesia-listed companies however, had their average score decrease by eight percentage points to 44% in 2022. This was mainly due to lower levels of disclosures in reporting and monitoring, and a larger proportion of new top 50 companies who were weaker in business integrity disclosures.

In terms of the three dimensions of business integrity, companies in almost all five countries had greater internal and external commitment to anti-corruption, as reflected by their disclosures. Malaysia-listed companies showed the greatest improvement in internal commitment disclosures, while Thailand-listed companies showed the greatest improvement in external commitment disclosures. Companies in most of the countries showed very strong performances in reporting and monitoring. This dimension had the highest average score (78%) and all the countries, apart from Indonesia, had scores ranging from around 85% to 90%.

Moving forward, listed companies in ASEAN should build on the progress they have made:

1. *Strengthen business integrity practices and disclosures in areas of weaker performance.* This is particularly seen in external commitment to anti-corruption. Except for Malaysia and Thailand, the average score for this dimension is 44%. Two items are particularly low-scored, with a majority of the companies in the remaining three countries lacking any disclosures at all: application of the anti-corruption code to agents; and policies regarding political contributions. Concerning the former, companies have made progress in enhancing business integrity in their supply chains by applying their anti-corruption codes to suppliers and contractors. They can now move to extend this to other third parties - to those authorized to act on behalf of their companies. With regards to political contributions, companies should formulate and disclose relevant policies. If such contributions are not prohibited entirely, the companies should work towards publicly disclosing them. This is an important part of addressing corruption in ASEAN, given that key decision-makers include business leaders and government (Transparency International 2019). Transparency in the relationship between corporations and the government therefore becomes central.

Another item which generally received low scores was leadership support for anti-corruption. In most of the countries, at least half the assessed companies lacked any disclosure for this item. This is a notable deficiency, since inculcating a culture of business integrity requires the initiative and backing of company leadership.

2. *Further strengthen practices in areas where basic policies and disclosures are in place.* While many companies already cover suppliers in their anti-corruption codes, they could strengthen this by

making compliance mandatory, as opposed to merely encouraged. This could be reinforced by conducting due diligence on suppliers, along with ongoing monitoring. Similarly, while most companies have some form of policy on gifts and hospitality, they could widen their comprehensiveness. Policies should be specific in defining acceptable types of gifts and hospitality, threshold limits, procedures to be followed, and reporting requirements. This is particularly important because gifts and hospitality are an integral part of corporate culture; such clarity will help to ensure that personnel appropriately differentiate between gifts and bribes. Finally, while it is commendable that most companies conduct regular reviews of their anti-corruption programs, they could move towards publicly disclosing the outcomes of such reviews. Such transparency with stakeholders increases accountability and builds trust. Companies could also strengthen their integrity measures through anti-corruption certification, such as ISO 37001 — Anti-bribery management systems.

3. *Resist the temptation to divert resources from business integrity due to Covid-19 or to other ESG (environmental, social and governance) issues.* While corporations understandably seek to focus on economic recovery from the pandemic, leadership should understand that a sustained recovery requires clean business operations. Similarly, business integrity activities should not be crowded out by other ESG concerns. There are indications that some companies are leaning in this direction as a response to Covid-19, with a greater share of businesses reducing budgets for business integrity vs. managing other ESG risks (OECD 2020). However this would undermine their efforts, as business integrity underlies sustainable business practice.
4. *Develop opportunities for collective action against corruption.* Coordinated action among companies would help to curb corruption, reducing the motivation to act corruptly in response to the perception that competitors are doing so. Examples of these include anti-corruption statements, integrity pacts, principle-based schemes, development of industry standards, and coalitions to certify companies adopting best practices (Castro et al. 2020, Transparency International 2019)
5. *Extend training in business integrity.* Regulatory authorities and business associations could also play a role in this, providing training for areas in which companies show weaker performance. The areas of weakness identified in this study generally correspond to those elsewhere identified by ASEAN businesses as topics where training would be most helpful - corruption risk assessment, third party due diligence, and how to conduct internal audits (OECD 2020).

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## Annex

### Assessment framework on business integrity disclosures

#### Q1. Does the company have a publicly stated commitment to anti-corruption?

1.0 point	If there is an explicit statement of “zero-tolerance to corruption” or equivalent (i.e. the commitment to fight any corrupt activities)
0.5 point	If there is no general anti-corruption statement, but only reference to public sector/ governmental corruption
	If there is a weaker, less direct statement
	If a company is a signatory of the UNGC and it explicitly underscores its commitment to the 10th principle
	If a company is a signatory of other similar collective action initiatives on anti-corruption and it explicitly underscores its commitment to these initiatives
0 point	If there is no explicit statement/commitment, even if relevant policies are there
	If a company is a signatory of the UNGC, but there is no explicit reference to commitment to the 10th principle
	If a company is a signatory of other similar collective action initiatives on anti-corruption, but there is no explicit reference to commitment to these initiatives

#### Q2. Does the company publicly commit to be in compliance with all relevant laws, including anti-corruption laws?

1.0 point	If there is an explicit statement of such a commitment for all jurisdictions in which a company operates
Attention: A reference to all laws shall be deemed to include anti-corruption laws, even if they are not specifically mentioned	
0.5 point	If there is a less direct statement of such a commitment
0 point	If there is no explicit reference to compliance with laws or the reference to compliance with laws excludes or omits anti-corruption laws

**Q3. Does the company leadership (senior member of management or board) demonstrate support for anti- corruption?**

<b>1.0 point</b>	If the company leadership (senior member of management or board) issues a personal statement that specifically highlights the company’s commitment to anti-corruption
	If the company leadership (senior member of management or board) issues a personal letter of support for company’s code of conduct or equivalent and the code of conduct includes anti-corruption policies
<b>0.5 point</b>	If there is only brief mention of anti-corruption in the personal statement or letter
<b>0 point</b>	If the statement fails to specifically refer to corruption or is not inserted into a code of conduct
	If the statement is not issued by the appropriate individual
	If there is no such statement

**Q4. Does the company’s code of conduct/anti-corruption policy explicitly apply to all employees and directors? (Directors = Board of Directors = Supervisory Board)**

<b>1.0 point</b>	If the policy explicitly mentions that it applies to all employees and directors, regardless of their position in corporate hierarchy. There can be no exception for any country of operation
<b>0.5 point</b>	If the policy applies to all employees, but does not explicitly mention directors
	If the policies apply to a selected group of employees only, i.e., to managers
<b>0 point</b>	If there is no explicit statement that the code of conduct applies to all employees and directors

**Q5. Does the company have in place an anti-corruption training program for its employees and directors?  
(Directors = Board of Directors = Supervisory Board)**

<b>1.0 point</b>	If the company states in public documents that such a program is in place for employees and directors (the reference to the training program may focus explicitly on training on the anti-corruption policies, but it can also refer to training on the code of conduct, if it includes anti-corruption provisions. It should give data on numbers of staff trained.)
<b>0.5 point</b>	If the company states in public documents that such a training program is in place for employees but not for directors (or vice versa)  If there is public information about a training program for employees and directors on all ethical/integrity issues, and from other sources, we can infer that includes anti-corruption policies
<b>0 point</b>	If there is no public reference to such a training program

**Q6. Does the company’s anti-corruption policy explicitly apply to persons who are not employees but are authorized to act on behalf of the company or represent it (for example: agents, advisors, representatives or intermediaries)?**

<b>1.0 point</b>	If all of the following three elements are fulfilled: <ol style="list-style-type: none"> <li>1. Such persons are required to comply with the policy;</li> <li>2. The company performs anti-corruption due diligence on such persons; and</li> <li>3. The company monitors such persons</li> </ol>
<b>0.5 point</b>	If such persons are only “encouraged” to comply with the policy or if only one or two of the three elements above are present
<b>0 point</b>	If such persons are not covered by anti-corruption policy or they are specifically excluded from the policy

**Q7. Does the company’s anti-corruption program apply to non-controlled persons or entities that provide goods or services under contract (for example: contractors, subcontractors, suppliers)?**

<b>1.0 point</b>	<p>If all of the following three elements are fulfilled:</p> <ol style="list-style-type: none"> <li>1. Such persons/entities are required to comply with the company’s anti-corruption program, its equivalent or with a supplier code issued by the company; and</li> <li>2. The company performs anti-corruption due diligence on such persons/entities; and</li> <li>3. The company monitors such persons/entities</li> </ol>
<b>0.5 point</b>	If such persons/entities are only “encouraged” to comply with the policy or if only one or two of the three elements above are present
<b>0 point</b>	If there is no reference to such persons/entities; or they are not specifically required to comply with the company’s policy or equivalent

**Q8. Does the company have a policy on gifts, hospitality and expenses?**

<b>1.0 point</b>	<p>If the company has a policy regulating the offer, giving and receipt of gifts, hospitality or expenses. The policy must cover the following elements:</p> <ol style="list-style-type: none"> <li>1. Either offer or giving of such items,</li> <li>2. Receipt of such items,</li> <li>3. A definition of thresholds (descriptive or quoted as amounts) for acceptable gifts, hospitality or expenses, as well as procedures and reporting requirements.</li> </ol>
<p><b>Attention: The exact guidance for employees does not have to be publicly available. There must be publicly available information that such guidance exists and that it includes all required elements.</b></p>	
<b>0.5 point</b>	If some but not all of the elements enumerated above are present
<b>0 point</b>	If the company does not disclose that it has such policy

**Q9. Is there a policy that explicitly prohibits facilitation payments?**

“Facilitation payments” are payments made to expedite or secure the performance of a routine governmental action, by an official, political party, or party official.

Attention: facilitation payments are illegal in most countries but they are not prohibited under the foreign bribery laws of some countries, such as the U.S. Foreign Corrupt Practices Act. Nevertheless, we expect them to be prohibited in all countries in which a company operates

<b>1.0 point</b>	If there is an explicit prohibition and not only simple discouragement of such payments (recognizing that exceptions may be made for life or health threatening situations)
<b>0.5 point</b>	If there is a general statement of prohibition of anti-corruption related payments or bribery
	If such payments are discouraged or regulated internally (i.e. allow after being approved by the manager)
<b>0 point</b>	If such payments are “allowed if permitted by local law” or “subject to local law”
	If there is no reference to facilitation payments or they are specifically permitted
	If such payments are only prohibited for certain countries, e.g. for company’s home country

**Q10. Does the company have policy on political contributions that either prohibits such contributions or if it does not, requires such contributions to be publicly disclosed?**

“Political contributions” refers to contributions of cash or in-kind support for a political party, cause or candidacy. Both direct and indirect contributions, i.e., through associations to which a company is a member will be considered.

Attention: It is not required that companies prohibit political contributions, but it requires transparency in this field. Such transparency can be achieved by either publicly disclosing all contributions or by prohibiting them.

<b>1.0 point</b>	If a company either prohibits or publicly/explicitly discloses its political contributions (in all its countries of operations)
<b>0.5 point</b>	If political contributions are only “discouraged” and/or If there is a minimum disclosure of its political contributions
<b>0 point</b>	If political contributions are regulated but not disclosed or prohibited (e.g. there is a special internal approval procedure and internal reporting system for such contributions, but the actual payments are not made public) If political contributions are disclosed only for certain countries, e.g. for company’s home country If a company’s policy refers only to contributions by employees but not to contributions by a company If political contributions are not regulated and/or disclosed

**Q11. Does the company provide a channel through which employees can report suspected breaches of anti-corruption policies, and does the channel allow for confidential and/or anonymous reporting (whistleblowing)?**

<b>1.0 point</b>	If there is public provision of such a channel in a form that assures full confidentiality and/or anonymity, and two-way communication with the whistle-blower for any needed follow-up on the disclosure
<b>0.5 point</b>	If there is such a channel, but two-way communication with the whistle-blower is not assured
<b>0 point</b>	If there is no such channel or the channel allows for neither confidential, nor anonymous reporting

**Q12. Does the program enable employees and others to raise concerns and report violations (of the program) without risk of reprisal?**

<b>1.0 point</b>	If the publicly-available policy specifies that no employee will suffer demotion, penalty or other reprisals for raising concerns or reporting violations (whistleblowing)
<b>0 point</b>	If there is no explicit policy prohibiting such retaliation

**Q13. Does the company carry out regular monitoring of its anti-corruption program to review the program’s suitability, adequacy and effectiveness, and implement improvements as appropriate?**

“The enterprise should establish feedback mechanisms and other internal processes supporting the continuous improvement of the Program. Senior management of the enterprise should monitor the Program and periodically review the Program’s suitability, adequacy and effectiveness, and implement improvements as appropriate” (from Transparency International’s Business Principles for Countering Bribery).

<b>1.0 point</b>	If there is public information on regular or continuous monitoring of all the anti-corruption programs including outcomes.
<b>0.5 point</b>	If there is information on regular or continuous monitoring of all sustainability issues (without specific reference to anti-corruption policies and procedures) and additionally some implicit information that company’s anti-corruption program should be included
<b>0 point</b>	If there is information on some monitoring, but it is not a regular or continuous process
	If there is only compliance-related monitoring in place without specific reference to the review of program’s suitability, adequacy and effectiveness
	If there is only oversight or audit of the report (which mentions the program)
	If no monitoring is publicly mentioned



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