ASEAN Corporate Governance Scorecard

An Overview
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  – Scorecard Methodology

• Scoring Exercise
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  – Revision to the Scorecard
  – ASEAN company List
Background:

ASEAN Capital Markets Forum (ACMF) Implementation Plan for the development of an integrated capital market by 2015

**Environment for Regional Integration**
- Mutual Recognition Framework

**Creating the Market Infrastructure**
- ASEAN governance framework.
- Promoting ASEAN asset class.
- Strengthening bond markets.

**Strengthening the Implementation Process**
- Aligning domestic capital market for regional integration
- Reinforcing ASEAN working process.

*Source: Adapted from ACMF Implementation Plan (2009)*
Background:

Initiative started in 2011 under ASEAN Capital Markets Forum (ACMF) Implementation Plan

Initial Scorecard and assessment criteria developed by panel of CG experts from the region

Working group led by Securities Commission Malaysia

Includes capital market regulators and regional CG proponents

SID and CGIO appointed as Singapore DRB in 2013
Principles of Scorecard

• Reflects internationally recognized good corporate governance practices

• Encourages PLCs to adopt higher standards

• Identifies gaps in practices and places focus on good practices

• Comprehensive in coverage

• Corresponds to OECD Principles of Corporate Governance
Scorecard Methodology

There are 2 levels to the ASEAN CG Scorecard:

**Level 1: Five Major Sections that Correspond to OECD Principle:**
- Part A (10%): Rights of Shareholders
- Part B (15%): Equitable Treatment of
- Part C (10%): Role of Stakeholders
- Part D (25%): Disclosure and Transparency
- Part E (40%): Responsibilities of the Board

**Level 1 Total:** 179 items weighted to 100 points

**Level 2: Two additional sections: Bonus and Penalty**

**Bonus items** for companies that go beyond minimum standards;

**Penalty items** for companies with poor practices

**Level 2 Total:** Net Bonus and Penalty points
Scorecard Methodology

<table>
<thead>
<tr>
<th>Level 1</th>
<th>No. of Questions</th>
<th>Weightage</th>
<th>Maximum Attainable Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part A: Rights of Shareholders</td>
<td>25</td>
<td>10%</td>
<td>10 points</td>
</tr>
<tr>
<td>Part B: Equitable Treatment of Shareholders</td>
<td>17</td>
<td>15%</td>
<td>15 points</td>
</tr>
<tr>
<td>Part C: Role of Stakeholders</td>
<td>21</td>
<td>10%</td>
<td>10 points</td>
</tr>
<tr>
<td>Part D: Disclosure and Transparency</td>
<td>40</td>
<td>25%</td>
<td>25 points</td>
</tr>
<tr>
<td>Part E: Responsibilities of the Board</td>
<td>76</td>
<td>40%</td>
<td>40 points</td>
</tr>
<tr>
<td>Level 1 sub- Total:</td>
<td>179</td>
<td>100%</td>
<td>100 points</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level 2</th>
<th>No. of Questions</th>
<th>Weightage</th>
<th>Maximum Attainable Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonus</td>
<td>9</td>
<td>Not Weighted</td>
<td>42 points</td>
</tr>
<tr>
<td>Penalty</td>
<td>21</td>
<td>Not Weighted</td>
<td>-53 points</td>
</tr>
<tr>
<td>Level 2 sub- Total:</td>
<td>30</td>
<td>Net Score</td>
<td>42 points</td>
</tr>
</tbody>
</table>

Overall Total Score = Weighted Level 1 Score + Net Level 2 Score
Maximum Attainable Score: 100 + 42 = 142
Evaluation Process

Sample: Top 100 PLC by Market Capitalisation in each Jurisdiction*

Assess: 100 Short Listed PLCs using Scorecard

Peer Review: Cross-examination of Scores across Jurisdictions

Publish: top 50 PLCs in Country Report

(*as of 30th April 2013 across 6 participating Jurisdictions by Domestic Ranking Bodies)
Scoring Exercise: Sample Profile

Profile of ASEAN PLCs assessed in the 2013 Scorecard exercise:
529 PLCs in 6 Jurisdictions

*Market capitalisation and currency exchange rates as at 30 April 2013*
Scoring Exercise: Sample Vs Population

Comparison of Market size via Market Capitalisation

**Relative ASEAN Exchanges size by Market Capitalisation***

- Singapore (SGX) 30.79%
- Thailand (SET) 17.43%
- Malaysia (Bursa) 18.75%
- Indonesia (IDX) 19.15%
- Vietnam (HNX+HOSE) 1.59%
- The Philippines (PSE) 12.29%

**Market Capitalisation of ASEAN Exchanges in USD Billion***

- Indonesia (IDX): $504.45
- Malaysia (Bursa): $493.72
- Thailand (SET): $459.02
- Singapore (SGX): $810.98
- The Philippines (PSE): $323.71
- Vietnam (HNX+HOSE): $41.86

*Listed Companies excluding REITs, Business Trust, ADRs and Debt Securities; Currency converted to USD as of 30th April 13 rates
Scoring Exercise: Results 2012

In total 536 PLCS assessed
In 2012

0 out of top 10 PLCS are from Singapore
5 out of top 50 PLCS are from Singapore
In total 529 PLCS assessed in 2013.

4 out of top 10 PLCS are from Singapore.

19 out of top 50 PLCS are from Singapore.
Scoring Exercise: Results 2013

- Rights of Shareholders (Max: 10%)
  - Indonesia: 41.5%
  - Malaysia: 51.8%
  - Philippines: 55.3%
  - Singapore: 58.3%
  - Thailand: 86.2%
  - Vietnam: 88.0%

- Equitable Treatment of Shareholders (Max: 15%)
  - Indonesia: 48.5%
  - Malaysia: 51.6%
  - Philippines: 73.7%
  - Singapore: 75.7%
  - Thailand: 85.4%
  - Vietnam: 94.9%

- Role of Stakeholders (Max: 10%)
  - Indonesia: 43.9%
  - Malaysia: 58.4%
  - Philippines: 58.8%
  - Singapore: 58.8%
  - Thailand: 63.5%
  - Vietnam: 56.4%

- Disclosure and Transparency (Max: 25%)
  - Indonesia: 63.5%
  - Malaysia: 68.9%
  - Philippines: 64.1%
  - Singapore: 69.8%
  - Thailand: 68.7%
  - Vietnam: 68.7%

- Responsibilities of the Board (Max: 40%)
  - Indonesia: 20.8%
  - Malaysia: 48.3%
  - Philippines: 43.3%
  - Singapore: 63.0%
  - Thailand: 64.9%
  - Vietnam: 64.9%
Going Forward:

- Revision of the ASEAN Scorecard Instrument
- ASEAN top company list by end 2015 / early 2016 Assessment
- Based on FY 2015 Annual Reports / AGM notice + minutes / Website information
ASEAN Corporate Governance Scorecard

- Results for Singapore
Publicly Listed Companies Assessed in 2013

<table>
<thead>
<tr>
<th></th>
<th>Total Singapore PLCs</th>
<th>Top 100 Singapore PLCs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Companies</td>
<td>771</td>
<td>100</td>
</tr>
<tr>
<td>Market Capitalisation (S$B)</td>
<td>998.7</td>
<td>552.6</td>
</tr>
</tbody>
</table>

Top 100 Singapore PLCs represent:
- **13.0%** of total number of PLCs
- **55.3%** of total market capitalisation
Profile of Top 100 Singapore PLCs (as at 30 April 2013)

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Market Capitalisation (S$B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>0.607</td>
</tr>
<tr>
<td>Average</td>
<td>5.533</td>
</tr>
<tr>
<td>Maximum</td>
<td>62.658</td>
</tr>
</tbody>
</table>

![Bar chart showing industry distribution of Top 100 Singapore PLCs](image)
### ASEAN Corporate Governance Scorecard 2013:
Results for Singapore Top 100 PLCs 2013

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Out of maximum score of 142)</td>
</tr>
<tr>
<td>Minimum</td>
<td>46.8</td>
</tr>
<tr>
<td>Average</td>
<td>71.7</td>
</tr>
<tr>
<td>Maximum</td>
<td>105.0</td>
</tr>
</tbody>
</table>
Distribution of Top 100 Singapore PLCs
Base Score of Top 100 Singapore PLCs (Out of 100 points)

Average Level 1 Score

- 2012: 56.4
- 2013: 65.1

Comparison between 2012 and 2013
**Average Scores by Component**

- **Part A: Rights of Shareholders (10%)**
  - 2012: 5.1
  - 2013: 5.8

- **Part B: Equitable Treatment of Shareholders (15%)**
  - 2012: 11.7
  - 2013: 11.4

- **Part C: Role of Stakeholders (10%)**
  - 2012: 3.8
  - 2013: 4.5

- **Part D: Disclosure and Transparency (25%)**
  - 2012: 14.1
  - 2013: 17.5

- **Part E: Responsibilities of the Board (40%)**
  - 2012: 21.8
  - 2013: 26.0
Singapore's Corporate Governance: The Building Blocks

Disclosure & Transparency
- Shareholder Rights
- Stakeholder Roles
- Shareholder Treatment

Board Responsibilities

 ASEAN Corporate Governance Scorecard
Strengths

Part A: Rights of Shareholders

• Disclosing AGM outcome with resolutions
• AGM in easy to reach location
• Voting by poll for all resolutions at recent AGM
Part A: Rights of Shareholders - Strengths

Annual General Meeting

<table>
<thead>
<tr>
<th>Percentage of Companies</th>
<th>2012</th>
<th>2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosing AGM outcome with Resolutions</td>
<td>97.96%</td>
<td>99.00%</td>
<td>1.04%</td>
</tr>
<tr>
<td>AGM in an easy to reach location</td>
<td>95.92%</td>
<td>96.00%</td>
<td>0.08%</td>
</tr>
<tr>
<td>Voting by poll for all resolutions</td>
<td>57.00%</td>
<td>38.78%</td>
<td>-18.22%</td>
</tr>
</tbody>
</table>

Disclosing AGM outcome with Resolutions

Voting by poll for all resolutions
Areas for Improvement

Part A: Rights of Shareholders

- Few Singapore companies disclosed voting and vote tabulation procedures used
- Few companies record any opportunity for shareholders to ask questions
- Few companies record questions and answers in the minutes
Part A: Rights of Shareholders – Areas for Improvement

Annual General Meeting

- Disclose voting and vote tabulation procedures: 2.04% (2012) to 3.00% (2013)
- Opportunity for shareholders to ask questions: 2.04% (2012) to 2.00% (2013)
- Record of Q & A in AGM minutes: 1.02% (2012) to 1.00% (2013)
Strengths

Part B: Equitable Treatment of Shareholders

- No bundling of resolutions in AGM
- Amount payable for final dividends disclosed
Part B: Equitable Treatment of Shareholders - Strengths

Notice of AGM

- No bundling of resolutions in AGM:
  - 2012: 98.98%
  - 2013: 100.00%

- Amount payable for final dividends disclosed:
  - 2012: 87.76%
  - 2013: 87.00%
Areas for Improvement

Part B: Equitable Treatment of Shareholders

- Few companies disclosed that related party transactions are conducted fairly and at arms length
- Few companies have policy requiring directors to abstain from Board discussion where conflict of interest arises
Part B: Equitable Treatment of Shareholders – Areas for Improvement

Related Party Transactions

<table>
<thead>
<tr>
<th>Percentage of Companies</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure that RPTs are conducted fairly and at arms length</td>
<td>45.92%</td>
<td>34.00%</td>
</tr>
<tr>
<td>Directors abstain from board discussions where conflict of interest arises</td>
<td>8.16%</td>
<td>15.00%</td>
</tr>
</tbody>
</table>

2012 vs 2013
Strengths

Part C: Role of Stakeholders

• Have reward/compensation policy that accounts for performance of company beyond short-term financial measures

• Disclosed whistle-blowing procedures for employees
Part C: Role of Stakeholders - Strengths

Stakeholders’ Interests

<table>
<thead>
<tr>
<th>Requirement</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensate employees beyond short-term financial measures</td>
<td>52.04%</td>
<td>64.00%</td>
</tr>
<tr>
<td>Disclosed whistle blowing procedures for employees</td>
<td>79.59%</td>
<td>91.00%</td>
</tr>
</tbody>
</table>
Areas for Improvement

Part C: Role of Stakeholders

- Few companies provide whistle-blowing contacts/hotline for stakeholders on annual report / website
- Few companies disclosed policy that explains supplier/contractor selection practice
Part C: Role of Stakeholders – Areas for Improvement

Stakeholders’ Interests

- Provide whistle-blowing hotline for stakeholders:
  - 2012: 14.29%
  - 2013: 18.00%

- Explains supplier/contractor selection practice:
  - 2012: 10.20%
  - 2013: 18.00%
Strengths

Part D: Disclosure and Transparency

- Disclosure of meeting attendance of each director in annual report
- Disclosure of financial performance indicators in annual report
Part D: Disclosure and Transparency - Strengths

**Quality of Annual Report**

- Meeting attendance of each director:
  - 2012: 97.96%
  - 2013: 99.00%

- Financial performance indicators:
  - 2012: 98.98%
  - 2013: 98.00%
Areas for Improvement

Part D: Disclosure and Transparency

• Few companies disclosed their dividend policy in annual report

• Few companies disclosed trading in company's shares by insiders in annual report
Part D: Disclosure and Transparency – Areas for Improvement

**Quality of Annual Report**

- **Dividend policy**
  - 2012: 11.22%
  - 2013: 23.00%

- **Trading in the company's shares by insiders**
  - 2012: 0.00%
  - 2013: 9.00%
Strengths

Part E: Responsibilities of the Board

- Independent directors make up at least 50% of Board
- Having separate internal audit function
Part E: Responsibilities of the Board - Strengths

Board Structure of Processes

- Having ≥ 50% IDs on the Board:
  - 2012: 46.94%
  - 2013: 57.00%

- Having separate internal audit function:
  - 2012: 97.96%
  - 2013: 99.00%
Areas for Improvement

Part E: Responsibilities of the Board

- Few companies disclosed details on succession planning of CEO and senior management
- Few companies disclosed details of their code of ethics/conduct
Part E: Responsibilities of the Board – Areas for Improvement

Board Structure and Performance

- Succession planning of senior management:
  - 2012: 1.02%
  - 2013: 10.00%

- Detailed code of ethics/conduct:
  - 2012: 4.08%
  - 2013: 14.00%
Conclusion and Recommendations

• Although Singapore PLCs had a 8.6% increase in overall Level 1 scores, there are still several areas for improvement

- Communication with Shareholders
- Stakeholder Engagement
- CEO and Board Members’ Performance
- Transparency of Succession Planning Process
### Top 50 Singapore Companies - Alphabetical Order

<table>
<thead>
<tr>
<th>No.</th>
<th>Publicly Listed Company Name</th>
<th>No.</th>
<th>Publicly Listed Company Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ARA ASSET MANAGEMENT</td>
<td>14</td>
<td>GLOBAL LOGISTIC PROP</td>
</tr>
<tr>
<td>2</td>
<td>BIOSENSORS INT’L GROUP</td>
<td>15</td>
<td>GREAT EASTERN HOLDINGS</td>
</tr>
<tr>
<td>3</td>
<td>BUKIT SEMBAWANG ESTATES</td>
<td>16</td>
<td>HAW PAR CORP</td>
</tr>
<tr>
<td>4</td>
<td>BUMITAMA AGRI</td>
<td>17</td>
<td>HONG LEONG FINANCE</td>
</tr>
<tr>
<td>5</td>
<td>CAPITALAND</td>
<td>18</td>
<td>KEPPEL CORP</td>
</tr>
<tr>
<td>6</td>
<td>CAPITAMALLS ASIA</td>
<td>19</td>
<td>KEPPEL LAND</td>
</tr>
<tr>
<td>7</td>
<td>CHINA AVIATION OIL (S) CORP</td>
<td>20</td>
<td>KEPPEL TELE &amp; TRAN</td>
</tr>
<tr>
<td>8</td>
<td>CHINA FISHERY GROUP</td>
<td>21</td>
<td>M1 LIMITED</td>
</tr>
<tr>
<td>9</td>
<td>CITY DEVELOPMENTS</td>
<td>22</td>
<td>METRO HOLDINGS</td>
</tr>
<tr>
<td>10</td>
<td>COMFORTDELGRO CORPORATION</td>
<td>23</td>
<td>NEPTUNE ORIENT LINES</td>
</tr>
<tr>
<td>11</td>
<td>DBS GROUP HOLDINGS</td>
<td>24</td>
<td>NOBLE GROUP</td>
</tr>
<tr>
<td>12</td>
<td>DEL MONTE PACIFIC</td>
<td>25</td>
<td>OLAM INTERNATIONAL</td>
</tr>
<tr>
<td>13</td>
<td>FRASER AND NEAVE</td>
<td>26</td>
<td>OVERSEA-CHINESE BANKING CORP</td>
</tr>
</tbody>
</table>
## Top 50 Singapore Companies - Alphabetical Order

<table>
<thead>
<tr>
<th>No.</th>
<th>Publicly Listed Company Name</th>
<th>No.</th>
<th>Publicly Listed Company Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>27</td>
<td>SATS</td>
<td>39</td>
<td>STARHUB</td>
</tr>
<tr>
<td>28</td>
<td>SEMBCORP INDUSTRIES</td>
<td>40</td>
<td>STATS CHIPPAC</td>
</tr>
<tr>
<td>29</td>
<td>SEMBCORP MARINE</td>
<td>41</td>
<td>TAT HONG HOLDINGS</td>
</tr>
<tr>
<td>30</td>
<td>SHENG SIONG GROUP</td>
<td>42</td>
<td>THAI BEVERAGE PUBLIC CO</td>
</tr>
<tr>
<td>31</td>
<td>SIA ENGINEERING CO</td>
<td>43</td>
<td>TIGER AIRWAYS HOLDINGS</td>
</tr>
<tr>
<td>32</td>
<td>SINGAPORE AIRLINES</td>
<td>44</td>
<td>UNITED ENGINEERS</td>
</tr>
<tr>
<td>33</td>
<td>SINGAPORE EXCHANGE</td>
<td>45</td>
<td>UNITED OVERSEAS BANK</td>
</tr>
<tr>
<td>34</td>
<td>SINGAPORE POST</td>
<td>46</td>
<td>VENTURE CORP</td>
</tr>
<tr>
<td>35</td>
<td>SINGAPORE PRESS HOLDINGS</td>
<td>47</td>
<td>WBL CORP</td>
</tr>
<tr>
<td>36</td>
<td>SINGAPORE TECH ENGINEERING</td>
<td>48</td>
<td>YEO HIAP SENG</td>
</tr>
<tr>
<td>37</td>
<td>SINGAPORE TELECOMUNICATIONS</td>
<td>49</td>
<td>YING LI INTL REAL ESTATE</td>
</tr>
<tr>
<td>38</td>
<td>SMRT CORP</td>
<td>50</td>
<td>YOMA STRATEGIC HOLDINGS</td>
</tr>
</tbody>
</table>
Top 5 Singapore Companies – Alphabetical Order

• DBS Group Holdings Ltd
• Oversea-Chinese Banking Corp Ltd
• Singapore Exchange Ltd
• Singapore Press Holdings Ltd
• Singapore Telecommunications Ltd
Summary Recap: State of Singapore’s Corporate Governance

Disclosure & Transparency

Shareholder Rights

Stakeholder Roles

Shareholder Treatment

Board Responsibilities