

## **Annex 1: Methodology**

The ACGS was developed by a group of regional corporate governance experts from the domestic ranking bodies, with seed funding from the Asian Development Bank. It is a tool for ASEAN companies to improve their corporate governance practices and increase their visibility and investment attractiveness to global investors. The ACGS can also be used by regulators as a reference for reviewing rules and guidelines in order to enhance corporate governance practices.

Singapore, Indonesia, Malaysia, the Philippines, Thailand and Vietnam participated in the latest assessment which began in 2021. The domestic ranking bodies each assessed a list of top 100 publicly-listed business entities by market capitalisation in their jurisdictions. The top 35 companies from each country underwent random peer review assessment by foreign ranking bodies. Discussion among the ranking bodies would lead to the final score of each company. This helped to produce the ASEAN Asset Class—a list of listed entities in ASEAN that had achieved a minimum score of 75 per cent out of 130 points, a list of the top 20 listed entities in ASEAN, and a list of the top three listed entities in each country.

The ACGS scores comprise two sections—Level 1 and Level 2 scores. The Level 1 score consists of five components: rights of shareholders; equitable treatment of shareholders; role of shareholders; disclosure and transparency; and responsibilities of the board. The Level 2 score is made up of bonus and penalty points.