



CORPORATE
DISCLOSURE ON
**BUSINESS
INTEGRITY
IN ASEAN**

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LIST OF ABBREVIATIONS

Abbreviations	Explanations
ACN	ASEAN CSR Network
ADB	Asian Development Bank
CAC	Thailand's Private Sector Collective Action Coalition Against Corruption
CGIO	Centre for Governance, Institutions and Organisations
CPI	Corruption Perceptions Index
CPIB	Corrupt Practices Investigation Bureau (Singapore)
MACC	Malaysian Anti-Corruption Commission
OECD	Organisation for Economic Co-operation and Development
OJK	Financial Services Authority (Indonesia)
PCA	Prevention of Corruption Act
SEC	Securities and Exchange Commission (Philippines)
SET	Stock Exchange of Thailand
UNCAC	United Nations Convention against Corruption
UNDP	United Nations Development Programme
UNGC	United Nations Global Compact
UNODC	United Nations Office on Drugs and Crime

About ASEAN CSR Network (ACN)

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 organisations, who can influence the way businesses operate. It provides a platform for networking and cooperation at the ASEAN level, supports capacity-building and training activities, helps catalyse thought leadership and collective actions on key responsible business issues including business integrity, business and human rights, gender equality, and environmental sustainability.

For more information, please visit www.asean-csr-network.org.

About Centre for Governance, Institutions and Organisations (CGIO), NUS Business School

The Centre for Governance, Institutions and Organisations (CGIO) was established by the National University of Singapore (NUS) Business School to spearhead relevant and high-impact research on governance and sustainability issues that are pertinent to Asia. This includes corporate governance and corporate sustainability, governance of family firms, government-linked companies, business groups, and institutions. CGIO also organises events such as public lectures, industry roundtables, and academic conferences on topics related to governance and sustainability. More information about CGIO can be accessed at <https://bschool.nus.edu.sg/cgio>

NUS Business School is known for providing management thought leadership from an Asian perspective, enabling its students and corporate partners to leverage global knowledge and Asian insights.

The School is one of the 17 faculties and schools at NUS. A leading global university centred in Asia, NUS is Singapore's flagship university, which offers a global approach to education and research, with a focus on Asian perspectives and expertise. Its transformative education includes a broad-based curriculum underscored by multi-disciplinary courses and cross-faculty enrichment. Over 38,000 students from 100 countries enrich the community with their diverse social and cultural perspectives.

For more information, please visit <https://bschool.nus.edu.sg>, or go to the Think Business portal, which showcases the School's research.

Executive Summary

The main objective of this study is to give insights and evaluate the level of disclosure of anti-corruption practices among the five ASEAN countries namely Indonesia, Malaysia, Philippines, Singapore and Thailand. This study is a collaboration between ASEAN CSR Network (ACN) and Centre for Governance, Institutions and Organisations (CGIO) of NUS Business School.

A summary of key findings is as follows:

- The average level of disclosure for the five ASEAN countries is 56%, an increase by 11% from the 2016 study.
- For 2016 and 2018 studies, similar trends were observed as Thailand continued to lead with the highest disclosure rate (67%), followed by Singapore (55%). Indonesia continued to score the lowest among the five ASEAN countries (51%). Malaysia and Philippines improved, both attaining 53% disclosure rate.
- Similar to the findings of the 2016 study, areas with high disclosures rate include “Commitment to comply with laws” (94%) and “Code applied to all directors and employees” (85%) while areas for improvement with disclosures below 30% include “Code applied to agents” (16%) and “Code applied to suppliers” (29%). However, disclosure rate for “leadership support” significantly increased by 20%, from 18% in the 2016 study to 38% in the 2018 study.

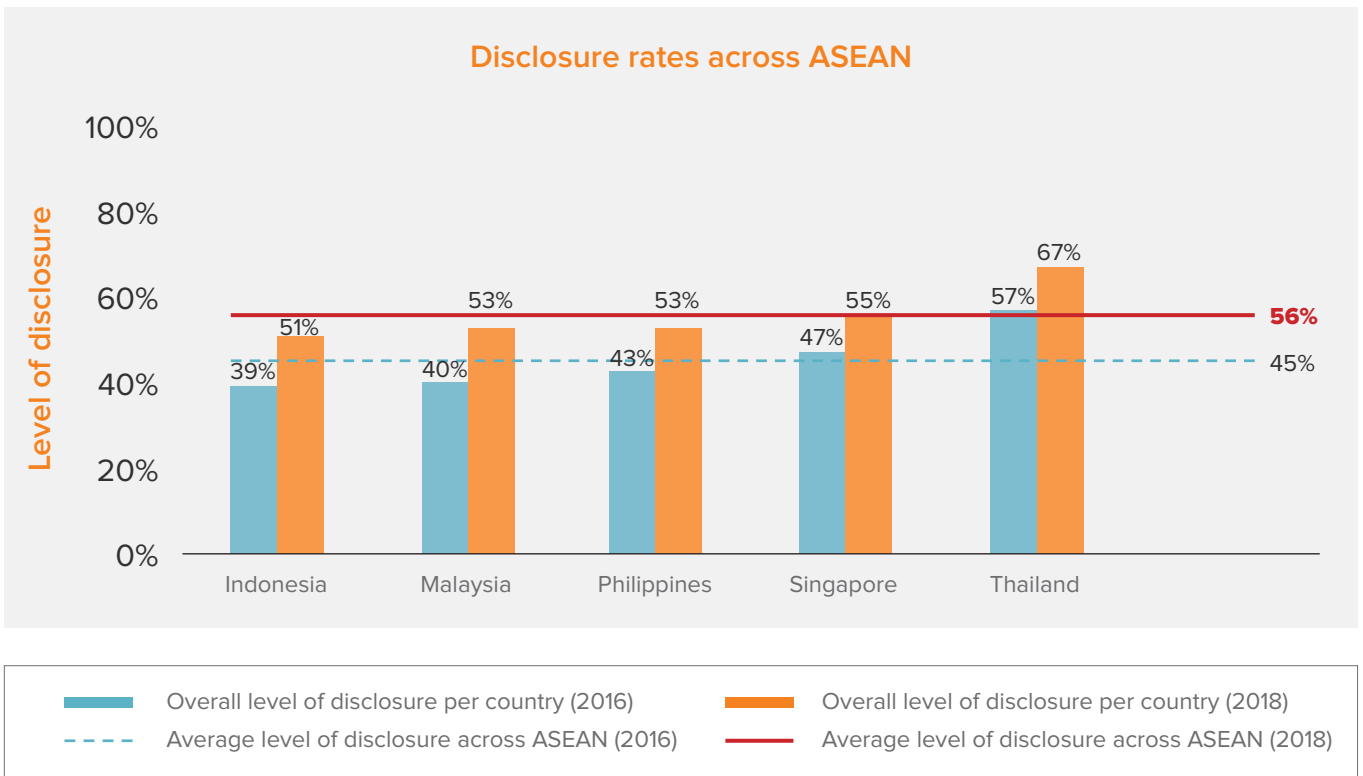


Figure 1 Average level of disclosure across ASEAN

1. Introduction

Corruption refers to the abuse of authority for the benefits of oneself, usually in monetary terms (Transparency International, 2018). It includes but is not limited to acts of bribery, embezzlement, nepotism or state capture (Organisation for Economic Co-operation and Development, 2014). Corruption may occur in both the private and public sector and lead to unsustainable development of economic, political and social development for all economies (Aidt, 2010). At the same time, corruption also reduces efficiency and increases income inequality (Huang, 2012).

Based on the 2014 report released by the Organisation for Economic Co-operation and Development (OECD), corruption has resulted in more than US \$1 trillion bribes to be paid yearly. The total cost of corruption amounts to more than US \$2.6 trillion due to the increase in transaction costs and inefficient use of public resources (Organisation for Economic Co-operation and Development, 2014). Thus, to reduce unnecessary cost of doing business, it is vital to curb corruption. Through disclosure, companies make themselves accountable internally and externally, creating a robust governance system that can guide companies to operate transparently, responsibly and sustainably, helping them to prevent and address corruption.

This report is commissioned to assess the corporate disclosure level on business integrity across the five ASEAN countries namely Indonesia, Malaysia, Philippines, Singapore and Thailand so as to identify areas with high disclosures as well as shortcomings in current disclosures. Additionally, the results obtained in this report would be compared against findings of 2016 report, so as to obtain meaningful analysis where possible.

Findings of this study have shown that the anti-corruption policies of most companies focus on their internal personnel but fail to include their external stakeholders such as agents and suppliers. Involvement of external stakeholders as part of their anti-corruption policies are equally important in curbing corruption since suppliers' kickbacks are common forms of bribery within an organisation. Thus, this study aims to encourage more companies to improve their business integrity disclosures which would be economically beneficial for both societies and businesses.

2. Business Integrity Status and Disclosure in ASEAN

In recent years, corruption has become a growing concern for many countries around the world, especially for the ASEAN region. In 2017, the Keppel Offshore & Marine (O&M) Bribery case and 1 Malaysia Development Berhad (1MDB) case were business scandals that caused turbulence and raised questions about business practices in the ASEAN region.

Based on a research conducted by Economic Research Institute for ASEAN and East Asia in 2017, majority of the ASEAN countries considered corruption as the most critical problems for both national and regional levels (Economic Research Institute for ASEAN and East Asia, 2017). Additionally, according to the ASEAN Business Outlook Survey (2018), corruption and enforcement of laws and regulations are among the greatest concerns for U.S. companies across ASEAN, with considerable variation across countries (Figure 2).

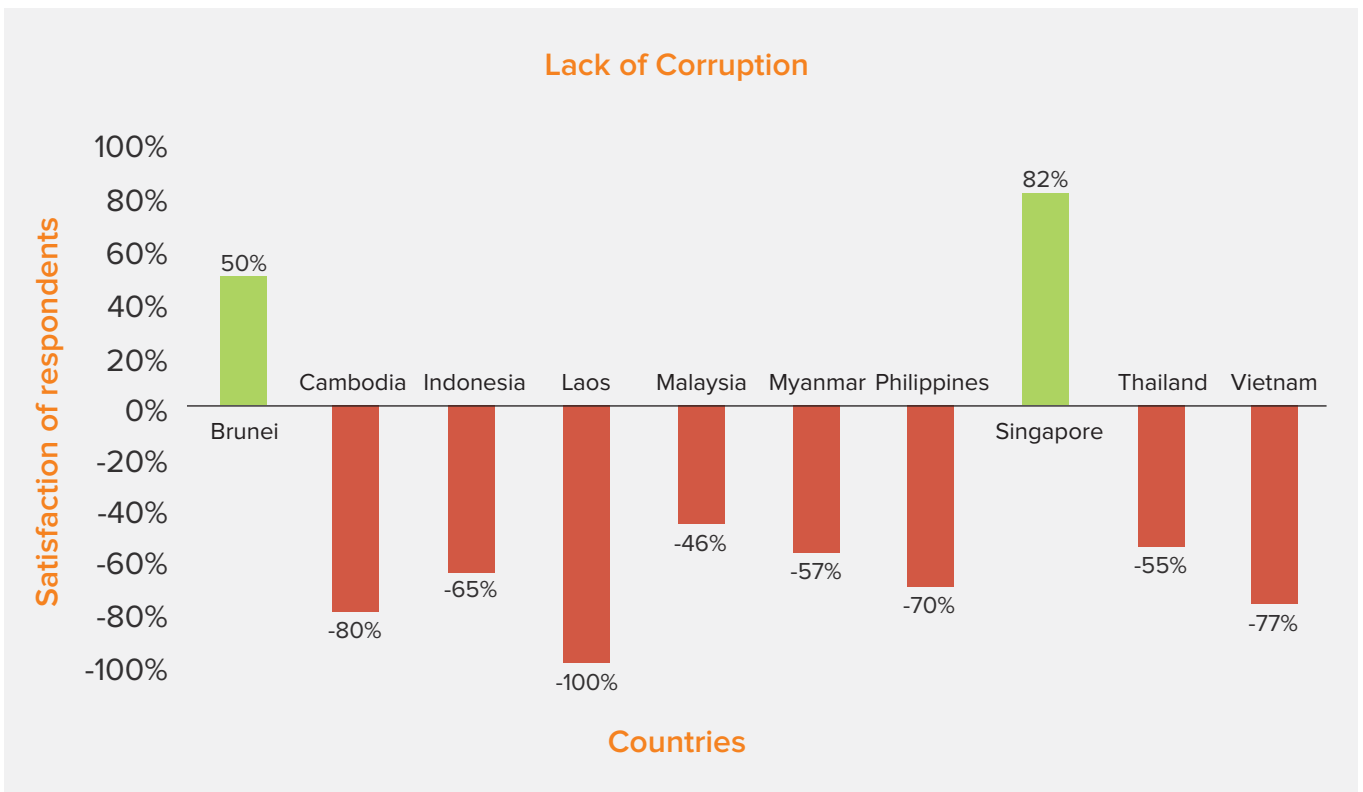


Figure 2 Satisfaction of respondents regarding the lack of corruption in ASEAN countries (The American Chamber of Commerce in Singapore and the U.S. Chamber of Commerce, 2018)

Assessing 180 countries and territories, the Transparency International's Corruption Perceptions Index (CPI) 2017¹ has barely registered improvement over the past year as the average score for all assessed countries remain stagnant at 43 (0 being highly corrupt and 100 being very clean). With the exception of Singapore which was ranked 6th in CPI 2017, most ASEAN countries were ranked at the bottom half, indicating severe cases of corruption may be ongoing in the region (Table 1).

Country*	2016 Rank	2016 Score	2017 Rank	2017 Score
Brunei Darussalam	41	58	32	62
Cambodia	156	21	161	21
Indonesia	90	37	96	37
Lao PDR	123	30	135	29
Malaysia	55	49	62	47
Myanmar	136	28	130	30
Philippines	101	35	111	34
Singapore	7	84	6	84
Thailand	101	35	96	37
Vietnam	113	33	107	35
Average of ASEAN	-	41	-	41.6

Table 1 ASEAN CPI Index 2016/2017. Source: Transparency International
*Listed in alphabetical order

With increased awareness of the ongoing corruption issues within the ASEAN community, multiple parties have come up with various initiatives to curb corruption. At the international level, the United Nations Convention against Corruption (UNCAC) is a multilateral treaty negotiated by member states of the United Nations. States parties are required to help each other prevent and fight against corruption through technical assistance. Additionally, state parties are also obliged to adopt coordinated policies to curb corruption and criminalise bribery. Till date, there is a total of 140 signatories and 186 parties of the UNCAC including Indonesia, Malaysia, Philippines, Singapore and Thailand (United Nations Office on Drugs and Crime, 2018). Furthermore, United Nations Global Compact (UNGC) is also promoting the institutionalisation of anti-corruption programmes in both public service and private sector to pave ways for transparency and integrity.

¹ An index produced by Transparency International to measure the perceived level of corruption in the public sector. https://www.transparency.org/news/feature/corruption_perceptions_index_2017

At the regional level, 31 members of the Asia-Pacific region, including most of the ASEAN member countries have demonstrated their commitment to combat corruption by endorsing an anti-corruption action plan within the framework of Asian Development Bank (ADB)/OECD Anti-corruption Initiative for the Asia-Pacific region². The Action Plan actively promotes the region's needs for reform by promoting transparency, combating bribery and facilitating public involvement in the fight against corruption. Furthermore, with the support of United Kingdom's Foreign & Commonwealth Office and in partnership with UN Office on Drugs and Crime (UNODC), UN Development Programme (UNDP), UNGC and national-level partners, ACN actively promotes business integrity by providing regular platform for regional knowledge-sharing, peer learning and partnership. In 2014, ACN gathered key private sector networks in different ASEAN countries to form the Regional Working Group on Business Integrity in ASEAN. In 2017, ACN and the Working Group launched a Regional Integrity Pledge "Integrity Has No Borders" that permits organisations to explicitly demonstrate their commitment to uphold ethical values in the business conduct.

Nationally, governments of ASEAN countries also play an active role in putting numerous safeguards and rigorous controls in place. Key corruption legislations such as Penal Code and the Prevention of Corruption Act (PCA) in Singapore prohibit bribery, gifts and facilitation payments in both public service and private sector. In addition, most countries have their respective code on corporate governance to counter corruption, requiring publicly-listed companies to disclose certain information on their communication platforms such as annual reports, sustainability reports and corporate websites to enhance transparency around anti-corruption compliance. However, some countries may lack of efficient enforcement that drives companies to disclose or adopt anti-corruption policies specifically.

While there are many initiatives in place, it is imperative for companies to take responsibility to increase their disclosures and adopt anti-corruption policies in order to eliminate corruption effectively. In recent years, there have been noticeable changes in the shareholders' expectations, where profits are no longer their only concern. Shareholders are equally concerned about corporate governance issues (Serafeim, 2016). Thus, for companies to continue thriving in the competitive business environment, it will be essential for companies to increase their disclosures on business integrity.

² *Asian Development Bank (ADB) & Organisation for Economic Co-operation and Development (OECD), Supporting the fight against Corruption in Asia and the Pacific: The ADB/OECD Anti-Corruption Initiative. <https://www.oecd.org/site/adboecdanti-corruptioninitiative/ADB-OECD-Initiative-Information-Sheet.pdf>*

3. Methodology

3.1 Selection of Companies

Based on their market capitalisation as of 31st December 2017, the 50 largest companies from the five ASEAN countries (Indonesia, Malaysia, Philippines, Singapore and Thailand) which released their annual reports for the financial year 2017 before end of May 2018 were chosen.

3.2 Source of Information

All information was retrieved through publicly accessible means, such as through companies' anti-corruption policies, whistle-blowing policies, code of conduct, corporate governance reports, annual reports, sustainability reports and corporate websites as of 31st May 2018.

3.3 Questionnaire and Scoring

A total of 13 questions were used in the assessment of the companies. These questions were derived from the methodology developed in Transparency in Corporate Reporting: Assessing the World's largest companies (2014) by Transparency International which was based on the UNGC Reporting Guidance on the 10th Principle against Corruption. Together with the coding manual used in the Transparency in Myanmar Enterprises (TiME)/Pwint Thit Sa report (2015) by Myanmar Centre for Responsible Business, both provide a robust assessment of the level of disclosure of anti-corruption practices. It is noted that while Myanmar Centre for Responsible Business has adopted the ASEAN Corporate Governance Scorecard for its 2018 report, its coding manual remains relevant. Thus, for the purpose of consistency and relevance, the same coding manual would still be adopted for this assessment.

The comprehensive assessment framework with some minor adjustments was consolidated into 13 questions, which have been grouped into three key categories, namely internal commitment to anti-corruption, external commitment to anti-corruption and reporting and monitoring.

The explicitness and comprehensiveness of disclosure on anti-corruption practices were analysed through the assignment of scores of 1, 0.5, and 0 for each question. 1 point was awarded if the company's disclosure fully satisfied the requirements for the question; 0.5 points were awarded if the company only partially satisfied the disclosure requirements and 0 points were awarded if the company did not satisfy any requirements (*refer to Annex for the question list and detailed scoring framework*). The maximum score that a company could be awarded would be 13 points. The final score for the company was then expressed as a percentage of the maximum possible score (between 0 and 100 percent).

Category	Question	Description
Internal commitment to anti-corruption	1	Publicly stated commitment to anti-corruption
	2	Commitment to comply with laws
	3	Leadership support
	4	Code applied to all employees and directors
	7	Training programme for all employees and directors
External commitment to anti-corruption	5	Code applied to agents
	6	Code applied to suppliers
	8	Gifts, hospitality, travel policies
	9	Prohibition of facilitation payments
	13	Disclosure of political contributions
Reporting and monitoring	10	Prohibition of retaliation for reporting
	11	Confidential reporting channel
	12	Regular programme monitoring

Table 2 List of questions grouped by category

Additionally, to derive comprehensive results on the business integrity disclosure landscape, the overall score of each country and the average disclosure rate for each question were computed.

The overall level of disclosure for each country was calculated by dividing the sum of disclosure rate per question by 13 which was the total number of questions. The average disclosure rate of each question was calculated by taking the sum of the points for all companies divided by 50 which was the total number of companies assessed for each country.

4. Findings

This section will present and discuss the average disclosure rate for each question by the largest 50 companies of each country on an aggregate basis. At the same time, the overall level of disclosure for a country on an aggregate basis and question by question basis would also be presented. Comparing with findings in 2016 report, the progress of corporate disclosure among the five ASEAN countries would also be discussed where possible.

4.1 Overall Level of Disclosure across ASEAN

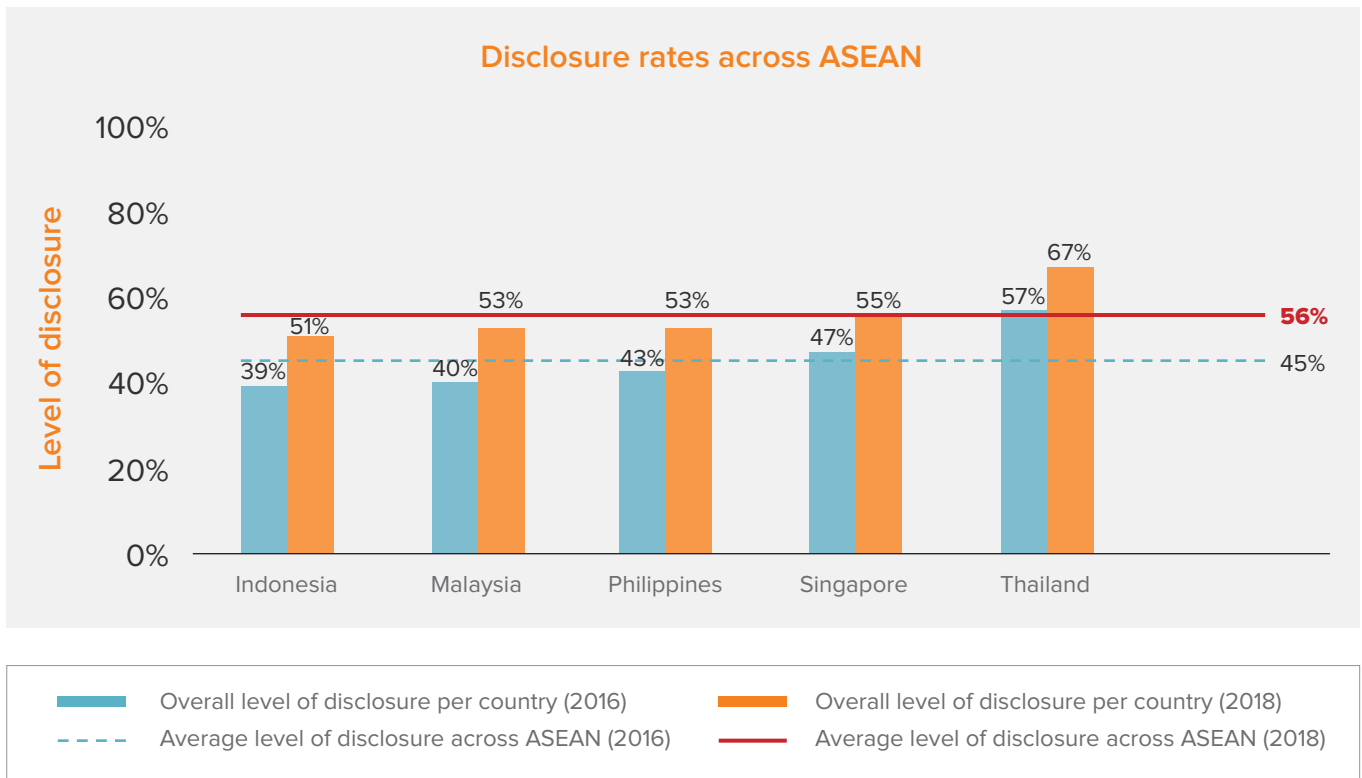


Figure 3 Overall level of disclosure across ASEAN

Overall, on a comparative basis, all five ASEAN countries have demonstrated improvement in their corporate disclosure on business integrity from 2016 to 2018 (Figure 3). In 2018, the average level of disclosure is 56% and the scores range from 51% to 67%. Thailand outperformed the rest by attaining the highest disclosure rate of 67% while the scores of the remaining countries were below average. Singapore scored the second highest with 55% disclosure rate, followed by Malaysia and Philippines which were tied with 53% disclosure rate. Indonesia fared the lowest with 51% disclosure rate. The scores revealed that companies in Thailand act beyond sustaining a viable financial return to their shareholders by tackling causes that promote corruption and communicating its anti-corruption initiatives.

4.2 Level of Disclosure by Question

4.2.1 Average Level of Disclosure by Question

With increasing awareness of the corporate governance landscape in ASEAN, more countries have been implementing new code of corporate governance to encourage disclosure on business integrity and to curb corruption. While there is an improvement in the average level of disclosure across the five ASEAN countries, there is still room for improvement in their anti-corruption disclosures that promote integrity in business operations.

By referring to Table 3 below, in 2018, companies had high disclosure rates for “Question (Q) 2 Commitment to comply with laws” (94%) and “Q4 Code applied to all directors and employees” (85%), suggesting that they had demonstrated high internal commitment to anti-corruption. However, low scores were also noted for “Q5 Code applied to agents” which had a 16% disclosure rate and “Q6 Code applied to suppliers” which noted a 29% disclosure rate. This implies that companies had focused on their own operations while ignoring their responsibility to embrace and enact a set of business integrity values in the sphere of their influence.

Category	Question	Description	Disclosure Rate (2018)	Disclosure Rate (2016)
1. Internal commitment to anti-corruption	1	Publicly stated commitment to anti-corruption	70%	54%
	2	Commitment to comply with laws	94%	96%
	3	Leadership support	38%	18%
	4	Code applied to all employees and directors	85%	75%
	7	Training programme for all employees and directors	66%	45%
2. External commitment to anti-corruption	5	Code applied to agents	16%	14%
	6	Code applied to suppliers	29%	19%
	8	Gifts, hospitality, travel policies	60%	59%
	9	Prohibition of facilitation payments	34%	21%
	13	Disclosure of political contributions	31%	31%
3. Reporting and monitoring	10	Prohibition of retaliation for reporting	77%	64%
	11	Confidential reporting channel	75%	56%
	12	Regular programme monitoring	49%	34%

Table 3 Overall disclosure by question

4.2.2 Specific Level of Disclosure by Question

Category 1. Internal Commitment to Anti-Corruption

Accountability is essential for combating corruption in all sectors. Companies are expected to take responsibility for establishing fair and transparent compliance measures in order to thrive in today’s business environment. This category of questions measures a company’s commitment and internal alignment around anti-corruption and business integrity. In general, it covers Question 1, 2, 3, 4 and 7 that assess a company’s publicly stated commitment to anti-corruption and compliance with relevant laws and regulations, the commitment of a top management in driving anti-corruption ethics, the coverage of a company’s anti-corruption policy and code of conduct within their operations, and training programmes conducted by a company for its internal personnel.

Question 1: Does the company have a publicly stated commitment to anti-corruption?

Anti-corruption compliance measures should be made publicly available as a feature of good governance and a sign of business integrity. A publicly stated commitment to anti-corruption shapes the company’s culture, supports integrity among internal personnel and business partners as well as encourages positive trends in the societies in which they operate.

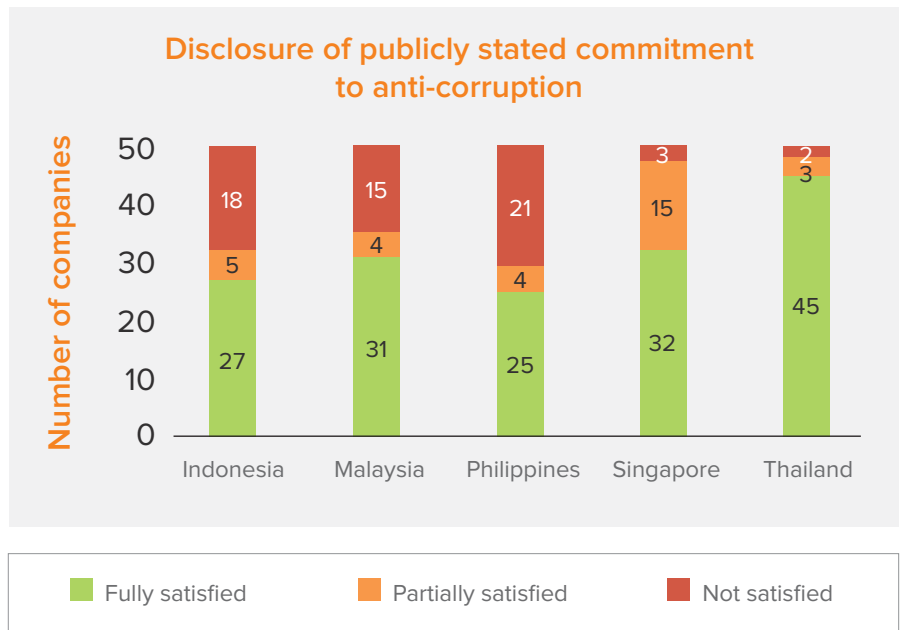


Figure 4 Score for Question 1 - Does the company have a publicly stated commitment to anti-corruption?

Figure 4 illustrates the scores that the companies had attained for their disclosures of publicly stated commitment to anti-corruption.

As seen in Figure 5, the disclosure of publicly stated commitment to anti-corruption had an average disclosure rate of 70%, with Thailand attaining the highest disclosure level of 93%, followed by Singapore (79%), Malaysia (66%), Indonesia (59%) and Philippines (54%). Compared with the results from 2016, all five countries experienced an increase in scores which could be attributed to the increase in corporate governance awareness.

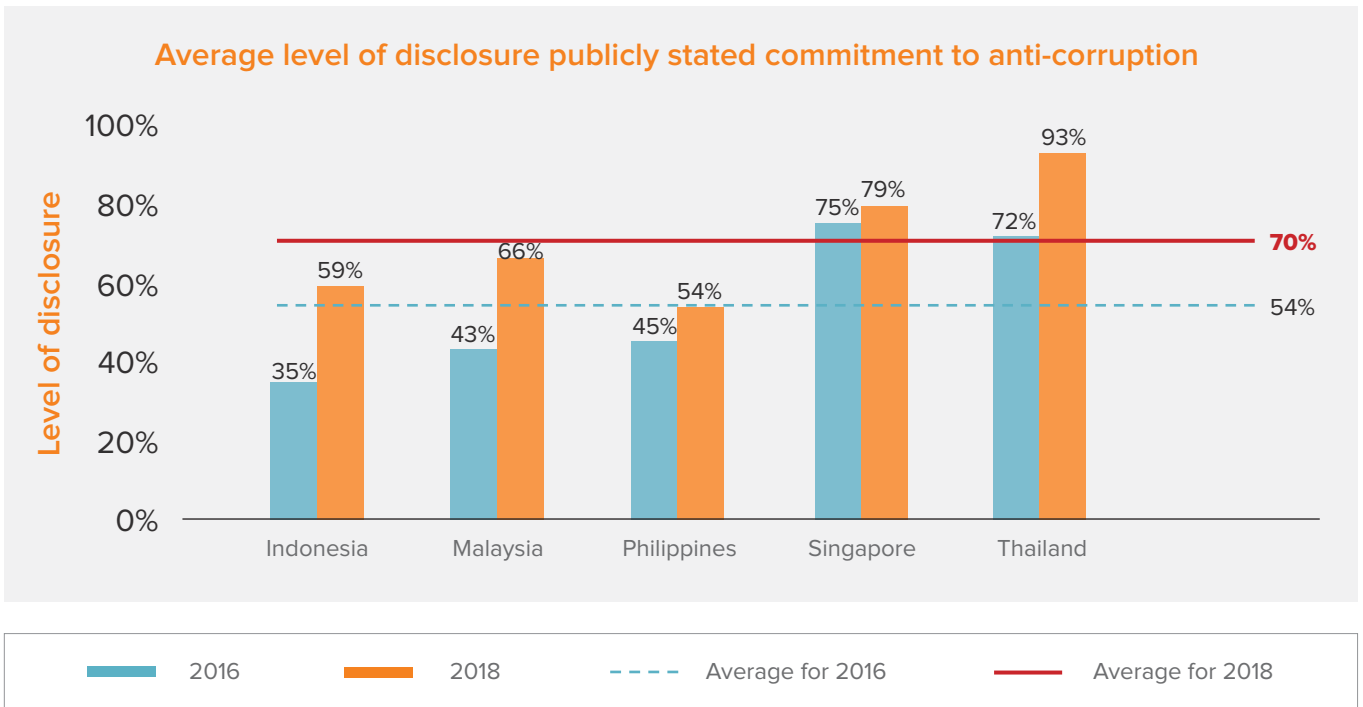


Figure 5 Average level of disclosure for Question 1

Question 2: Does the company publicly commit to be in compliance with all relevant laws, including anti-corruption laws?

A company is expected to make public its commitment to anti-corruption and to abide by anti-corruption laws and regulations in the country it operates, especially in places where fraud is prevalent. Such declaration reinforces deterrence of corruption amongst business partners and advances a company's professional reputation.

Figure 6 shows that the vast majority of all five ASEAN countries stated publicly that they are committed to complying with laws and regulations, including anti-corruption laws. This question had an average disclosure score of 94% in 2018, which is the highest among the 13 questions (Figure 7). With a score of 97%, Thailand and Malaysia had the highest disclosure level, closely followed by Philippines (93%), Indonesia (92%) and Singapore (92%). High disclosure scores are anticipated since companies are expected to comply with all applicable rules and regulations to legitimise their operation within a social fabric. While some companies did not specifically state their compliance with anti-corruption laws, a general statement is also effective in demonstrating companies' commitment to compliance.



Figure 6 Score for Question 2 - Does the company publicly commit to be in compliance with all relevant laws, including anti-corruption laws?

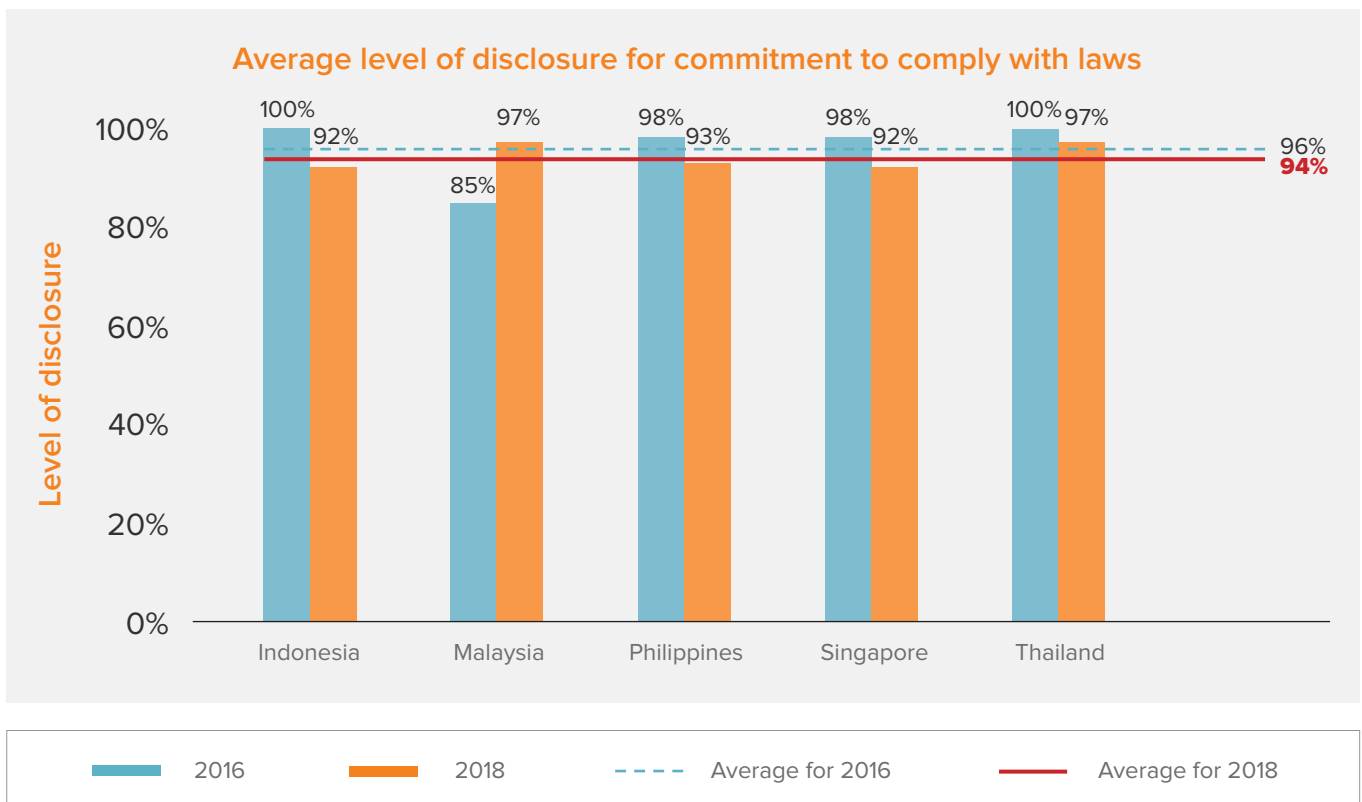


Figure 7 Average level of disclosure for Question 2

Question 3: Does the company leadership (senior member of management or board) demonstrate support for anti-corruption?

Compliance begins with the top management setting the proper tone for the rest of the company. In this way, managers and employees take their cues from their leaders and instil a culture of “compliance” throughout the organisation.

With reference to Figure 9, great improvements have been observed over the past two years. The average level of disclosure had also improved from 18% in 2016 to 38% in 2018. In 2018, with 66% disclosure rate, Thailand had outperformed its peers by a large margin. Indonesia scored the second highest with 41% disclosure rate, followed by Singapore (34%), Philippines (29%) and Malaysia (19%). Notably, across the five countries, Indonesia had shown the largest improvement, with its level of disclosure improving by more than four folds.

Besides influencing the company’s ethical environment, leadership support for anti-corruption is also crucial as it demonstrates the upper management’s stance towards anti-corruption. At the same time, it reflects that the management is leading initiatives to increase the organisation’s corporate governance awareness. Nonetheless, besides Thailand and Indonesia, majority of the companies in the remaining three countries still have much room for improvement as many companies did not satisfy the requirements for the question and scored 0 points.

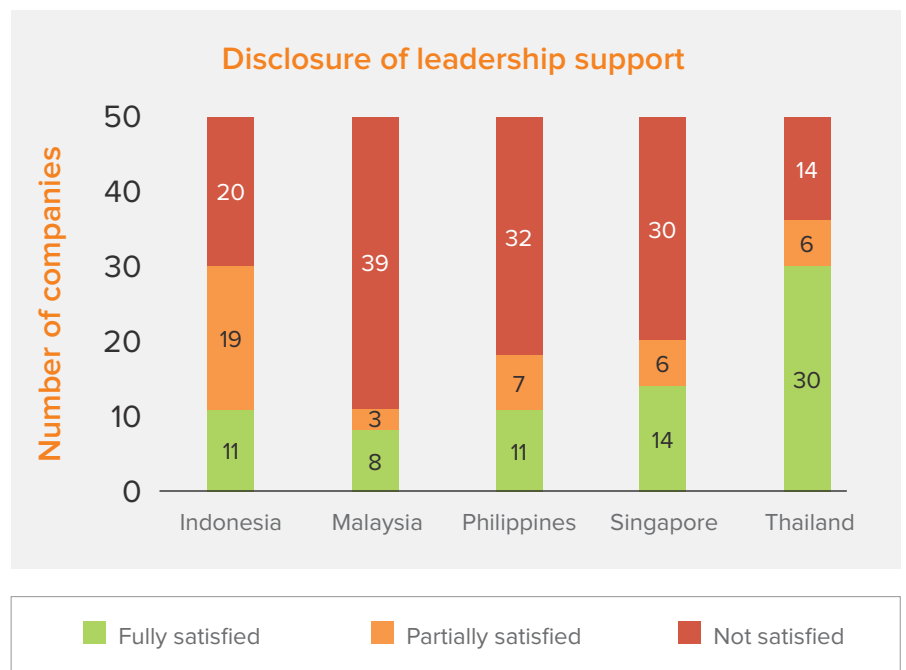


Figure 8 Score for Question 3 - Does the company leadership demonstrate support for anti-corruption?

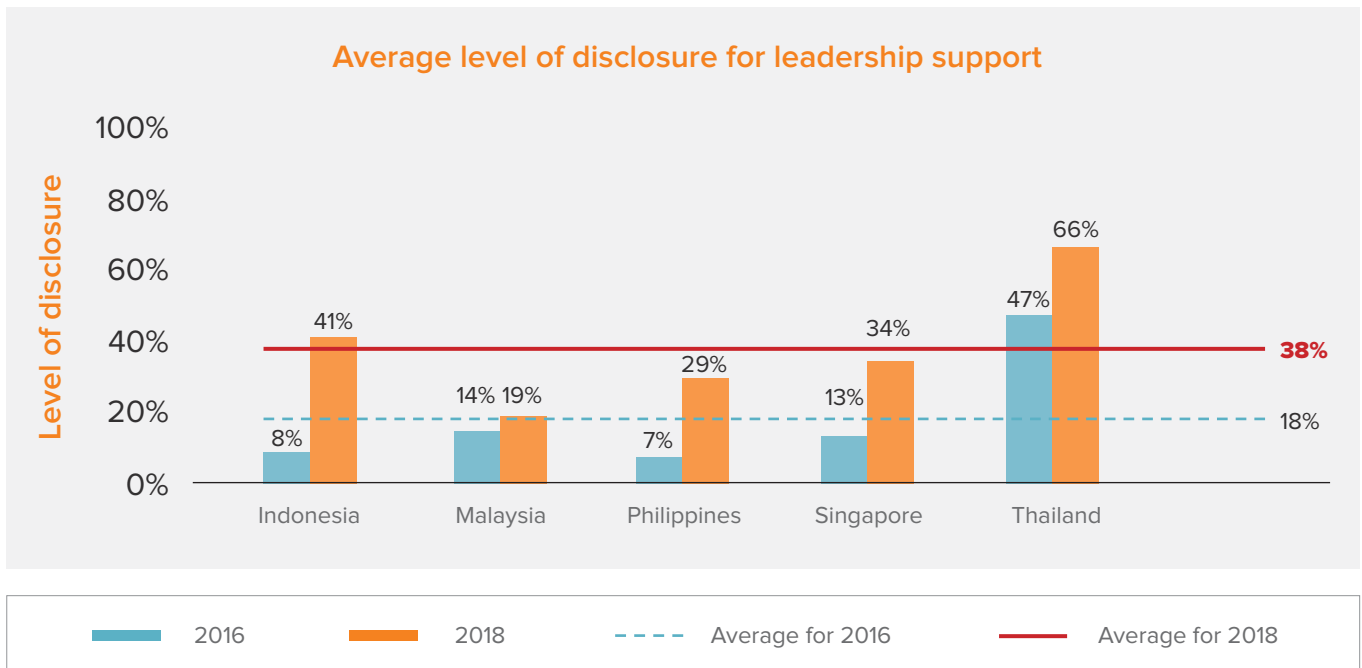


Figure 9 Average level of disclosure for Question 3

Question 4: Does the company’s code of conduct/anti-corruption policy explicitly apply to all employees and directors?

One of the important points of successful implementation of proactive corruption programmes is the involvement of top management. Top management should demonstrate their commitment to curb corruption and take on a leading role in complying with the provision of anti-corruption programmes.

As shown in Figure 11, with an average of 85% disclosure rate, most companies were willing to disclose the extent to which their employees and top management are liable for compliance with anti-corruption programmes. Generally, in 2018, most countries had a disclosure level above 80%, with the exception of Singapore (56%). The ranking of the five ASEAN countries in 2018 remained consistent with that in 2016. Compliance of the anti-corruption policy and code of conduct should be extended to all level of internal personnel including members of the top management body to consolidate their commitment to comply with these rules. Most companies specified that their anti-corruption policy and code of conduct apply to their employees but some did not include their directors, resulting in partial satisfaction of the requirements of the question.

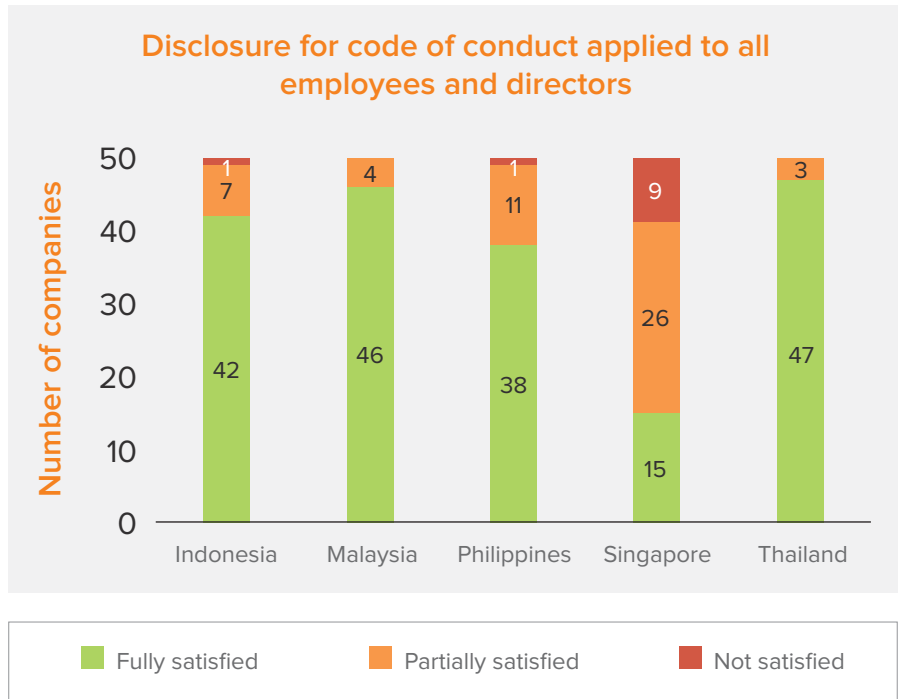


Figure 10 Score for Question 4 - Does the company's code of conduct/anti-corruption policy explicitly apply to all employees and directors?

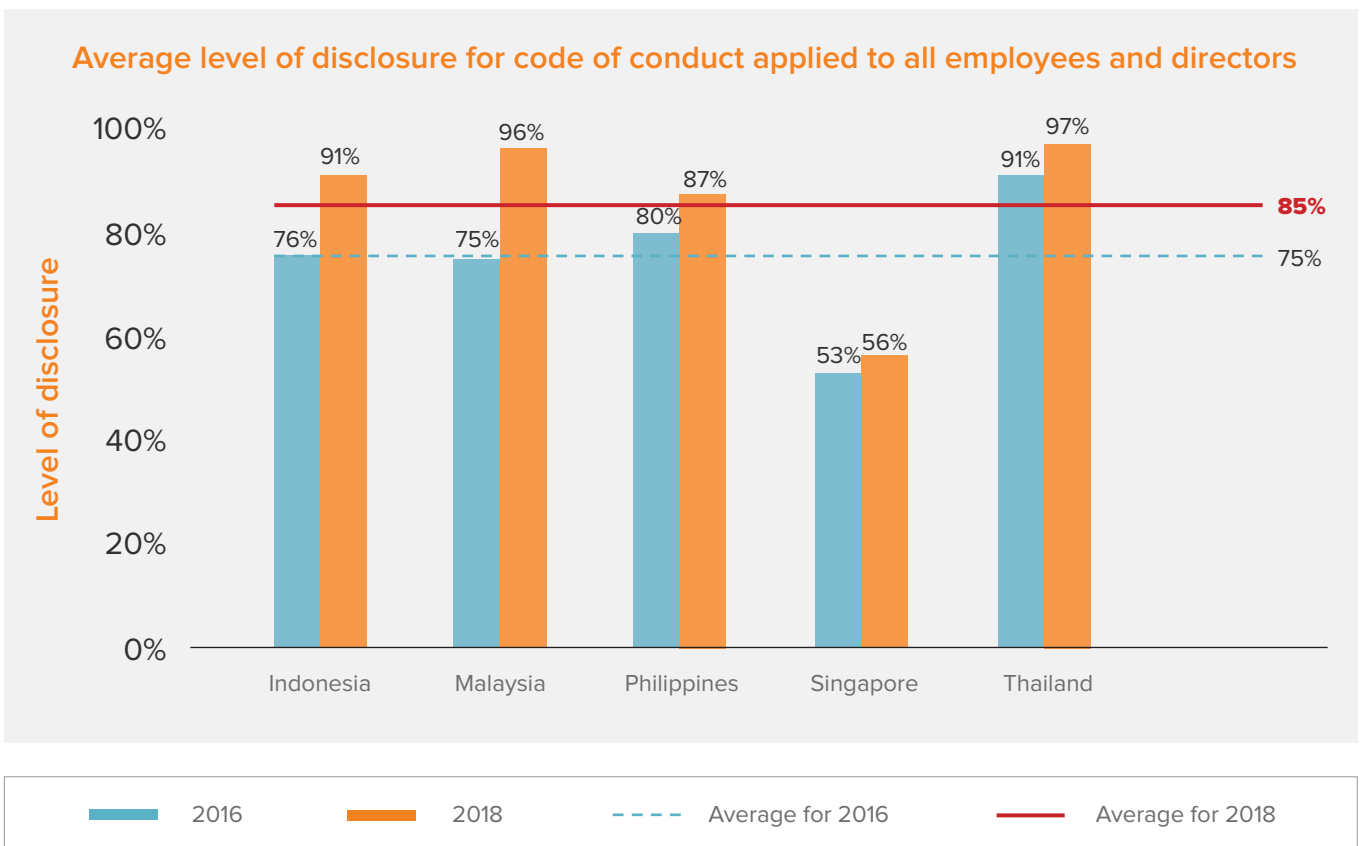


Figure 11 Average level of disclosure for Question 4

Question 7: Does the company have in place an anti-corruption training programme for its employees and directors?

Another key element in corruption prevention is regular anti-corruption compliance training that will reiterate the company’s zero-tolerance for non-compliance to its internal personnel, where appropriate, agents and business partners should also be included.

Referring to Figure 13, in 2018, disclosure of training programmes for its employees and directors achieved an average score of 66%, with Thailand having the highest level of disclosure of 82%. Philippines ranked second with a disclosure rate of 70%, which was then closely followed by Singapore (67%), Malaysia (60%) and Indonesia (50%). Overall, much improvements can be observed especially for Singapore where a 34% increase in its level of disclosure from 2016 to 2018 is noted. This indicates that a greater proportion of companies see the value in providing anti-corruption training for their internal personnel.

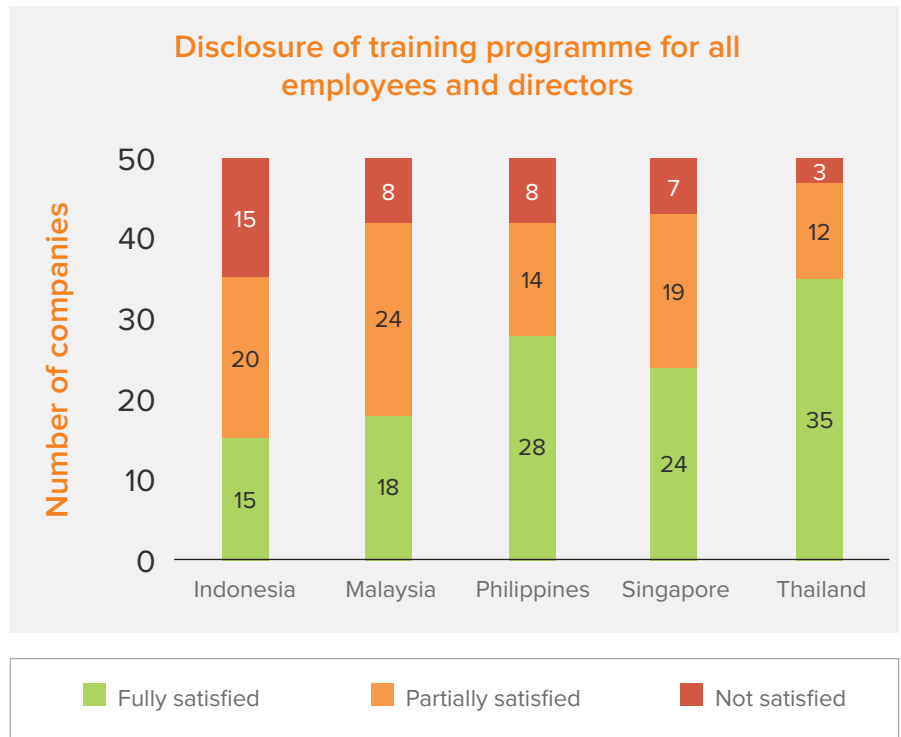


Figure 12 Score for Question 7 - Does the company have in place an anti-corruption training programme for its employees and directors?

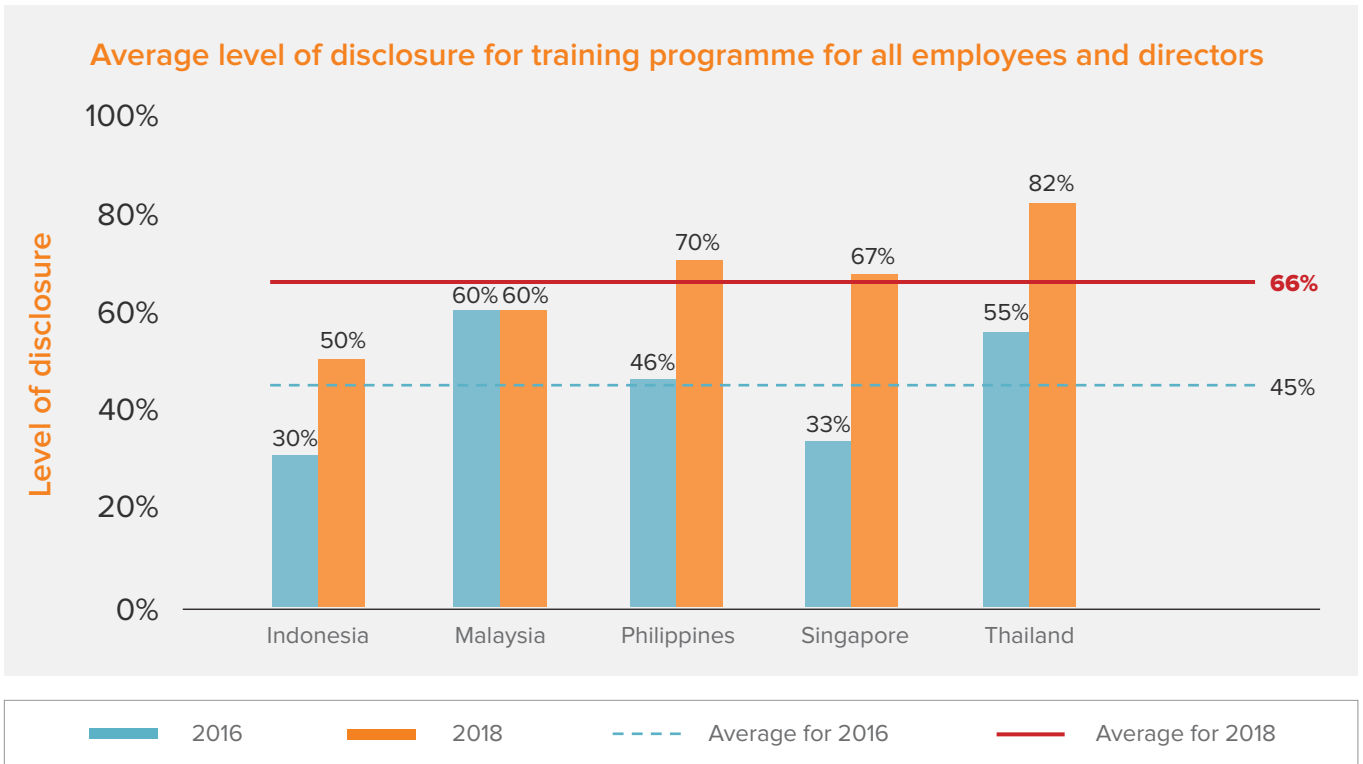


Figure 13 Average level of disclosure for Question 7

Anti-corruption trainings are important in equipping their internal personnel with valuable knowledge regarding practises relating to corruption. This would allow their employees and directors to condone or avoid practices that may lead to possible cases of corruption. Most companies have trainings in place but some of these might only be competency-related and does not disseminate information relating to anti-corruption. Besides, some of these trainings might only be available for its employees and not its directors. Directors should also be provided trainings related to anti-corruption and corporate governance since they are responsible for crafting company policies against corruption.

Category 2. External Commitment to Anti-Corruption

Extending anti-corruption policies to persons who are authorised to represent companies and entities in value chains is another critical step in managing corruption risks in value chains. The company should ensure that this group of stakeholders are contractually bound to comply with their zero-tolerance on bribery and corruption in any form.

Questions 5, 6, 8, 9 and 13 will be covered under external commitment to anti-corruption. External commitment to anti-corruption will assess whether the companies’ anti-corruption policies are applicable to their suppliers and agents; the comprehensiveness of their gift, hospitality and travel policy; policies relating to prohibition of facilitation payments and political contributions.

Question 5: Does the company’s anti-corruption policy explicitly apply to persons who are not employees but are authorised to act on behalf of the company or represent it?

The conduct of agents and business partners is always the blind spot of business ethics. An effective corruption risk management should include a provision in the anti-corruption policy or code of conduct that obliges every entity acting on behalf of the company to comply with anti-corruption principles.

For the year 2018, the disclosure of code applied to agents averaged 16% which was the lowest among the 13 questions (Figure 15). This is an important aspect which companies should work on. All five countries obtained similar scores, which is led by Malaysia (20%), followed by Thailand (19%). Philippines and Singapore are tied with 17% disclosure rate while Indonesia is ranked last with 9% disclosure rate. Third parties such as agents still play an important role in curbing corruption and thus, companies’ code of conduct should include agents. Besides, monitoring agents is important to ensure that they carry out activities according to the guidelines stated in their company policies to increase the effectiveness of the policy.

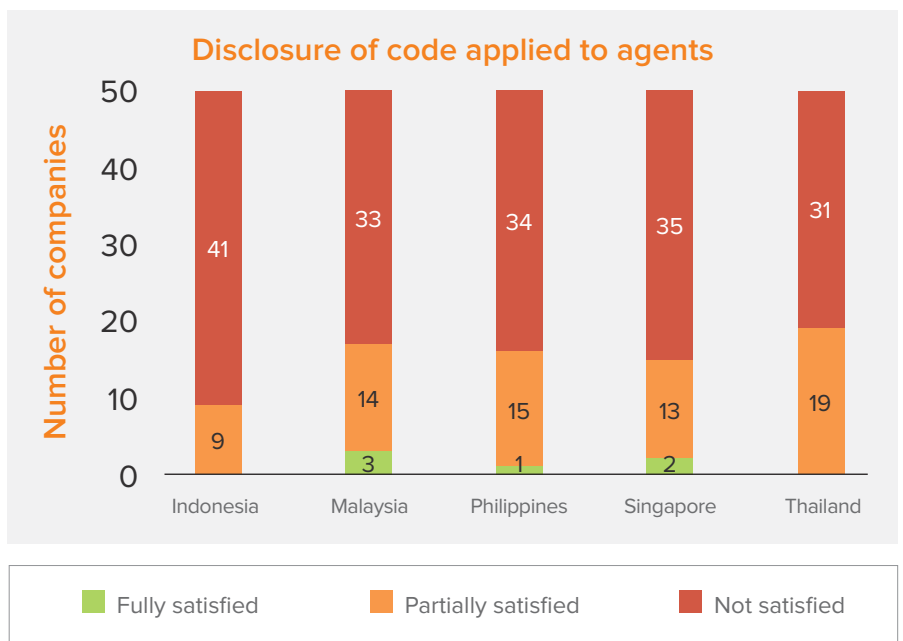


Figure 14 Score for Question 5 - Does the company’s anti-corruption policy explicitly apply to persons who are not employees but are authorised to act on behalf of the company or represent it?

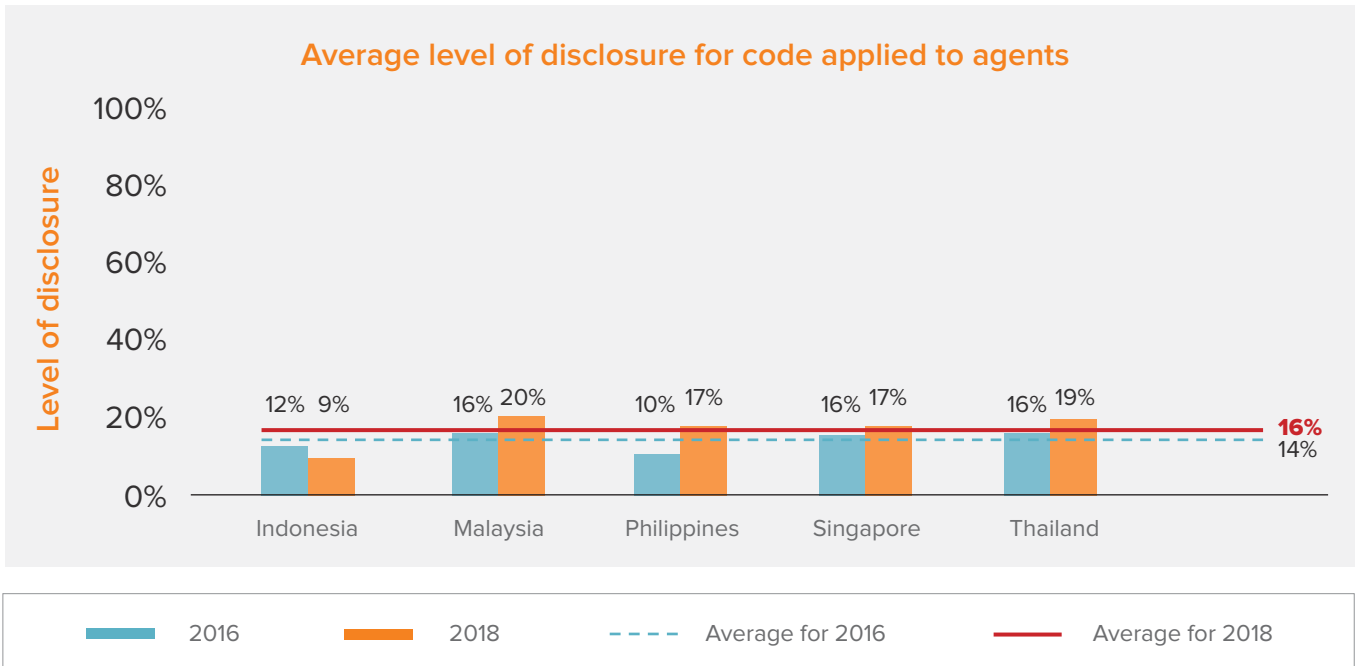


Figure 15 Average level of disclosure for Question 5

Question 6: Does the company’s anti-corruption programme apply to non-controlled persons or entities that provide goods or services under contract?

Extending the provision of anti-corruption policy to persons who are authorised to represent the company is a crucial step in proactive corruption prevention. It is necessary to communicate its anti-corruption principles and carry out due diligence when engaging agents and undertaking significant arrangements with third parties to avoid substantial regulatory and legal risks.

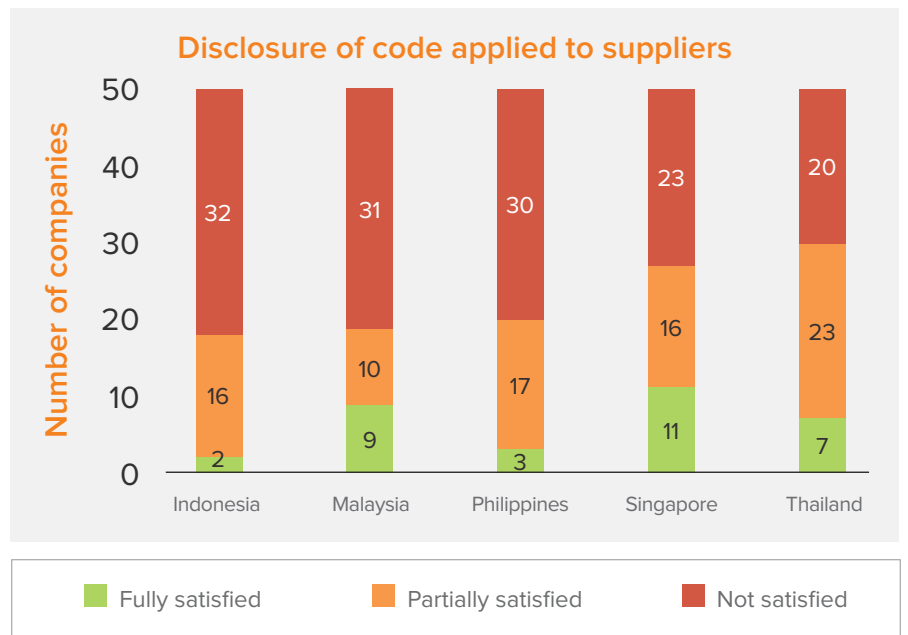


Figure 16 Score for Question 6 - Does the company’s anti-corruption programme apply to non-controlled persons or entities that provide goods or services under contract?

According to Figure 17, in 2018 the disclosure of code applied to suppliers and contractors was 29%, which was the second lowest among the 13 questions. This is still one of the critical issues with disclosures. Compared to the results in 2016, the level of disclosures for all five countries have improved. Singapore had the highest level of disclosure of 38%, closely followed by Thailand (37%), Malaysia (28%), Philippines (23%) and Indonesia (20%). As compared to the previous question, more companies placed emphasis on including the suppliers for their code of conduct. One possible reason could be that suppliers' kickbacks are a common form of bribery with an organisation and thus, it would be crucial for companies to ensure that their suppliers will not engage in unlawful bribery as a mean to win bidding contracts. However, the lack of monitoring and failure to disclose enforcement still led to the relatively low score in this question.

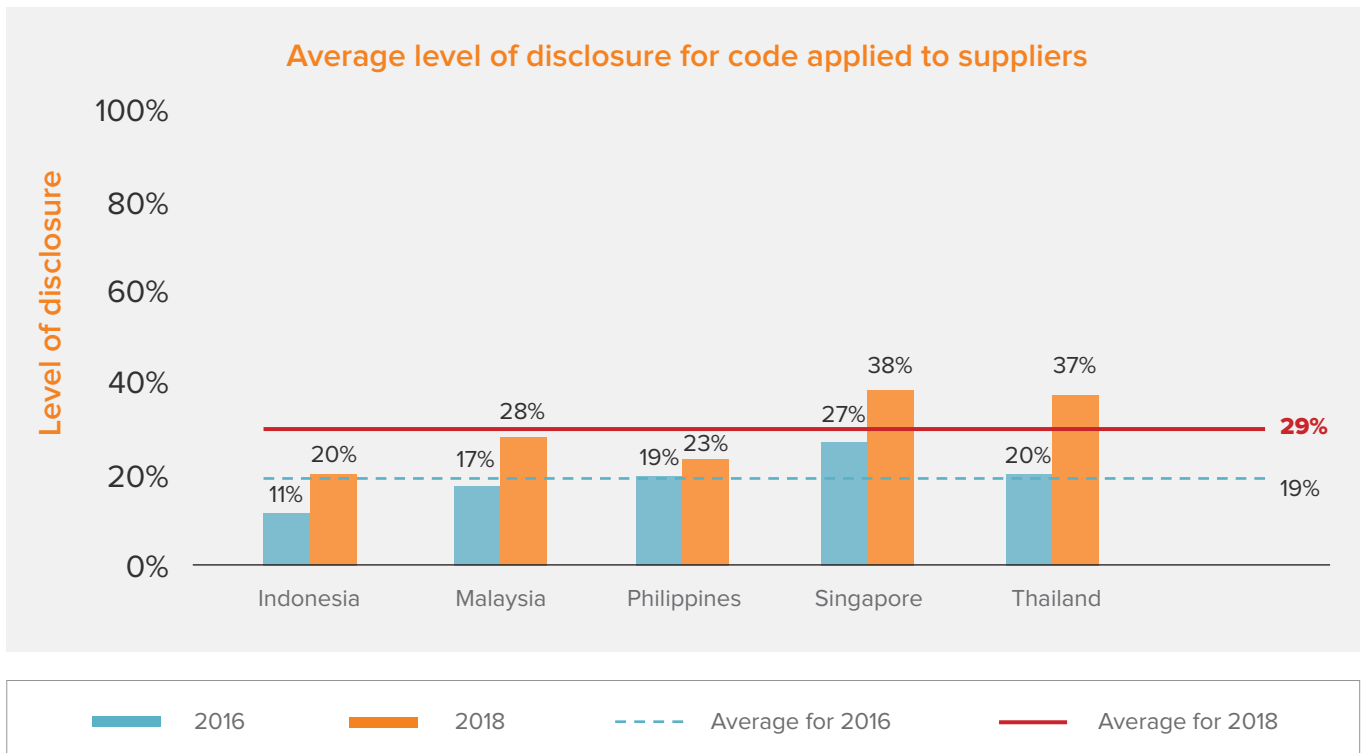


Figure 17 Average level of disclosure for Question 6

Question 8: Does the company have a policy on gifts, hospitality and expenses?

Offerings and receivings of gifts, hospitality or expenses is inherently linked to the issue of conflicts of interest that can leave a company vulnerable to accusations of unfair-dealing practices. As such, a company should have a clear set of policy which serves as decision-making principles when an employee faces a dilemma. Offers or receipts of anything of value should be made publicly available in order to enhance a transparent culture.

In 2018, Figures 18 and 19 indicate that majority of the companies scored relatively well for the disclosure of gifts, hospitality and travel policies with an average 60% disclosure. Thailand had the best performance with 82% disclosure level, followed by Malaysia (59%), Indonesia (57%), Philippines (53%) and Singapore (51%). Implementing policies on the offering and receiving of gifts are important due to the lack of clear boundaries between gifts, hospitality and corruption. Some companies had partially satisfied the question as they failed to specify the threshold of the amount of acceptable gifts or hospitality.



Figure 18 Score for Question 8 - Does the company have a policy on gifts, hospitality and expenses?

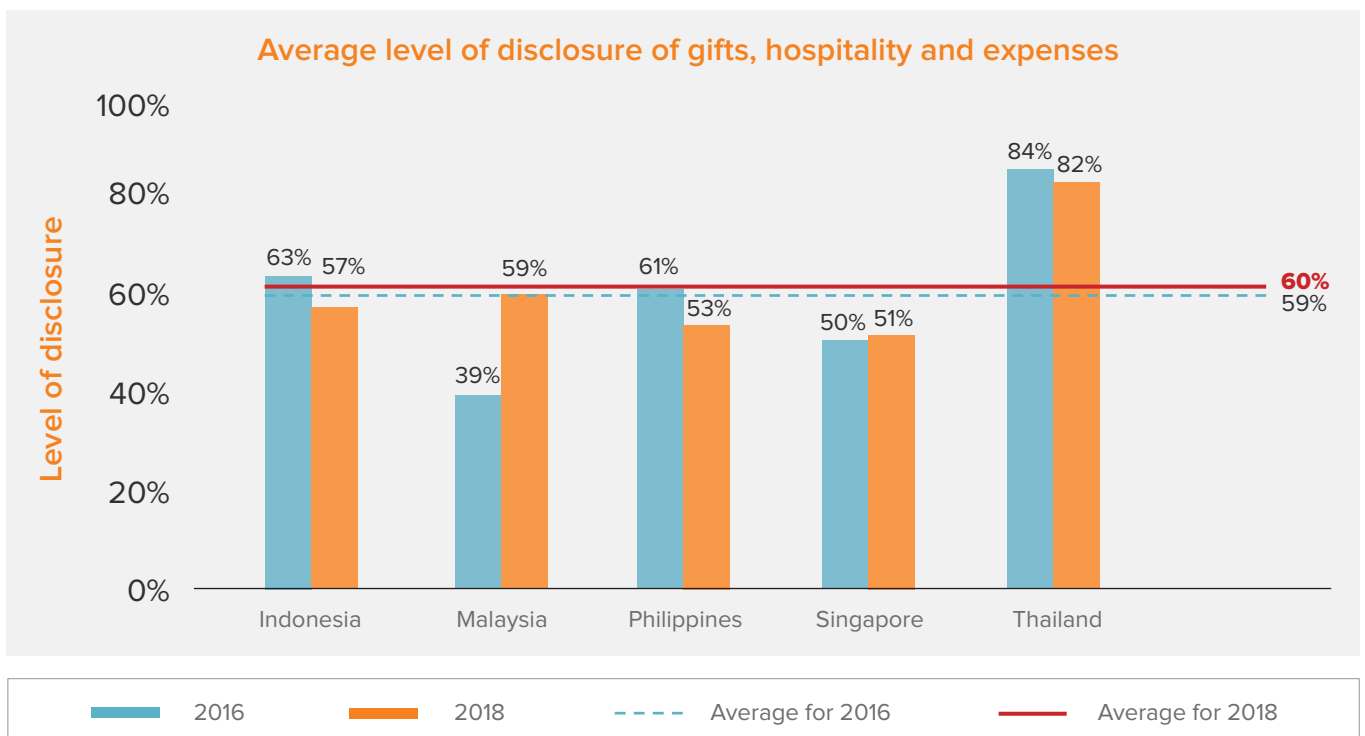


Figure 19 Average level of disclosure for Question 8

Question 9: Is there a policy that explicitly prohibits facilitation payments?

Facilitation payment is not considered to be bribery according to the legislations of some jurisdictions. However, companies should restrict facilitation payment in their policies as this practice does create additional risks.

As seen in Figure 21, the five ASEAN countries had shown improvements over the past two years, especially Indonesia and Philippines. For the year 2018, the average disclosure is 34%, with a majority of the companies in all five countries scoring 0 points. Singapore had the highest disclosure level of 42%, closely followed by Thailand (41%), Philippines (35%), Malaysia (31%) and Indonesia (23%). Facilitation payment, a widely debated bribery topic, is a type of payment to foreign officials. Some countries, such as United Kingdom, prohibit facilitation payment as it is classified as a type of bribery under their anti-corruption laws. However, a majority of the companies do not specifically prohibit facilitation payment, indicating that disclosure of facilitation payments is a major area for improvement.

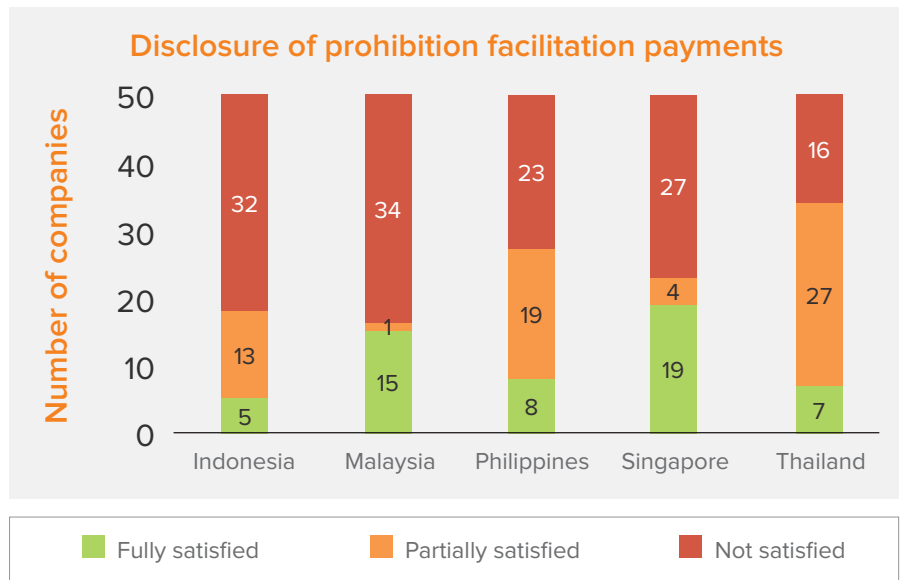


Figure 20 Score for Question 9 - Is there a policy that explicitly prohibits facilitation payments?

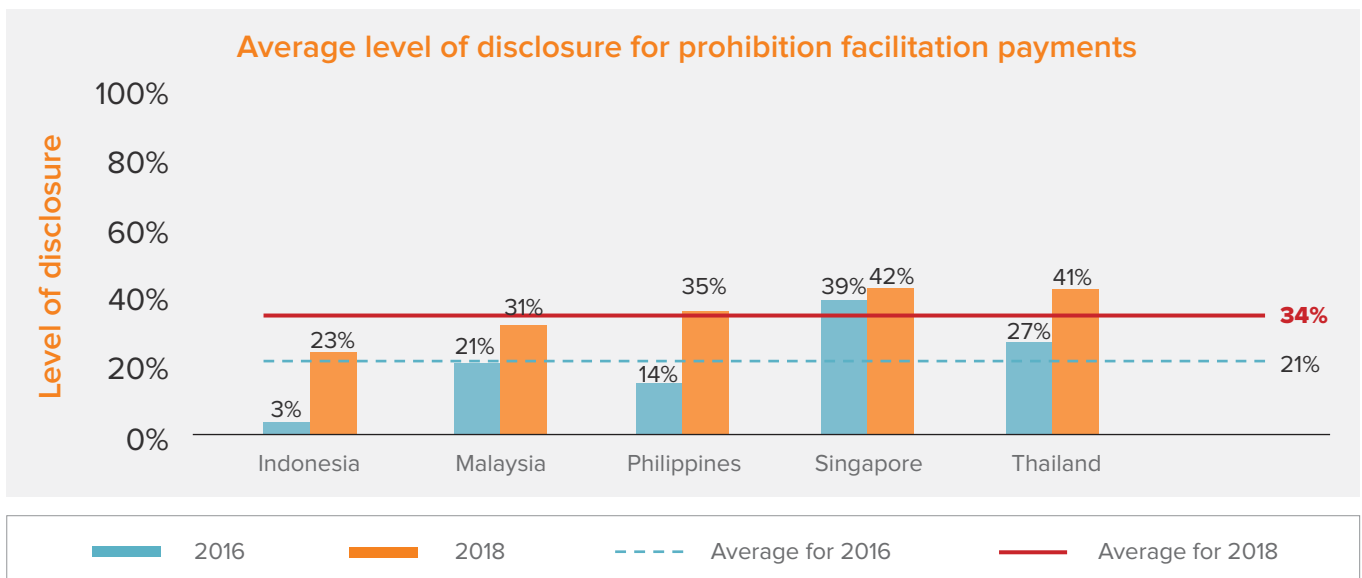


Figure 21 Average level of disclosure for Question 9

Question 13: Does the company have policy on political contributions that either prohibits such contributions or if does not, requires such contributions to be publicly disclosed?

Political donations can give rise to higher risks of corruption, bribery or money laundering. As such, a company and its employees, agents, lobbyists or other intermediates should not make direct or indirect contributions to political parties.

According to Figure 23, in 2016 and 2018, the disclosure of political contributions averaged 31%. In 2018, much improvement in disclosure for Malaysia and Philippines was observed. Thailand outperformed the rest with a disclosure level of 50%. Other countries have similar scores ranging from 21% (Philippines) to 35% (Indonesia). Most of these countries do not explicitly ban political contributions, thus possibly leading to the low level of disclosures.

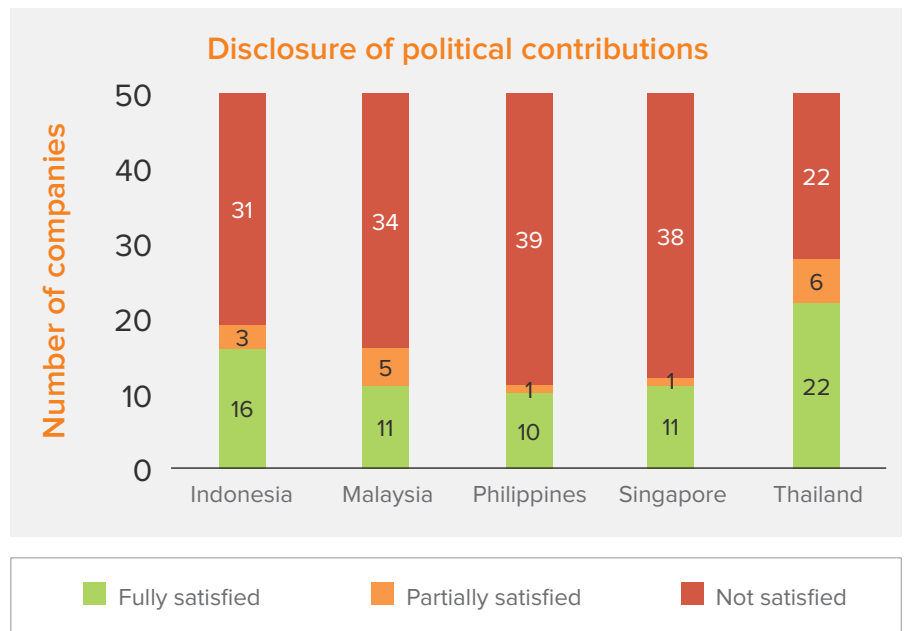


Figure 22 Score for Question 13 - Does the company have policy on political contributions that either prohibits such contributions or if does not, requires such contributions to be publicly disclosed?

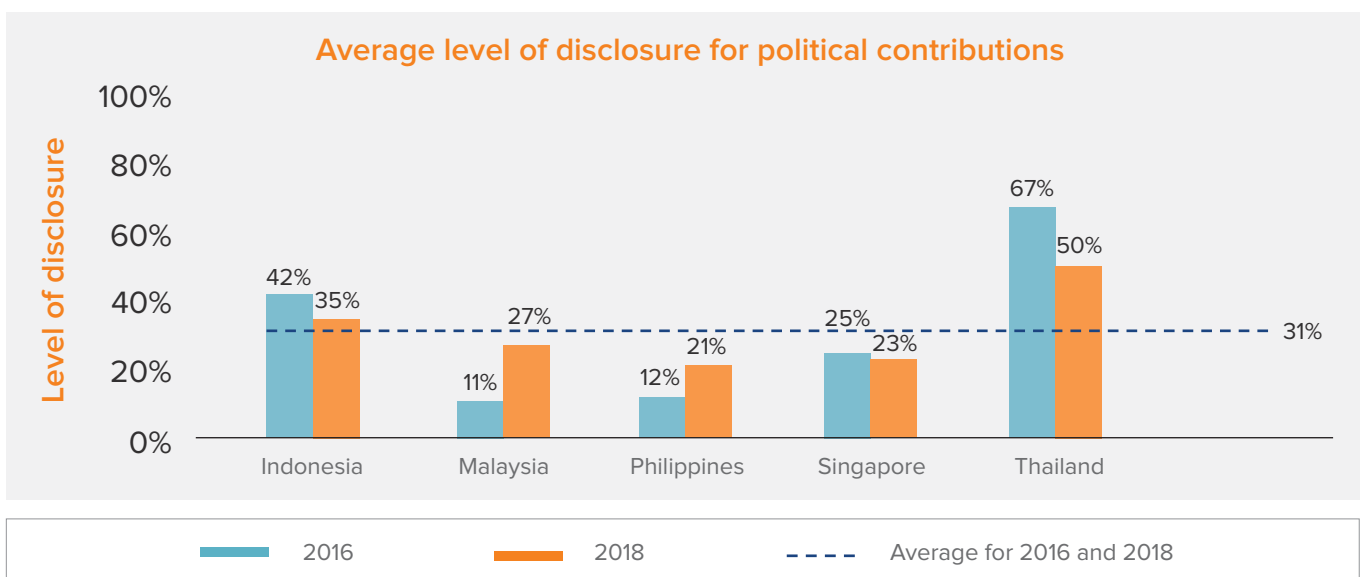


Figure 23 Average level of disclosure for Question 13

Category 3. Reporting and Monitoring

A company should establish, implement, maintain and continually improve their anti-corruption programmes in order to ensure that their proactive anti-corruption programmes remains relevant. It is vital that the suitability and adequacy of these programs are regularly monitored in order for the anti-corruption programmes to be applied effectively. This subsection covers Questions 10, 11 and 12 which assess the explicitness of companies’ whistleblowing policies, provisions of protection from retaliation for whistle-blowers, monitoring and reviewing of the companies’ anti-corruption programmes.

Question 10: Does the programme enable employees and others to raise concerns and report violations (of programme) without risk of reprisal?

A robust reporting system is a key function for internal personnel and external stakeholders to report serious wrongdoings without fear of reprisals if the reporting was done in a good faith. Considering the best whistle-blower protection comes from a company’s policies and procedure, the way a company handles its whistle-blower situation greatly affects the reputation of a company.



Figure 24 Score for Question 10 - Does the programme enable employees and others to raise concerns and report violations (of programme) without risk of reprisal?

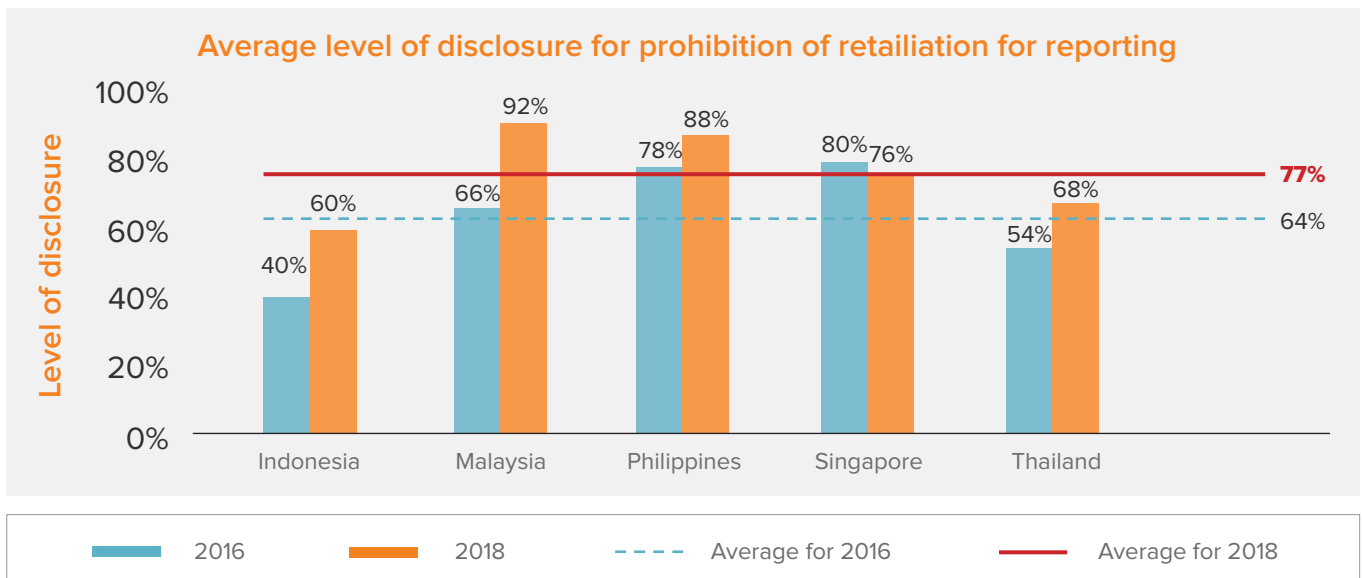


Figure 25 Average level of disclosure for Question 10

As observed in Figure 25, the disclosure level of all countries except Singapore had shown improvement over the past two years. For the year 2018, the disclosure of prohibition of retaliation for reporting fared moderately well with a score of 77%. Among the five countries, Malaysia scored the highest with 92% disclosure while Philippines scored 88% disclosure. The remaining countries scored below average, with Indonesia obtaining the lowest score of 60% disclosure. By reducing information asymmetry and increasing transparency, whistleblowing can increase the probability of successfully prosecuting parties paying and accepting bribes. Thus, to encourage whistleblowing, it is important to have policies in place to protect whistle-blowers from possible retaliations such that they can raise concerns and violations freely.

Question 11: 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 (whistle-blowing)?

A reporting mechanism acts as a warning system that allows early detection of fraudulent actions threatening the continuation of a company. As such, companies should increase the credibility of this mechanism in order to encourage their internal personnel or external stakeholders to expose any suspected fraud case.

Figure 26 indicates that majority of the companies operate a confidential reporting channel for whistle-blowers. The disclosure of confidential reporting channel scored relatively well with 75% disclosure, suggesting that most companies acknowledge the need of having a whistleblowing channel in their company (Figure 27). The disclosure level for all five countries have comparatively improved over the past two years. In 2018, Singapore scored the highest with 88% disclosure level which is closely followed by Thailand (77%), Philippines (73%), Indonesia (72%) and Malaysia (66%). Among the companies that partially satisfied the criteria of the question, two-way communication which facilitates investigations is often neglected.

To maintain confidentiality, third parties can also be engaged by companies to handle whistleblowing cases. Overall, to enhance the effectiveness of whistleblowing policies, identities of whistle-blowers should be kept confidential to protect them from possible retaliation and reports should also remain anonymous.

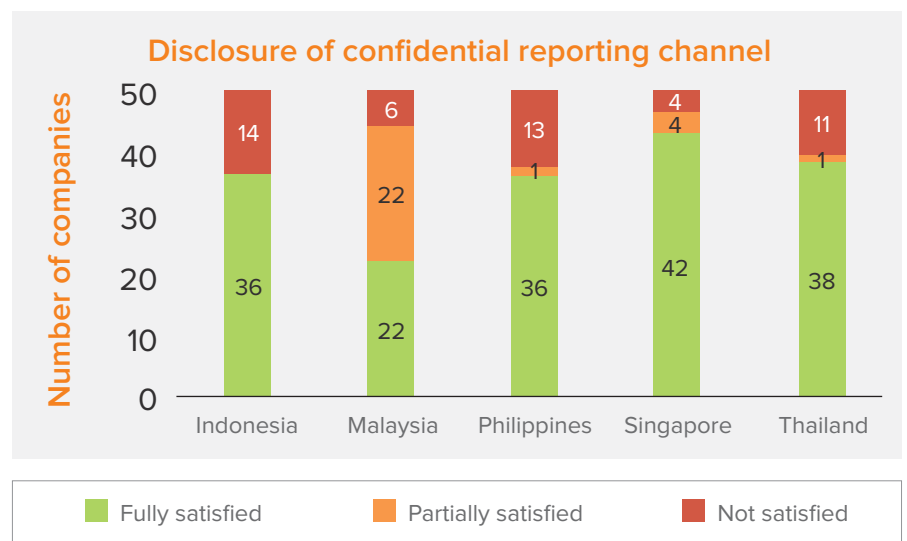


Figure 26 Score for Question 11 - Does the company provide a channel through which employees can report suspected breaches of anti-corruption policies, and does the channel allow for confidential and/or anonymous reporting (whistle-blowing)?

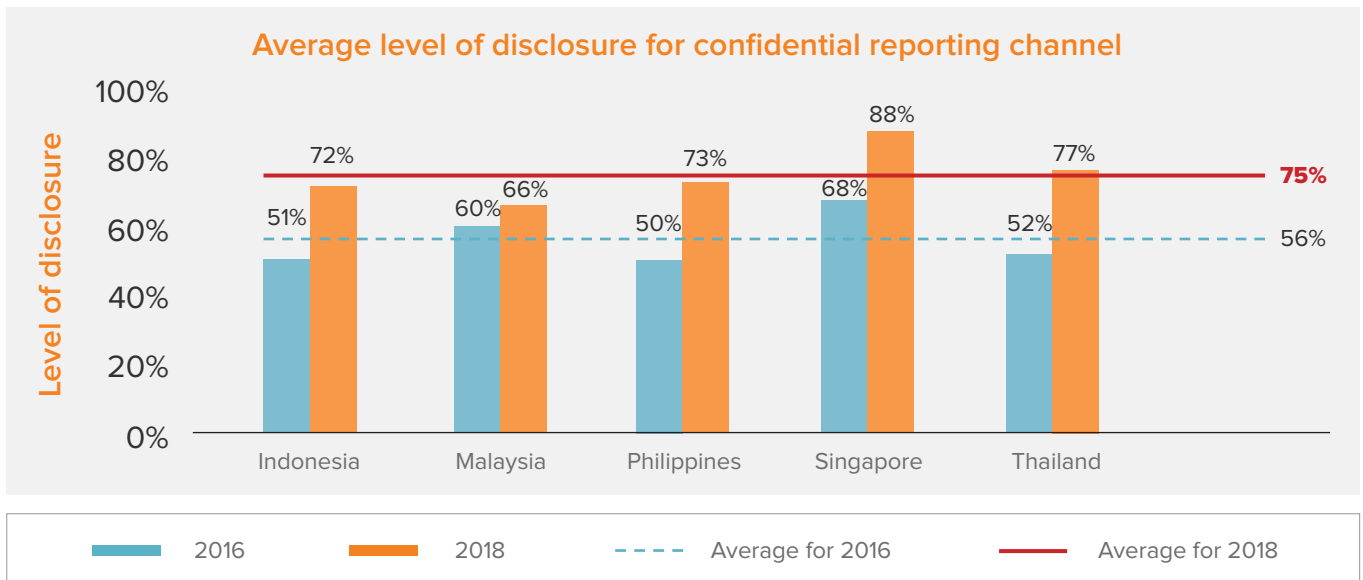


Figure 27 Average level of disclosure for Question 11

Question 12: Does the company carry out regular monitoring of its anti-corruption programme to review the programme’s suitability, adequacy and effectiveness, and implement improvements as appropriate?

Effective anti-corruption compliance measures require regular review and monitoring of company’s practices especially in compliance with the latest standards in anti-corruption legislation as well as the appropriate application of certain compliance procedures that will substantially mitigate the corruption risks.

As shown in Figure 29, in 2018, an average of 49% of the assessed companies had a mechanism for regular monitoring of anti-corruption policies and the relative score of this question was lower as compared to other questions. Nonetheless, the disclosure level of all countries had improved over the last two years. Great polarisation in the scores were observed between Thailand, which has the highest disclosure level of 60%, and Malaysia which attained the lowest score of 25%. Most companies did not disclose the monitoring of their anti-corruption policy which is a key aspect of disclosure that needs to be adhered to. Regular monitoring of anti-corruption policy is important to ensure that guidelines are met. In keeping up with the modus operandi of corruption which rapidly changes, it is crucial to constantly update the relevant policies to maintain effectiveness in curbing corruption.

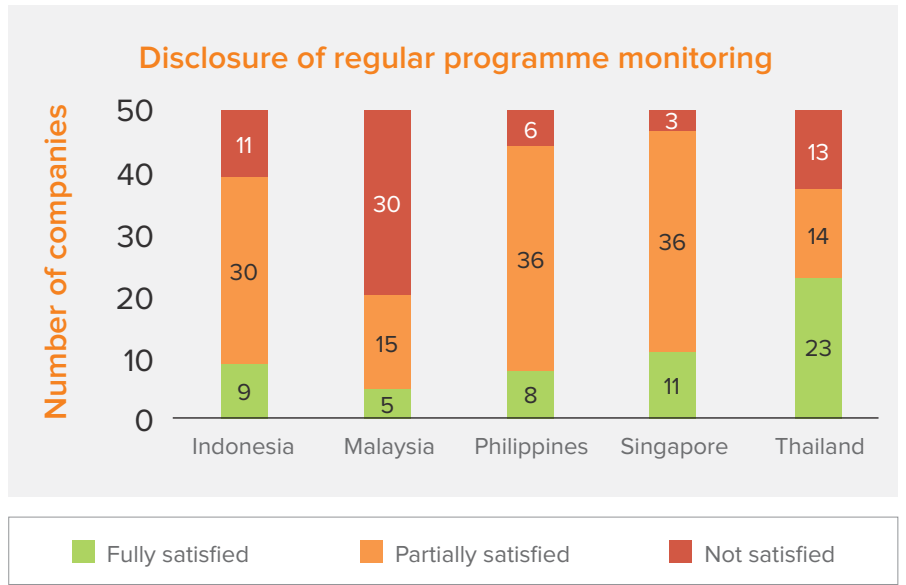


Figure 28 Score for Question 12 - Does the company carry out regular monitoring of its anti-corruption programme to review the programme's suitability, adequacy and effectiveness, and implement improvements as appropriate?

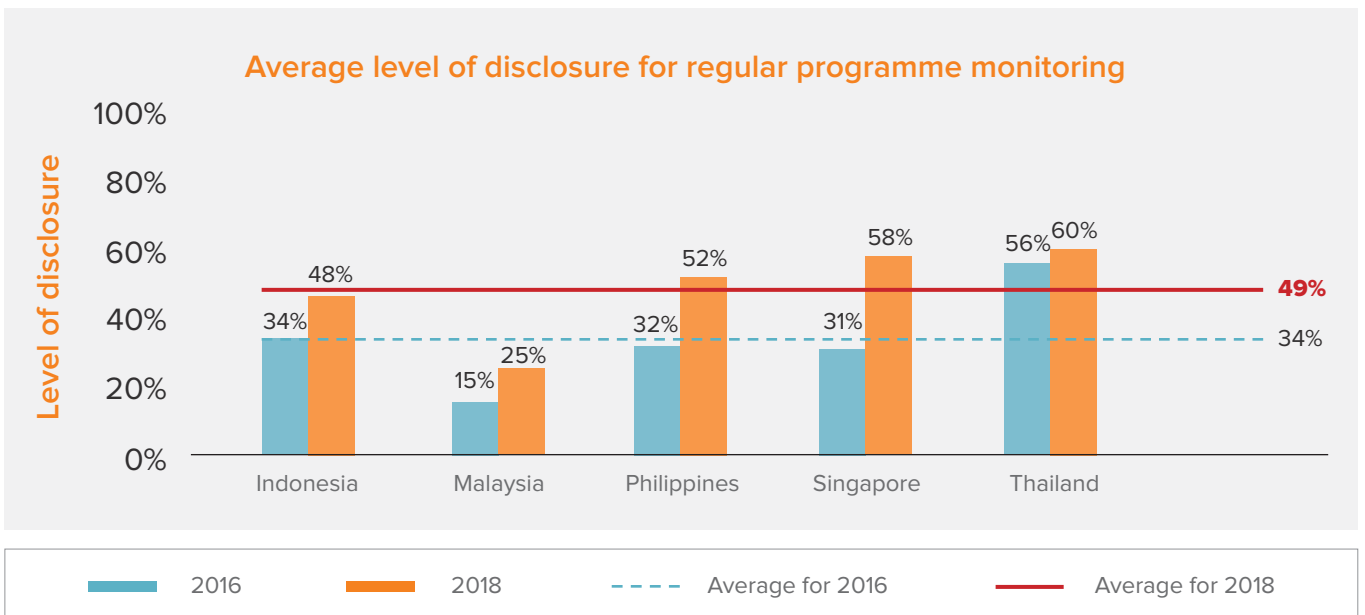


Figure 29 Average level of disclosure for Question 12

4.3 Breakdown of Country Performance

4.3.1 Indonesia

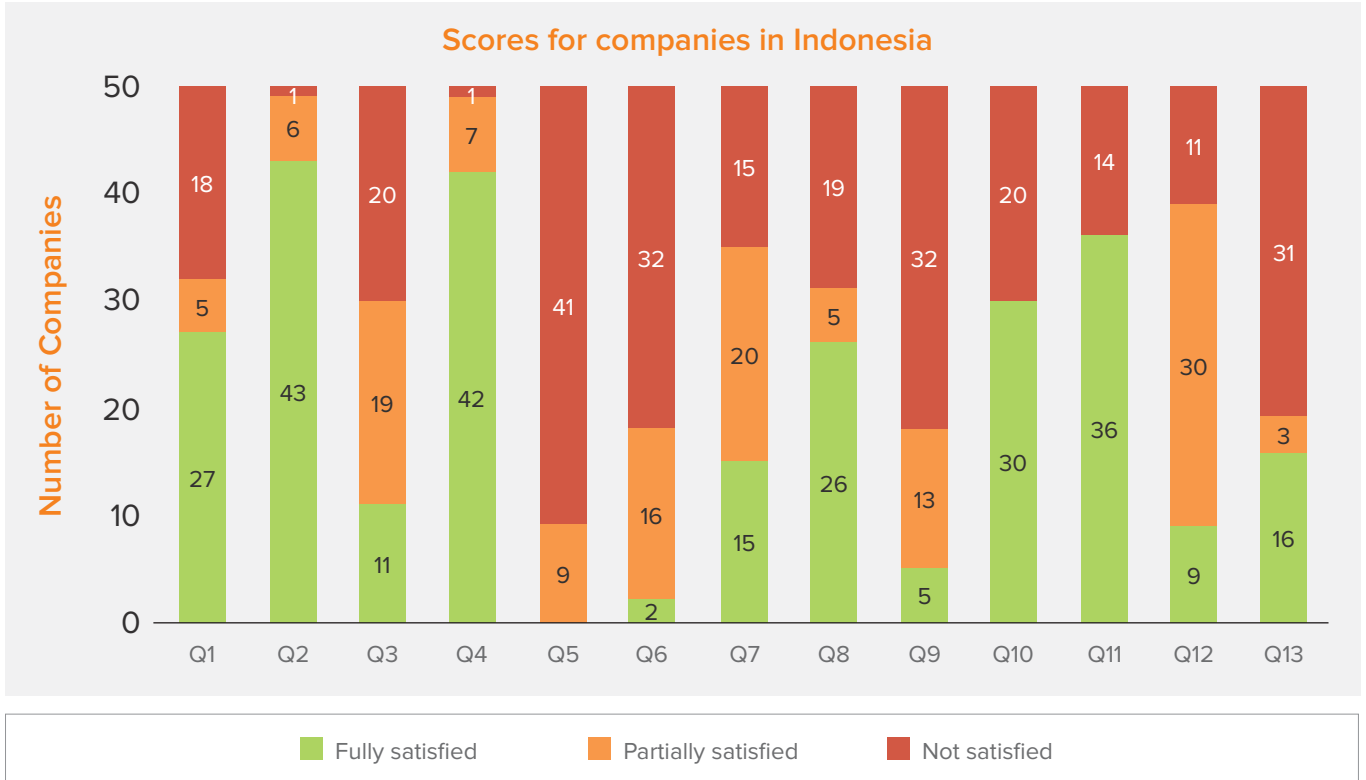


Figure 30 Indonesia: Breakdown of scores by question



Figure 31 Indonesia: Average level of disclosure by question

Listed companies in Indonesia are guided by Indonesia's Code of Good Governance. Much emphasis has been placed on the disclosure of business ethics and codes of conduct. However, while the Indonesian government has stepped up their anti-corruption efforts, its business environment still suffers from corruption (Organisation for Economic Co-operation and Development, 2016).

Based on Figure 31, Indonesia scored the lowest among the five ASEAN countries with an overall disclosure rate of 51% for the year 2018. Companies performed well for "Q2 Commitment to comply with laws" (92%) and "Q4 Code applied to all directors and employees" (91%) but lagged behind in "Q5 Code applied to agents" (9%) and "Q9 Prohibition of facilitation payments" (23%).

On a comparative basis, in 2018, Indonesia scored the lowest for "Q2 Commitment to comply with laws" (92%), "Q5 Code applied to agents" (9%), "Q6 Code applied to suppliers" (20%), "Q7 Training programme for all employees and directors" (50%), "Q9 Prohibition of facilitation payments" (23%), "Q10 Prohibition of retaliation for reporting" (60%).

The disclosure rate for Indonesia has increased from 39% in 2016 to 51% in 2018. One possible reason could be due to the Corporate Governance Guideline for Public Companies that were introduced by the Financial Services Authority (OJK) of Indonesia in November 2015 (KPMG Siddharta Advisory, 2016). The new guideline requires public companies to create and implement a set of anti-corruption policy in order to prevent possible cases of corruption, thus possibly contributing to the progressive improvements in disclosure rates.

4.3.2 Malaysia

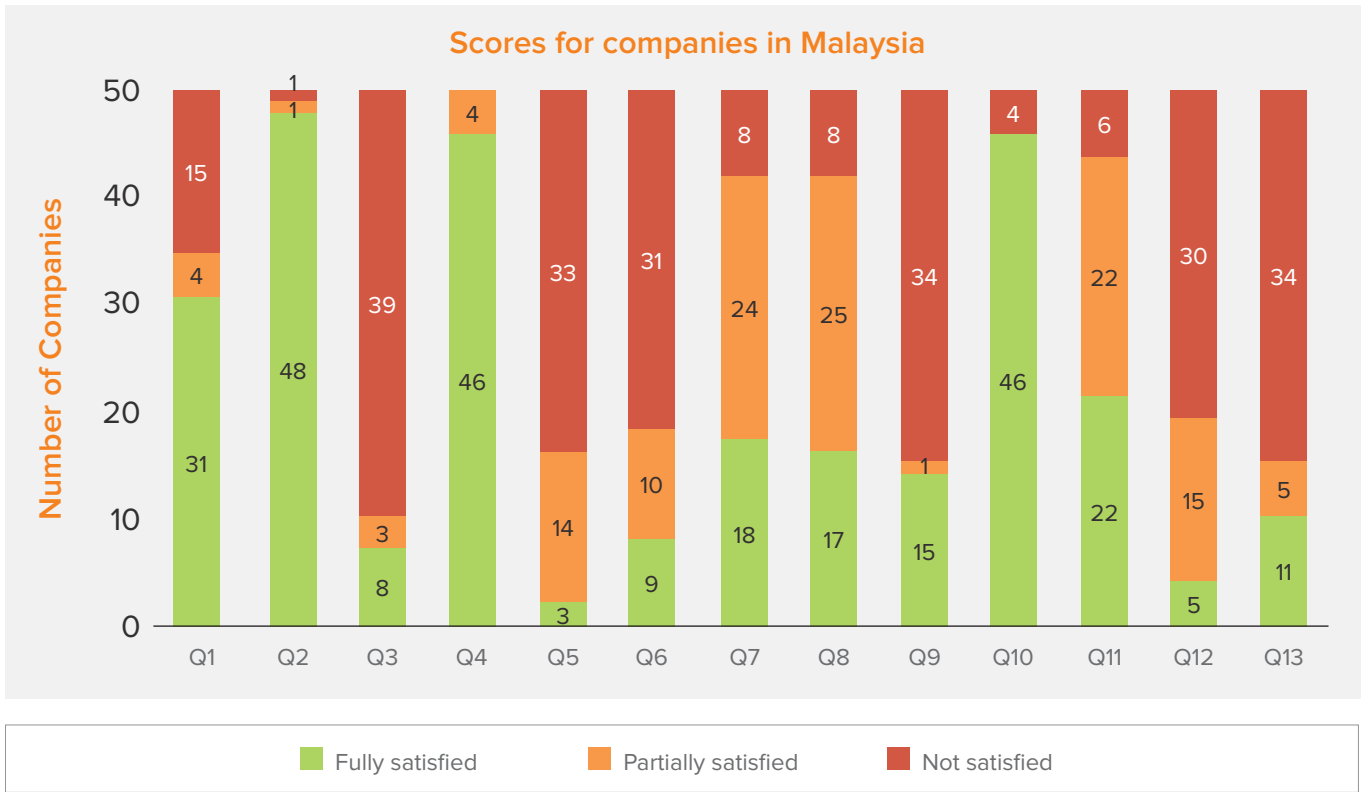


Figure 32 Malaysia: Breakdown of scores by question

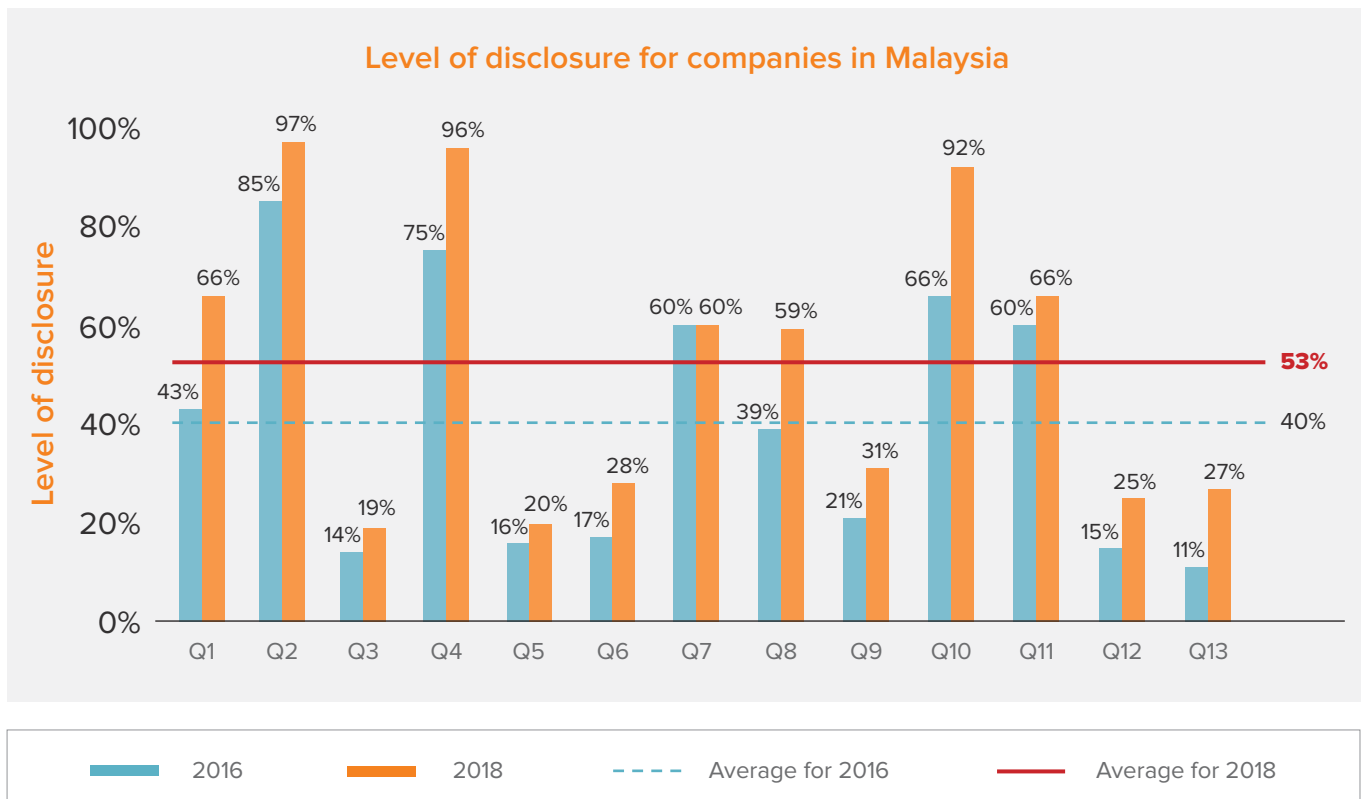


Figure 33 Malaysia: Average level of disclosure by question

In Malaysia, bribery is regulated under the key anti-corruption legislation, the Malaysian Anti-Corruption Commission (MACC) Act 2009 (GAN Integrity, 2016). On top of the national legal framework, listed companies are guided by the Malaysian Code on Corporate Governance which emphasises on promoting a healthy corporate culture that enhances integrity, transparency and fairness.

Figure 33 indicates that together with Philippines, Malaysia scored the second lowest among the five ASEAN countries with an overall level of disclosure rate of 53% for the year 2018. Companies scored well for “Q2 Commitment to comply with laws” (97%), “Q4 Code applied to all directors and employees” (96%) and “Q10 Prohibition of retaliation for reporting” (92%). However, Malaysia lagged behind for “Q3 Leadership support” (19%), “Q5 Code applied to agents” (20%), “Q6 Code applied to suppliers” (28%), “Q12 Regular programme monitoring” (25%) and “Q13 Disclosure of political contributions” (27%).

On a comparative basis, in 2018, Malaysia scored the highest for “Q2 Commitment to comply with laws” (97%), “Q5 Code applied to agents” (20%) and “Q10 Prohibition of retaliation for reporting” (92%). However, for the same year, Malaysia scored the lowest for “Q3 Leadership support” (19%), “Q11 Confidential reporting channel” (66%) and “Q12 Regular programme monitoring” (25%).

Improvements in Malaysia’s disclosure rates were observed over the last two years. With the intention of improving its business environment, Malaysia has been constantly battling against corruption in both private and public sectors. In 2018, the MACC Amendment Bill was passed to hold companies accountable for corruption (Aziz, 2018). Previously, under the MACC Act 2009, only shareholders, directors or management would be accountable for an offence committed by a company. Thus, the amendment of the bill would possibly encourage companies to take a more proactive stance in curbing corruption and ensure that its employees are not involved in any cases of corruption.

4.3.3 Philippines

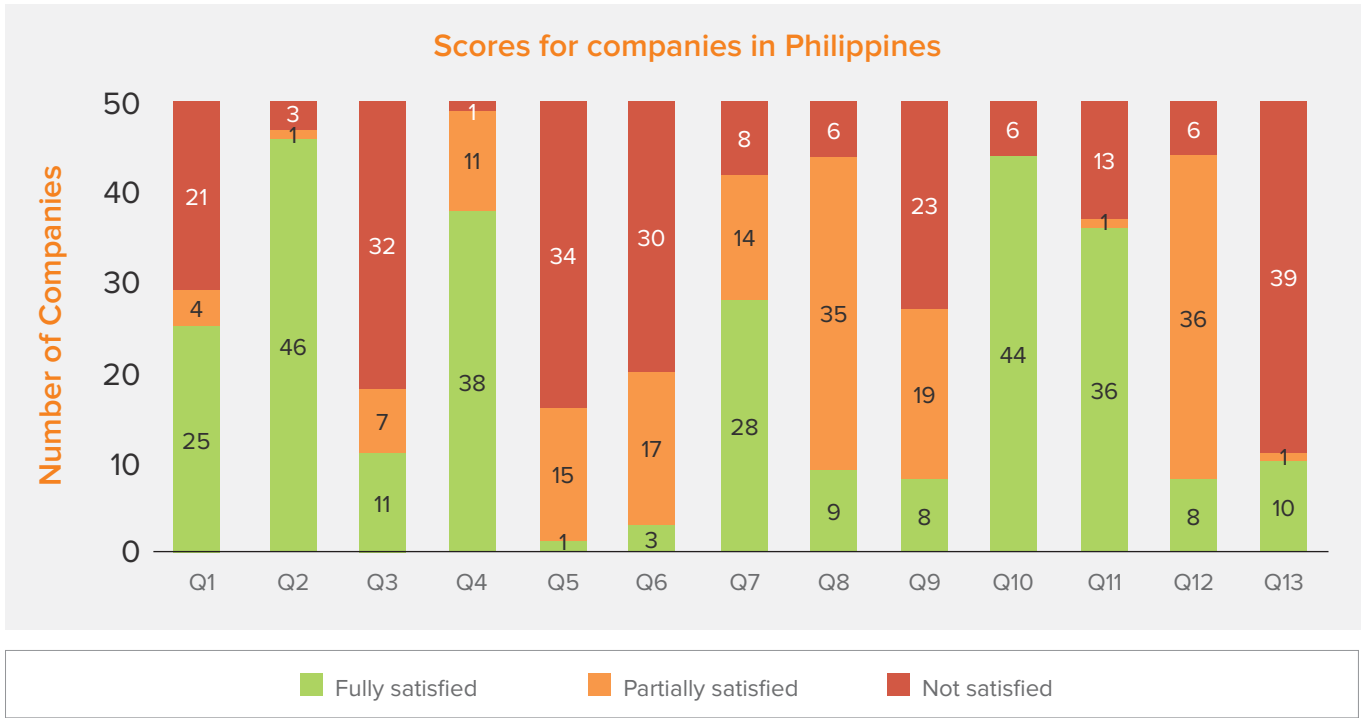


Figure 34 Philippines: Breakdown of scores by question

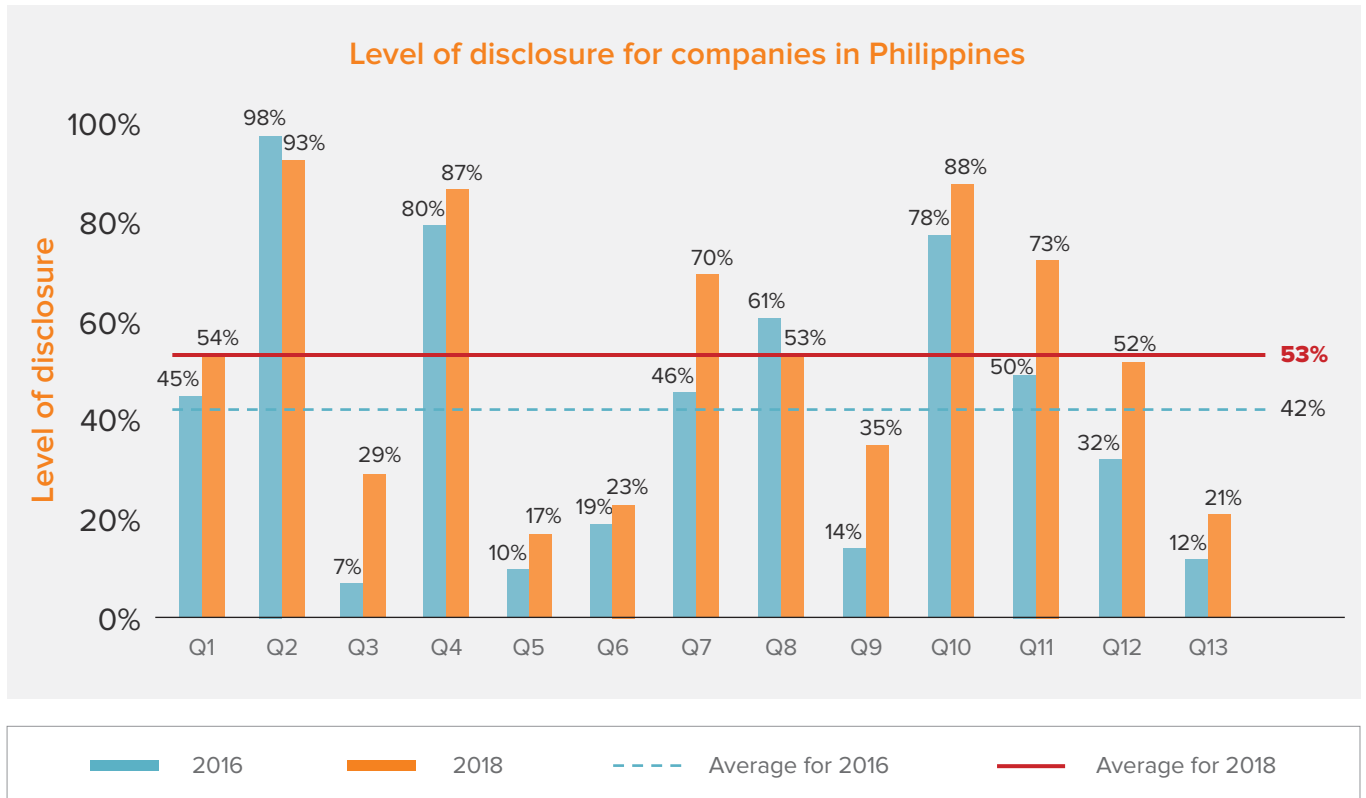


Figure 35 Philippines: Average level of disclosure by question

As seen in Figure 35, for the year 2018, Philippines ranked the second lowest together with Malaysia, with an overall disclosure rate of 53%. Companies scored well for “Q2 Commitment to comply with laws” (93%), “Q4 Code applied to all directors and employees” (87%) and “Q10 Prohibition of retaliation for reporting” (88%) but lagged behind for “Q3 Leadership support” (29%), “Q5 Code applied to agents” (17%), “Q6 Code applied to suppliers” (23%), and “Q13 Disclosure of political contributions” (21%).

On a comparative basis, Philippines scored the lowest for “Q1 publicly stated commitment to anti-corruption” (54%) and “Q13 Disclosure of political contributions” (21%) in 2018.

Comparing the results between 2016 and 2018, there are notable improvements in the scores for Philippines. One possible reason could be attributed to the new code of corporate governance that was released by the Securities and Exchange Commission (SEC) of Philippines in November 2016 and took effect on January 2017. The new code that was released by SEC specified that companies would be expected to disclose their practices on a “comply or explain” basis (Securities and Exchange Commission, 2016). Under this new code, companies are not required to comply with the provision of the code but are required to disclose and explain their non-compliance. The implementation of the new code aims to improve their corporate governance standards to be on par with the regional and global standards. With this new code in place, the disclosure of the corporate governance policy for the public companies has increased greatly, resulting in much improvements in their disclosure rates over the past two years.

4.3.4 Singapore

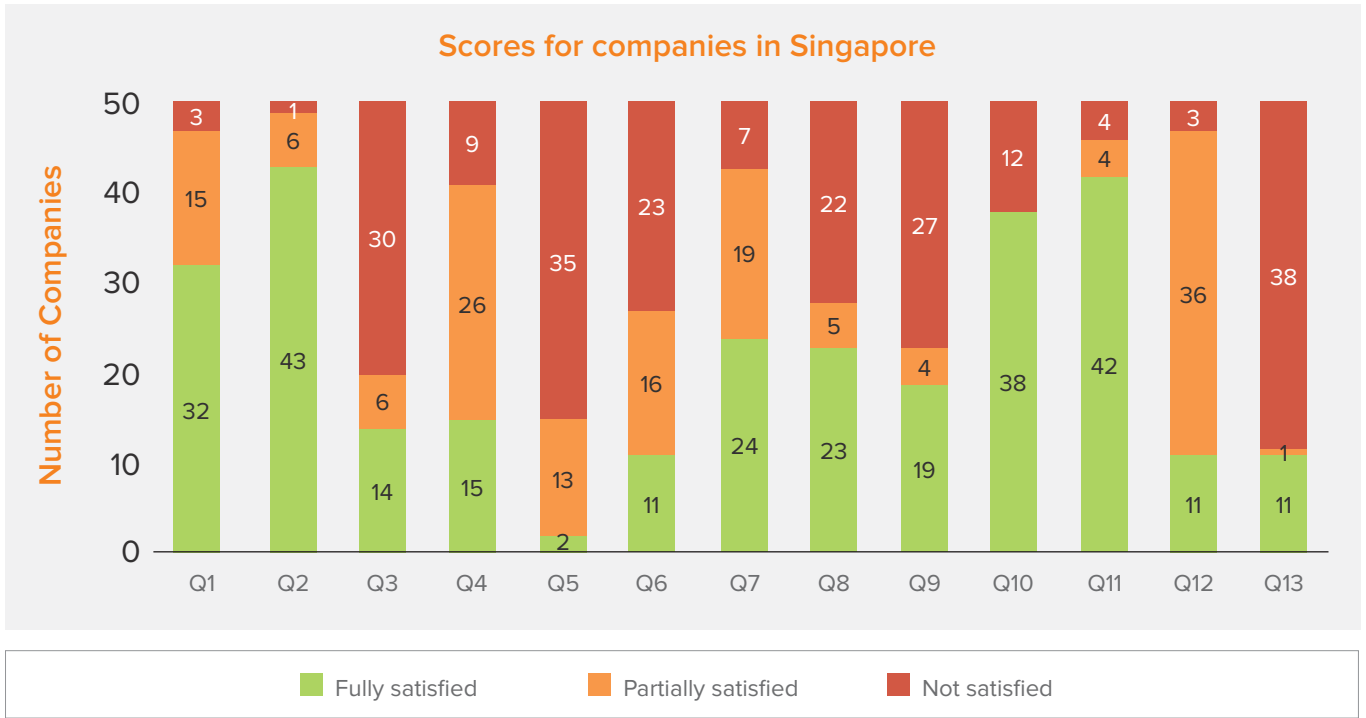


Figure 36 Singapore: Breakdown of scores by question

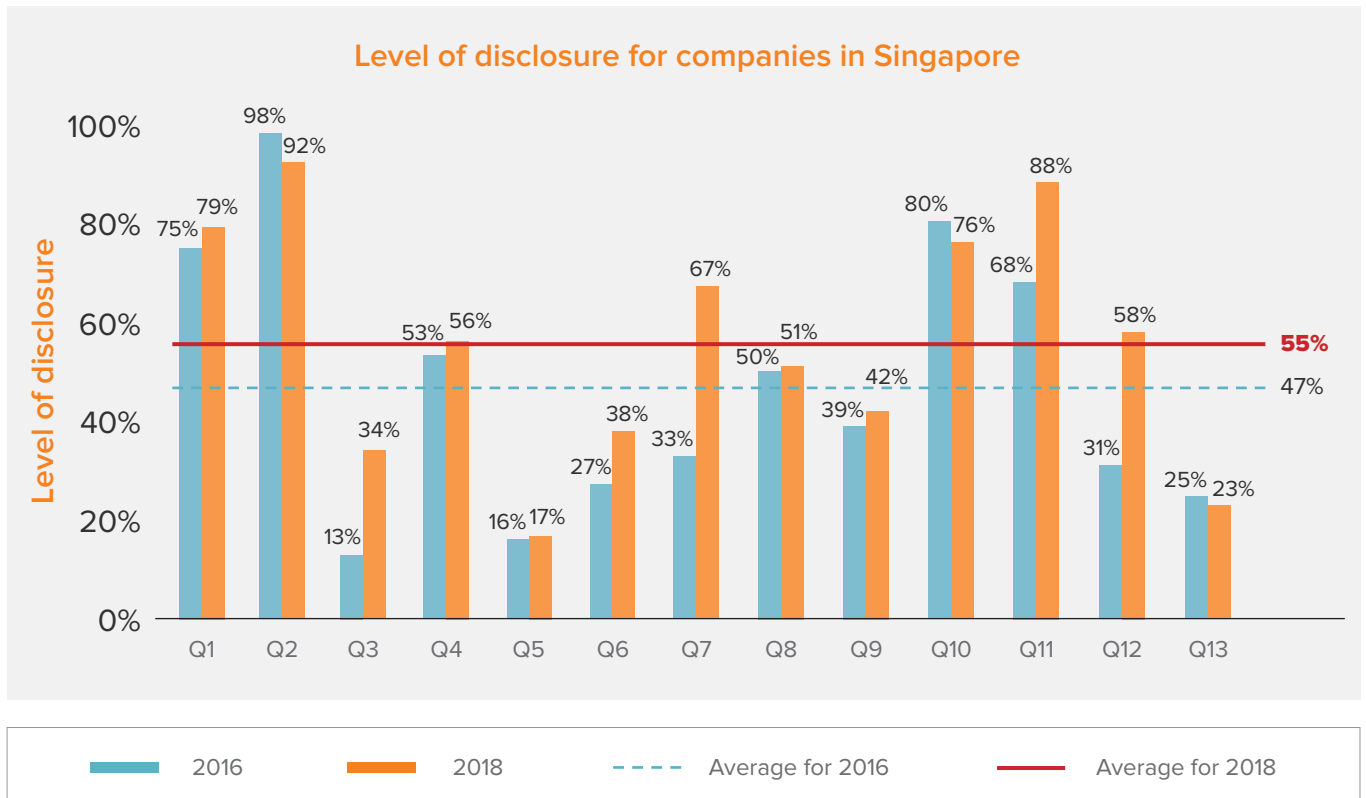


Figure 37 Singapore: Average level of disclosure by question

Singapore is well known for its clean and efficient business environment. This impressive feat is possibly attributed to the robust anti-corruption laws in the PCA and the collective effort of the government, courts and public servants that strive to uphold the highest level of business integrity (GAN Integrity, 2016).

According to Figure 37, in 2018, Singapore scored the second highest with an overall level of disclosure of 55%. The companies performed well for “Q1 Publicly stated commitment to anti-corruption” (79%), “Q2 Commitment to comply with laws” (92%), “Q10 Prohibition of retaliation for reporting” (76%) and “Q11 Confidential reporting channel” (88%) but lagged behind for “Q5 Code applied to agents” (17%), and “Q13 Disclosure of political contributions” (23%).

On a comparative basis, for the year 2018, Singapore scored the highest for “Q6 Code applied to suppliers” (38%), “Q9 Prohibition of facilitation payments” (42%) and “Q11 Confidential reporting channel” (88%). However, for the same year, Singapore scored the lowest for “Q2 Commitment to comply with laws” (92%), “Q4 Code applied to all directors and employees” (56%) and “Q8 Gifts, hospitality, travel policies” (51%).

Singapore’s disclosure rates have improved from 47% in 2016 to 55% in 2018. For the CPI, Singapore is the only Asian country to have made it to the top 10 (Transparency International, 2018). In 2017, the Corrupt Practices Investigation Bureau (CPIB) of Singapore has also reported a 22% fall in the cases registered for investigation relating to corruption in 2015, suggesting that its corruption is well-contained and rigorously prosecuted (Corrupt Practices Investigation Bureau, 2018).

4.3.5 Thailand

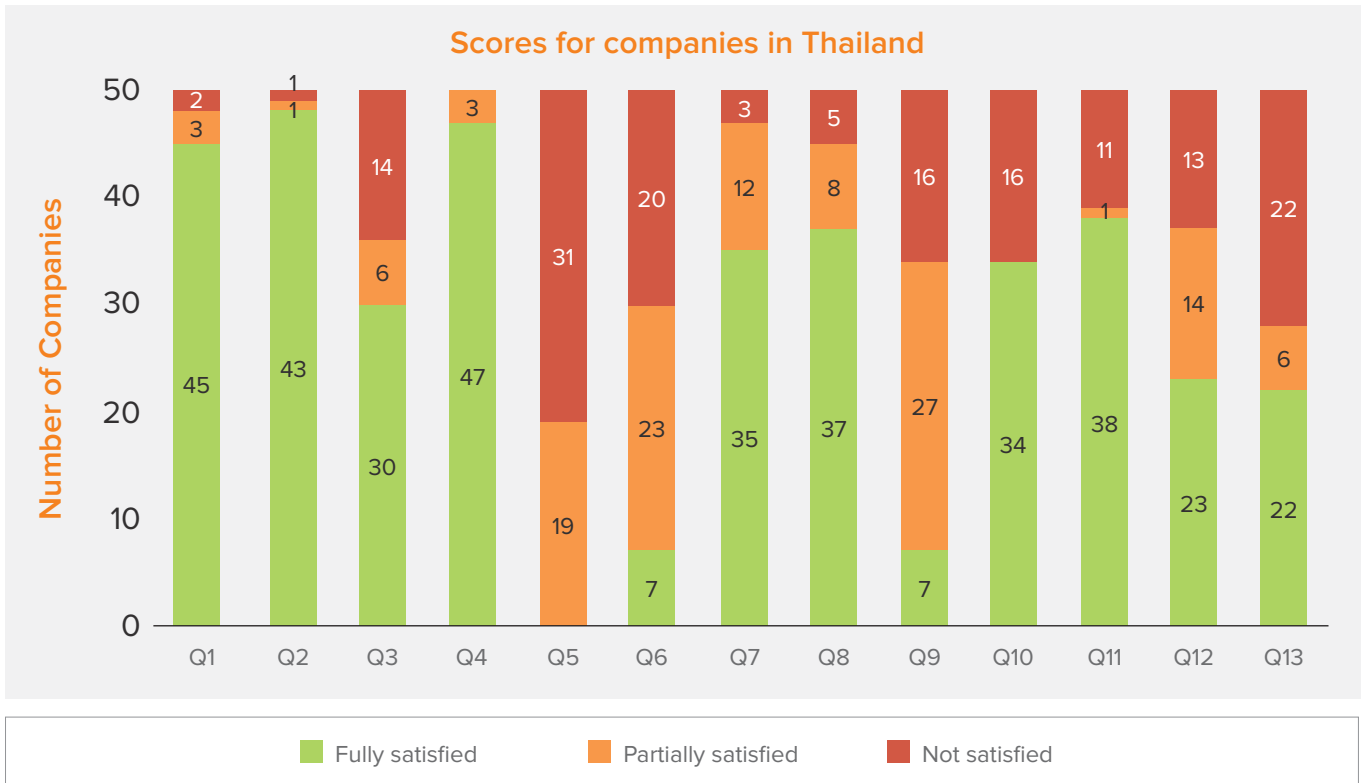


Figure 38 Thailand: Breakdown of scores by question

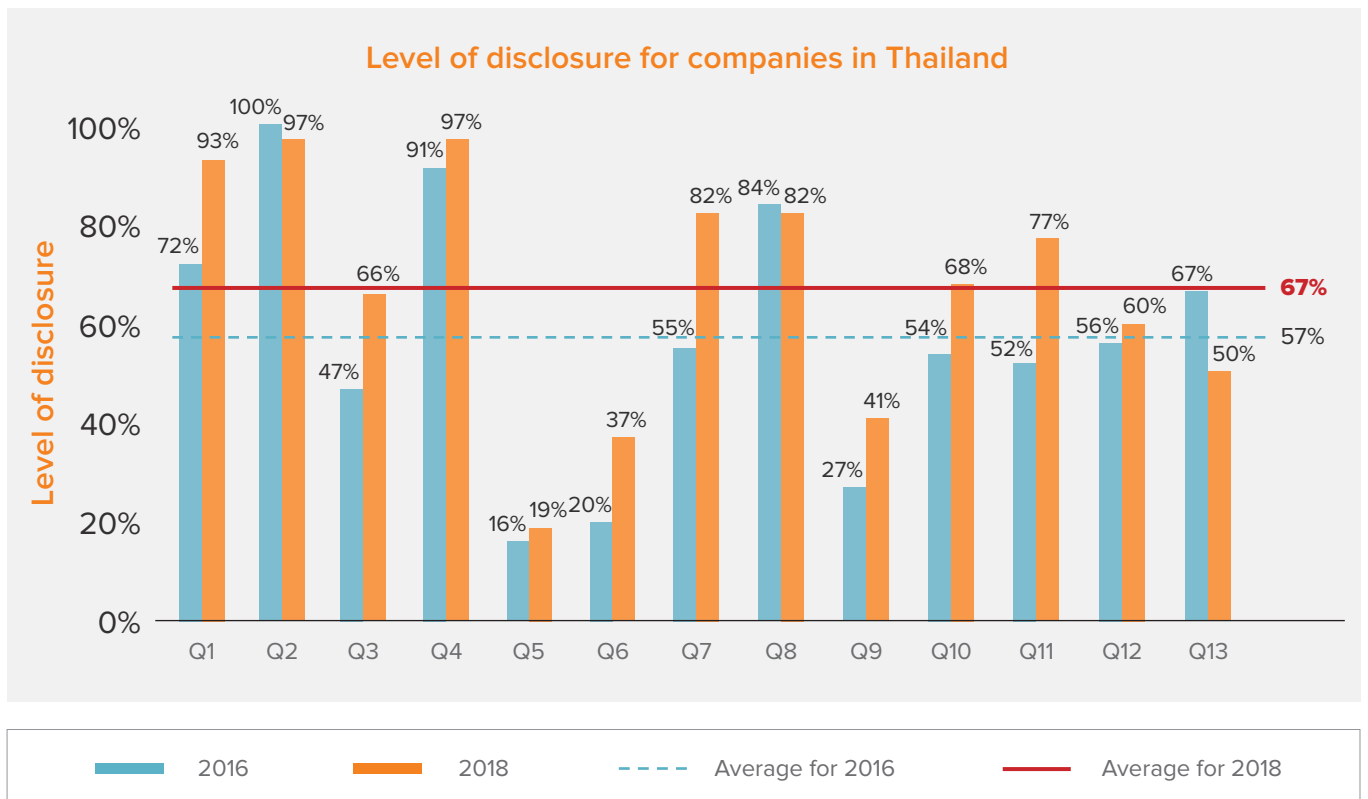


Figure 39 Thailand: Average level of disclosure by question

Companies from Thailand, where legislation compels the disclosure of compliance and transparency, did consistently better than companies from other ASEAN countries.

Figure 39 shows that for the year 2018, Thailand scored the highest for their disclosure on business integrity with an overall level of disclosure of 67%. Thailand demonstrated outstanding performance for “Q1 Publicly stated commitment to anti-corruption” (93%), “Q2 Commitment to comply with laws” (97%), “Q4 Code applied to all directors and employees” (97%), “Q7 Training programme for all employees and directors” (82%) and “Q8 Gifts, hospitality, travel policies” (82%) but lagged behind for “Q5 Code applied to agents” (19%).

On a comparative basis, in 2018, Thailand scored the highest for “Q1 Publicly stated commitment to anti-corruption” (93%), “Q2 Commitment to comply with laws” (97%), “Q3 Leadership support” (66%), “Q4 Code applied to all directors and employees” (97%), “Q7 Training programme for all employees and directors” (82%), “Q8 Gifts, hospitality, travel policies” (82%), “Q12 Regular programme monitoring” (60%) and “Q13 Disclosure of political contributions” (50%).

Much credit for Thailand’s high disclosure rate was attributed to the ‘Principles of Good Corporate Governance for Listed Companies 2012’ that was implemented by the Stock Exchange of Thailand (SET) which placed much emphasis on disclosure and transparency. SET firmly believes that good corporate governance is an indispensable characteristic of public companies and hence, they are required to uphold the guidelines of ‘The 15 Principles of Good Corporate Governance’. Furthermore, SET also believes that the establishment of rigorous corporate governance systems would be favourable for both the Thai capital market and the sustainable development of the Thai economy (The Stock Exchange of Thailand, 2012). Due to the stringent guidelines imposed, a high disclosure rate for public companies in Thailand was observed. Hence, it is justifiable to conclude that listing guidelines do play an important role in influencing corporate disclosure on business integrity.

Furthermore, companies in the private sector also plays an important role in combating corruption. Notably, to create an efficient and fair business environment, leading organisations in Thailand established the Private Sector Collective Action Coalition Against Corruption (CAC) to bring effective anti-corruption policy and mechanisms into implementation by companies (Private Sector Collective Action Coalition, 2015). Self-evaluation tool has also been put in place to counter bribery (Private Sector Collective Action Coalition, 2016).

4.4 Top Companies across ASEAN

Companies with the highest level of disclosure across the five ASEAN countries have been tabulated in Table 4 as seen below. This is to facilitate understanding of best performing companies among the ASEAN countries assessed in the report.

Company*	Country
Advanced Info Service PCL	Thailand
Delta Electronics (Thailand) PCL	Thailand
Digi.Com BHD	Malaysia
Golden Agri-Resources LTD	Singapore
Sembcorp Industries LTD	Singapore
SIA Engineering Company LTD	Singapore
Singapore Airlines LTD	Singapore
Singapore Telecommunications LTD	Singapore
Total Access Communication PCL	Thailand
Unilever Indonesia Tbk PT	Indonesia
XL Axiata Tbk PT	Indonesia

Table 4 Companies with highest disclosure rate across ASEAN

* Companies are sorted alphabetically according to the name

5. Limitations

This report is not without limitations. In considering whether to explore further from the findings of this research, a few points should be kept in mind.

Firstly, some of the documents, such as codes of conduct, are solely for internal use which members of the public do not have access to it. Moreover, the companies' corporate governance reports also stated that certain information could only be found on the company's intranet. Thus, as the assessment for the companies is based on information that is publicly available, the scoring for such companies may be undermined in these circumstances.

Another major limitation was the language barrier. Companies whose websites and/or reports (annual reports, sustainability reports, code of ethics, etc.) which were only available in their domestic language were excluded from the assessment. Furthermore, companies which had provided separate reports in English as a reference may not have contained all the details of the companies' policies, possibly leading to an underestimation of the companies' scores.

Additionally, the relatively small quantity of samples for each ASEAN country may not be representative of the respective markets. Based on market capitalisation, only the largest 50 companies from each country were chosen and assessed according to our guidelines. Hence, the results of this study may not provide an accurate interpretation of the corporate disclosure on business integrity of the respective country.

Lastly, it should be noted that the assessment of these companies are based on the disclosure of their anti-corruption policies and is not reflective of the actual enforcement and effectiveness of their policies. Thus, the assessment may not be indicative of the corruption landscape of the country.

6. Conclusion and Moving Forward

In conclusion, Thailand had scored the highest disclosure rate for eight out of the thirteen questions while Indonesia had scored the lowest disclosure rate for six of the thirteen questions. The overall level of disclosure reflects the extent of comprehensiveness and explicitness of the disclosure of the anti-corruption policies in each country. Generally, in comparison to the results in 2016, improvements have been seen across all five countries. The level of disclosure for all five countries ranged from 51% to 67% in 2018. Nonetheless, there is still much room for improvements for all five countries, especially Indonesia, which is far behind Thailand.

Additionally, it is important to note that the code of corporate governance of each country influences the disclosures made by companies on their annual reports or codes of conduct. Thus, mandatory disclosure of anti-corruption practices in existing rules and regulations might need to be reinforced in order to improve corporate disclosures on business integrity.

Table 5 below summarises the country (or countries) with lowest or highest scores as well as the corresponding highest and lowest scores for each question.

Question	Average Score	Country/Countries with highest score	Highest score	Country/Countries with lowest score	Lowest score
1	70%	Thailand	93%	Philippines	54%
2	94%	Malaysia and Thailand	97%	Indonesia and Singapore	92%
3	38%	Thailand	66%	Malaysia	19%
4	85%	Thailand	97%	Singapore	56%
5	16%	Malaysia	20%	Indonesia	9%
6	29%	Singapore	38%	Indonesia	20%
7	66%	Thailand	82%	Indonesia	50%
8	60%	Thailand	82%	Singapore	51%
9	34%	Singapore	42%	Indonesia	23%
10	77%	Malaysia	92%	Indonesia	60%
11	75%	Singapore	88%	Malaysia	66%
12	49%	Thailand	60%	Malaysia	25%
13	31%	Thailand	50%	Philippines	21%

Table 5 Country/Countries with highest and lowest score by question

Moving forward, it should be noted that multiple parties need to be involved in order to implement and ensure the effectiveness of the anti-corruption policies such as: management support for anti-corruption which demonstrates top personnel's stance towards corruption; employees who abide by the company's code of conduct and policies; cooperation from suppliers and clients in curbing corruption; a supportive community that influences the culture and the public's attitude towards corrupt.

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ANNEX

For the purpose of this study, the 13 questions from Transparency International (2014) Transparency in Corporate Reporting: Assessing the World's Largest Companies and scores were derived with minor adjustments as below:

1) 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
0 point	If a company is a signatory of other similar collective action initiatives on anti-corruption and it explicitly underscores its commitment to these initiatives
	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
0 point	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

2) 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

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

1.0 point	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 anticorruption policies
0.5 point	If there is only brief mention of anti-corruption in the personal statement or letter
0 point	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

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

1.0 point	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
0.5 point	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
0 point	If there is no explicit statement that the code of conduct applies to all employees and directors

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

1.0 point	If all of the following three elements are fulfilled: 1) Such persons are required to comply with the policy; 2) The company performs anti-corruption due diligence on such persons; and 3) The company monitors such persons
0.5 point	If such persons are only "encouraged" to comply with the policy or if only one or two of the three elements above are present
0 point	If such persons are not covered by anti-corruption policy or they are specifically excluded from the policy

6) Does the company's anti-corruption programme apply to non-controlled persons or entities that provide goods or services under contract (for example: contractors, subcontractors, suppliers)?

1.0 point	If all of the following three elements are fulfilled: 1) Such persons/entities are required to comply with the company's anti-corruption programme, its equivalent or with a supplier code issued by the company; and 2) The company performs anti-corruption due diligence on such persons/entities; and 3) The company monitors such persons/entities
0.5 point	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
0 point	If there is no reference to such persons/entities; or they are not specifically required to comply with the company's policy or equivalent

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

1.0 point	If the company states in public documents that such a programme is in place for employees and directors (the reference to the training programme 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.)
0.5 point	If the company states in public documents that such a training programme is in place for employees but not for directors (or vice versa) If there is public information about a training programme for employees and directors on all ethical/integrity issues, and from other sources, we can infer that includes anti-corruption policies
0 point	If there is no public reference to such a training programme

8) Does the company have a policy on gifts, hospitality and expenses?

1.0 point	If the company has a policy regulating the offer, giving and receipt of gifts, hospitality or expenses. The policy must cover the following elements: 1) Either offer or giving of such items, 2) Receipt of such items, 3) A definition of thresholds (descriptive or quoted as amounts) for acceptable gifts, hospitality or expenses, as well as procedures and reporting requirements 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.
0.5 point	If some but not all of the elements enumerated above are present
0 point	If the company does not disclose that it has such policy

9) 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.	
1.0 point	If there is an explicit prohibition and not only simple discouragement of such payments (recognising that exceptions may be made for life or health threatening situations)
0.5 point	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) If such payments are “allowed if permitted by local law” or “subject to local law”
0 point	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 (Referring to the question No. 13)

9) Does the programme enable employees and others to raise concerns and report violations (of the programme) without risk of reprisal?

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

10) 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 (whistle-blowing)?

1.0 point	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
0.5 point	If there is such a channel, but two-way communication with the whistle-blower is not assured
0 point	If there is no such channel or the channel allows for neither confidential, nor anonymous reporting

11) Does the company carry out regular monitoring of its anti-corruption programme to review the programme'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 Programme. Senior management of the enterprise should monitor the Programme and periodically review the Programme's suitability, adequacy and effectiveness, and implement improvements as appropriate" (from TI's Business Principles for Countering Bribery).

1.0 point	If there is public information on regular or continuous monitoring of all the anti-corruption programmes including outcomes
0.5 point	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 programme should be included
0 point	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 programme's suitability, adequacy and effectiveness
	If there is only oversight or audit of the report (which mentions the programme)
	If no monitoring is publicly mentioned

12) 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.

1.0 point	If a company either prohibits or publicly/explicitly discloses its political contributions (in all its countries of operations)
0.5 point	If political contributions are only “discouraged” and/or
	If there is a minimum disclosure of its political contributions
0 point	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

13) 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.

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