

A low-angle photograph of a modern glass skyscraper reaching towards a blue sky with scattered white clouds. The building's facade is composed of numerous rectangular glass panels, reflecting the sky and clouds. The perspective is from the ground looking up, creating a sense of height and scale.

CORPORATE  
DISCLOSURE ON  
**BUSINESS  
INTEGRITY  
IN ASEAN**  
OCTOBER 2020

In collaboration with:



Centre for Governance, Institutions & Organisations  
NUS Business School



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## LIST OF ABBREVIATIONS

<b>ACN</b>	ASEAN CSR Network
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>CGIO</b>	Centre for Governance, Institutions and Organisations
<b>CPI</b>	Corruption Perceptions Index
<b>CPIB</b>	Corrupt Practices Investigation Bureau
<b>ESG</b>	Environmental, Social and Governance
<b>FDI</b>	foreign direct investment
<b>FY</b>	financial year
<b>I-ACGR</b>	Integrated Annual Corporate Governance Report
<b>IFC</b>	International Finance Corporation
<b>JKKMAR</b>	Cabinet Special Committee on Anti-Corruption
<b>KPK</b>	Corruption Eradication Commission
<b>MACC</b>	Malaysian Anti-Corruption Commission
<b>MAS</b>	Monetary Authority of Singapore
<b>MC</b>	Memorandum Circular
<b>MCCG</b>	Malaysian Code on Corporate Governance
<b>NACP</b>	National Anti-Corruption Plan
<b>NUS</b>	National University of Singapore
<b>OACC</b>	Organic Act on Counter Corruption
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OJK</b>	Financial Services Authority of Indonesia (Otoritas Jasa Keuangan)
<b>PCA</b>	Prevention of Corruption Act
<b>RBC</b>	Responsible Business Conduct
<b>SC</b>	Securities Commission Malaysia
<b>SDGs</b>	Sustainable Development Goals
<b>SEC</b>	Securities and Exchange Commission
<b>SGTI</b>	Singapore Governance and Transparency Index
<b>SGX</b>	Singapore Exchange
<b>SIAS</b>	Securities Investors Association (Singapore)
<b>TIME</b>	Transparency in Myanmar Enterprises
<b>UNCAC</b>	United Nations Convention against Corruption
<b>UNGC</b>	United Nations Global Compact
<b>UNODC</b>	United Nations Office on Drugs and Crime
<b>WGI</b>	Worldwide Governance Indicators

## ABOUT SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

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

Today, SIAS is a Charity and an Institution of Public Character (IPC), and the largest organized investor group in Asia. It is run by an elected Management Committee comprising of professionals who are volunteers. It actively promotes Investor Education, Corporate Governance and Transparency and is the advocate for Investor rights in Singapore. To-date, SIAS has successfully organized over 1400 investor education programmes ranging from basic investment seminars for novices to certificate courses for investment savvy investors. Thus far, more than 200,000 retail investors have benefited from these programmes that are offered largely free. Members are educated on the features of investment products, and the associated risks involved in each product. Investors are taught to make informed decisions on investing. SIAS is able to provide a variety of investor education programmes to its members and the investing community at large through collaborative arrangements with financial institutions and listed companies interested in investor education as part of its corporate social responsibility agenda.

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

SIAS also reviews company annual reports and poses questions on their business strategy, financial statements and corporate governance. This is to raise the standard of company meetings and to help shareholders focus on key areas of the annual report.

## ABOUT CENTRE FOR GOVERNANCE, INSTITUTIONS AND ORGANISATIONS, NUS BUSINESS SCHOOL

The Centre for Governance, Institutions and Organisations (CGIO) is a leading research institute focused on governance and sustainability issues in Asia. Established by the National University of Singapore (NUS) Business School, the Centre spearheads high impact research on governance and sustainability issues that are pertinent to Asia in order to deliver insights that enhance performance and sustainability. CGIO's research areas include corporate sustainability and the governance of corporations, family firms, government-linked companies and business groups.

CGIO has served as a key knowledge partner with many distinguished organisations, such as the ASEAN CSR Network, Council for Board Diversity, CPA Australia, Monetary Authority of Singapore, Securities Investors Association (Singapore) (SIAS), Singapore Exchange and Singapore Institute of Directors. CGIO also leads the construction and publishing of indexes such as the ASEAN Corporate Governance Scorecard, Singapore Governance and Transparency Index (SGTI), SIAS Investors' Choice Awards and Sustainability Reporting, among other research initiatives.

CGIO is the only domestic assessment and ranking body in Singapore that analyses all publicly listed companies on the Singapore Exchange.

For more information, please visit: <https://bschool.nus.edu.sg/cgio/>

## ABOUT ASEAN CSR NETWORK

Founded in December 2010, ASEAN CSR Network (ACN), an accredited ASEAN entity, is a regional network that promotes responsible business conduct, to achieve a sustainable, equitable and inclusive ASEAN Community. Its vision is to create a responsible business community that makes ASEAN a better place to live for all.

ACN creates change by influencing and working with different actors, ranging from ASEAN bodies, ASEAN member states to the private sector, civil society and international 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](http://www.asean-csr-network.org).

## EXECUTIVE SUMMARY

The project of Corporate Disclosures on Business Integrity in ASEAN is a biennial study since 2016 and this year is the third round of the assessment. The main purpose of this study is to evaluate the corporate disclosure level on anti-corruption policy and strategy of the top fifty listed companies from stock exchanges of Indonesia, Malaysia, Philippines, Singapore and Thailand, and to provide some insights on corporate strategy pertaining to business integrity. This study is a collaboration between Securities Investors Association (Singapore), Centre for Governance, Institutions and Organisations of NUS Business School and ASEAN CSR Network.

A summary of key findings is as follows:



**63%**

average disclosure level in 2020

**96%**

companies provided a whistleblowing channel



**97%**

companies publicly committed to compliance with anti-corruption law

**68%**

companies disclosed the code applied to directors and employees



**76%**

companies offered training programmes on anti-corruption

**70%**

companies established suppliers' ethical code



**42%**

companies had a policy on political contributions

## 1. INTRODUCTION

The definitions of business integrity or ethics comprise organisational rules, value and norms from individual, organisational statements, or legal framework that offers guidance to business practices by individuals or groups (Ferrell, Fraedrich & Ferrell, 2015). Business integrity has been an essential element to enhance corporate competitiveness in the current business environment, where greater transparency and stronger sense of corporate responsibility are demanded. Misconduct incidents such as corruption, bribery and fraud generate reputational losses and operational risks, with a high possibility of causing huge economic loss to the companies. Some unethical business scandals may even trigger public distrust or market disruption. In order to mitigate the risks of such misconduct, it is important that companies build their capability to manage and address business ethical issues.

The establishment of an effective organisational ethics programme requires the overseeing and monitoring of top leadership. Corporate leaders undertake the responsibility of considering risks pertaining to business integrity and developing strategies. To better understand the circumstances, they need to get to know their stakeholders to prioritise the pressing business ethical issues. Having identified the issues, business ethics values can be institutionalised by formulating company policies, including but not limited to anti-corruption policy, code of conduct, gift and hospitality policy, conflict of interest policy, whistleblowing policy and insider trading policy. The policies and procedures should be adequately communicated with relevant stakeholders at the operation level. The corporate culture is a combination of regulatory compliance and organisational value; where companies are required to comply with all applicable laws and regulations while maintaining the unique organisational value and culture, which contributes to their corporate governance regime.

The governments and businesses are working collaboratively on the establishment and implementation of ethical business standards. Different jurisdictions enforce different levels of regulatory compliance, in line with the regional socio-economic characteristics. In addition to internal communication of corporate policies, regulators encourage corporates to release more relevant information to the public, in response to the escalating public demands for corporate disclosures. For example, the employee ethical conduct policy documents are expected to be made available for both internal circulation and public access. While it is a new challenge for companies to satisfy the growing expectations from stakeholders, it also provides an opportunity for organisations to strive towards ethical and responsible business practices.

This study aims to establish the baseline for corporate disclosure level on business integrity practices in Southeast Asia by examining the business integrity disclosures from top listed companies in Indonesia, Malaysia, Philippines, Singapore and Thailand. The assessment framework encompasses three areas regarding business ethics, "Internal Commitment to Anti-corruption"; "External Commitment to Anti-corruption; and "Reporting and Monitoring". The project team hopes the report can present some evidence-based insights on the current level of business integrity disclosures and regulatory framework, as well as outline the progress and challenges in the region. With the cumulative efforts on developing ethical and accountable business, we look forward to a business environment with greater investor confidence, higher consumer satisfaction and better economic integration in ASEAN.

## 2. BUSINESS INTEGRITY STATUS IN ASEAN

Corruption issues have put a big strain on the economic systems of ASEAN countries, which rob the organisations of their revenues and damage social trust and justice. Some headline corruption cases in the region linger on, with negative impact on the subsequent investments and business activities. One such example is the 1Malaysia Development Berhad scandal, which crippled the nation's trust in political leaders and further spurred the campaign for political reformation. Till today, investigations and trials for the scandal are still ongoing. Recently, an Indonesian former sports minister was sentenced to prison for seven years, after being found guilty of bribery (The Straits Times, 30 June 2020). Conversely, a corruption-free environment is appealing to market players. A panel data analysis of five ASEAN countries implies countries with less corrupt cases and bigger market size attract more inflow of foreign direct investment (FDI) (Karim, Karim & Nasharuddin, 2019).

ASEAN's record on anti-corruption performance seems unsatisfactory. Corruption cases widely exist despite continued efforts to address this issue. According to the Corruption Perceptions Index (CPI)<sup>1</sup> constructed by Transparency International, with a focus on the perceived levels of public sector corruption, ASEAN countries gained an average CPI score of 42.3 points in 2019. It is an improvement from that of 41.6 points in 2018, but it still goes slightly below the average score of 43.2 points in 2019 from the 180 assessed countries and territories globally. Table 1 below displays the CPI scores and rankings by 10 ASEAN countries (by alphabetical order) in the past three years. Singapore had the best ranking among ASEAN countries and achieved top performance across the globe, benefiting from its nationwide commitments to corruption control, especially within the public sector. Among the rest of nine countries, Brunei Darussalam, Malaysia, Indonesia and Vietnam were perceived less corrupt than Thailand, Philippines, Myanmar, Lao PDR and Cambodia. The CPI performance of most ASEAN countries remained stagnant or fluctuated mildly in recent years.

Table 1 CPI Scores and Rankings across ASEAN Countries

Country	CPI Score 2019	Rank 2019	CPI Score 2018	Rank 2018	CPI Score 2017	Rank 2017
Brunei Darussalam	60	35	63	31	62	32
Cambodia	20	162	20	161	21	161
Indonesia	40	85	38	89	37	96
Lao PDR	29	130	29	132	29	135
Malaysia	53	51	47	61	47	62
Myanmar	29	130	29	132	30	130
Philippines	34	113	36	99	34	111
Singapore	85	4	85	3	84	6
Thailand	36	101	36	99	37	96
Vietnam	37	96	33	117	35	107

Source: Transparency International

<sup>1</sup> The CPI ranks 180 countries and territories by their perceived levels of public sector corruption, according to experts and business people. It is a composite index, a combination of 13 surveys and assessments of corruption, collected by a variety of reputable institutions. The CPI is the most widely used indicator of corruption worldwide. The CPI uses a scale from 0 to 100, where 0 is highly corrupted and 100 is very clean. Source: <https://www.transparency.org/en/>

In World Bank's Worldwide governance indicators (WGI)<sup>2</sup>, a set of indicators on "Control of Corruption" captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests (Kaufmann, Kraay & Mastruzzi, 2010). Table 2 presented the cross-country comparisons of estimate<sup>3</sup> and percentile rank<sup>4</sup> (among 214 countries and territories) of ASEAN nations. The WGI suggested similar findings on national corruption level with CPI, with a similar focus on public power and corruption. As seen in Table 2, Singapore, Brunei Darussalam and Malaysia fared better than other countries backed by the latest statistics in 2018.

Table 2 Worldwide governance indicators on control of corruption across ASEAN countries

Country	Estimate 2018	Percentile Rank 2018	Estimate 2017	Percentile Rank 2017
Brunei Darussalam	0.8	80	0.7	75
Cambodia	-1.3	9	-1.3	9
Indonesia	-0.3	46	-0.3	48
Lao PDR	-1.0	15	-0.9	16
Malaysia	0.3	64	0.0	58
Myanmar	-0.6	30	-0.6	32
Philippines	-0.5	34	-0.5	39
Singapore	2.2	99	2.1	98
Thailand	-0.4	41	-0.4	43
Vietnam	-0.5	38	-0.6	31

Source: World Bank

The pervasiveness of corrupt cases in ASEAN stems from the socio-economic complexity. The countries with a lack of effective law enforcement and restrictions on civil society engagement breed various rent-seeking activities (Transparency International, 2015). There has been a heated debate in academia and industry regarding the impact of corruption on economic growth, but the conclusion is not as straightforward or definite. A considerable number of studies have demonstrated that corruption slows growth or reduces investment (Alfada, 2019), but according to Méon and Weill (2010), in poor governance settings, corruption may have some growth-enhancing effects, as it serves as "an efficient grease for the wheels". Similarly, the co-existence of high corruption and high growth is observed in East Asian newly industrialising economies (Rock & Bonnett, 2004). In the short term, some segments may be able to attain excess financial gains under ineffective institutions through corruption behaviours, but in the long run, the benefits

<sup>2</sup> The WGI reports on six broad dimensions of governance for over 215 countries and territories over the period 1996-2018: (I) Voice and Accountability; (II) Political Stability and Absence of Violence; (III) Government Effectiveness; (IV) Regulatory Quality; (V) Rule of Law; and (VI) Control of Corruption. The WGI are composite governance indicators based on over 30 underlying data sources. Source: <https://datacatalog.worldbank.org/dataset/worldwide-governance-indicators>

<sup>3</sup> The estimate is one of the indicators of "Control of Corruption", which gives the country's score on the aggregate indicator, in units of a standard normal distribution, i.e. ranging from approximately -2.5 to 2.5.

<sup>4</sup> The percentile rank is one of the indicators of "Control of Corruption", which indicates the country's rank among all countries covered by the aggregate indicator, with 0 corresponding to lowest rank, and 100 to highest rank. Percentile ranks have been adjusted to correct for changes over time in the composition of the countries covered by the WGI.

of operating an efficient corruption-free system should exceed the costs. That is the main reason why combating against corruption is adopted as the national sustainable development agenda by most of the countries.

The action to curb corruption is driven by the public sector, private sector, as well as the civil society. Governments play a crucial role as standard setters, and all organisations and entities are mandated to uphold the highest ethical standards pursuant to applicable laws and regulations. The national regulations and ruling would be further elaborated in Chapter 3. The international and regional 14 organisations in Southeast Asia also play an active part in the anti-corruption movement. The United Nations Convention against Corruption (UNCAC) established the UNCAC Coalition Southeast Asia Anti-Corruption Platform to facilitate civil society engagement across ASEAN countries and enabled its review mechanism. The United Nations Office on Drugs and Crime (UNODC) initiated an Anti-corruption Programme in 2016 to strengthen institutional framework and capacity, as well as anti-corruption policies and legislations in line with UNCAC. The raising awareness on business ethics would be reinforced through collective efforts in ASEAN.

Compared with the existing research or rating statistics with more focus on public sector corruption, this study intends to provide a supplementary view on corporate business ethical practices reflected by the relevant disclosures. Thus, one of the purposes from the study is to motivate the companies to make more contribution towards a corruption-free economy.

### 3. OVERVIEW OF NATIONAL LEGISLATIVE COMMITMENTS TO ANTI-CORRUPTION

This chapter summarised a range of national regulations including general regulatory framework and listing compliance in five ASEAN countries. Listing companies need to adhere to all applicable laws and regulations and make appropriate disclosures on their practices to their stakeholders. While legislative tools are powerful to set the direction of good governance and enforcement, the governments can also consider market incentives to raise the bar of business integrity.

*Table 3 Indonesia: Legislative commitments to anti-corruption*

International Ratification
Indonesia signed the UNCAC in December 2003, ratified by Law No. 7 of 2006.
Main National Legislation
Law No. 11 of 1980 on the Criminal Act of Bribery, known as the “Anti-Bribery Law”, sets out punishment for any person who bribes a public official.
Law No. 31 of 1999 on the Eradication of Criminal Acts of Corruption, as amended by Law No. 20 of 2001 on the Amendment to Law No. 31/1999 on the Eradication of the Criminal Act of Corruption (“Law No. 20/2001”), expands upon and adds to corruption offences contained in Indonesia’s Criminal Code, and increases the penalties for breach of the Criminal Code provisions.
The Corruption Eradication Commission (KPK) was formed under Law No. 30 of 2002 on the Corruption Eradication Commission. KPK’s duties and authority consist of coordination with and supervision of other institutions authorised to eradicate corruption; conduct pre-investigations, investigations, and prosecutions against corrupt acts; conduct preventive actions against corruption; and monitor state governance.
The Anti Corruption Court was established by Law No. 46 of 2009 regarding the Court of Criminal Acts of Corruption (“the Corruption Court Law”).
Presidential Regulation No. 55 of 2012 on the National Strategy for Corruption Prevention and Eradication, Long Term 2012-2025 and Medium Term 2012-2014, is intended as a reference to determine the strategic steps of Ministries/Agencies and Regional Governments to ensure the realisation of a corruption-free government.
The Supreme Court enacted Supreme Court Regulation No.13 of 2016 regarding Manner and Procedure for the Handling of Crimes Committed by Corporations (“Regulation 13/2016”), marking a milestone in the Indonesian corporate criminal liability legislation.
Corruption Eradication Commission bill was passed in 2019 as the second revision to Law No. 30 of 2002 dated December 27, 2000 on KPK as amended by Government Regulation in lieu of Law (Peraturan Pemerintah Pengganti Undang-Undang or “Perppu”) No. 1 of 2015.
Listing Compliance
The Indonesian Financial Services Authority (Otoritas Jasa Keuangan, or “OJK”) launched the Indonesia Corporate Governance Roadmap and Manual with International Finance Corporation (IFC) in 2014, to recommend the implementation of anti-corruption and procurement policies by issuers and publicly listed companies. The second edition of the Indonesia Corporate Governance Manual was published in 2018.
OJK enacted OJK Regulation No 21/POJK.04/2015 on the implementation of public companies’ corporate governance guidelines, and OJK Circular Letter No 32/SEOJK.04/2015 regarding the Good Governance Manual for Publicly Listed Companies, which suggest that an effective system of governance practices allows corporates to avoid corruption and bribery.

Table 4 Malaysia: Legislative commitments to anti-corruption

International Ratification
Malaysia became a signatory of the UNCAC in December 2003 and ratified it in September 2008.
Main National Legislation
The Malaysian Code on Corporate Governance (MCCG) was introduced for corporate governance reform in 2000 and reviewed later in 2007 and 2012. The latest edition MCCG 2017 included the guidance in applying the best practices to promote effective corporate governance culture.
Malaysian Anti-Corruption Commission Act 2009 (“MACC Act 2009”) provided for the establishment of the Malaysian Anti-Corruption Commission (MACC) with further provisions for the prevention of corruption as an independent body to manage the nation’s anti-corruption efforts. The new Section 17A of the MACC Act 2009 took effect on 1 June 2020, which introduces corporate liability on commercial organisations in Malaysia and governs the offence of corruption committed by a commercial organisation.
National Anti-Corruption Plan (NACP) 2019-2023 sets a practical goal based on initiatives to be taken by every government and private agency to address corruption, integrity and governance issues for the next five years.
Listing Compliance
The Sustainability Reporting Guide announced by the Bursa Malaysia Berhad (Bursa Malaysia) in 2015 identified anti-corruption as one of the themes and indicators for listed companies to consider as material topics in their sustainability reports.
Cabinet Special Committee on Anti-Corruption (JKKMAR) has approved the recommendations from Securities Commission Malaysia (SC) in 2019 to require listed companies to put in place anti-corruption measures. SC would be implementing an anti-corruption action plan to enhance the corporate governance standards of Malaysia-listed companies.
The Bursa Malaysia amended the Main and ACE Market Listing Requirements, effective from 1 June 2020. The new listing requirements featuring amendments on anti-corruption stipulate listed issuers to establish and implement policies and procedures to prevent corrupt practices, thereby providing them with a measure of assurance and a defence against corporate liability for corruption under section 17A of the MACC Act 2009.

Table 5 Philippines: Legislative commitments to anti-corruption

International Ratification
The Philippines signed the UNCAC in December 2003 and subsequently ratified it in November 2006.
Main National Legislation
Bribery of public officials is penalised under Articles 210 to 212 of the Revised Penal Code of the Philippines, regarding direct bribery, indirect bribery and corruption of public officials.
The Republic Act No. 3019 (The Anti-Graft and Corrupt Practices Act) is the main anti-corruption law since 1960, to repress certain acts of public officers and private persons alike which constitute graft or corrupt practices, or which may lead thereto.
The Republic Act No. 6713 (The Code of Conduct and Ethical Standards for Public Officials and Employees) was enacted in 1989 to promote a high ethics standard in public service.
Presidential Decree No. 46 makes it punishable, from 1972, for any public official or employee, whether of the national or local governments, to receive, directly or indirectly, and for private persons to give, or offer to give, any gift, present or other valuable thing on any occasion, including Christmas.
Omnibus Election Code of the Philippines (Batas Pambansa Bilang 881) (1985) regulated electoral exercises regarding prohibiting contributions.
The Republic Act No. 7080 (An Act defining and penalising the crime of plunder) was enacted in 1991.
Republic Act No. 9485 (the Anti-Red Tape Act of 2007) was enacted into law to improve efficiency in the delivery of government services to the public by reducing bureaucratic red tape, preventing graft and corruption.
Republic Act No. 11232 (An Act Providing for the Revised Corporation Code of the Philippines) (2019) aims to improve the ease of doing business in the country and strengthen corporate governance and protection of minority shareholders.
Listing Compliance
The Securities and Exchange Commission (SEC) implemented Code of Corporate Governance for Publicly-Listed Companies with effect from 1 January 2017, which recommends that the board should set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and programme in its Code of Conduct. This principle was repeated in SEC Memorandum Circular (MC) No. 24 series of 2019, Code of Corporate Governance for Public Companies and Registered Issuers.
The SEC MC No. 15 Series of 2017 mandates all publicly-listed companies to submit an Integrated Annual Corporate Governance Report (I-ACGR), where listed companies need to report their compliance status of identifying or providing link/reference to the company's policies, programmes and practices on anti-corruption.
In the SEC MC No. 4, Series of 2019 on the Sustainability Reporting Guidelines for Publicly-Listed Companies, anti-corruption was listed as economic disclosures in the Topic Guide. If a reporting company identifies anti-corruption as a material topic, it should disclose the performance data of training on anti-corruption policies and procedures as well as incidents of corruption required in the template.

Table 6 Singapore: Legislative commitments to anti-corruption

<b>International Ratification</b>
Singapore signed the UNCAC in November 2005 and ratified it in November 2009.
<b>Main National Legislation</b>
The Prevention of Corruption Act (PCA), enacted in 1960, is the primary anti-corruption law in Singapore. It governs and defines the primary offences of corruption and their punishments while laying out the powers granted to the Corrupt Practices Investigation Bureau (CPIB) as the enforcement agency. The CPIB investigates all corruption cases, whether it involves public or private sector individuals or members of the public.
The Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act, enacted in 1992, punishes offenders for the laundering of bribe money and allows the state to confiscate corrupt benefits.
The Penal Code (Sections 161 to 165), revised in 2008, states that it is a punishable offence for public officials to accept or attempt to accept bribes.
In 2018, the Monetary Authority of Singapore (MAS) issued a revised Code of Corporate Governance. The revised Code makes clear how companies should adopt the comply-or-explain regime to ensure that companies provide meaningful disclosures to their stakeholders.
<b>Listing Compliance</b>
The Singapore Exchange (SGX) gave additional guidance on disclosing anti-corruption policies in Practice Note 7.6 Sustainability Reporting Guide, which took effect in July 2016. Paragraph 4.4 states “Corruption is a factor on which many investors require reassurance, whether inducement is being offered to employees or by employees to others. If corruption is not assessed to be a material ESG factor by the issuer, where stakeholders express sufficient interest in the information, the issuer is advised to state its policy and safeguards on its website.”

Table 7 Thailand: Legislative commitments to anti-corruption

<b>International Ratification</b>
Thailand signed the UNCAC in December 2003 and deposited its instrument of ratification in March 2011.
<b>Main National Legislation</b>
Prohibitions on bribery and bribery-related activity are contained in various provisions of the Thai Penal Code and in the Offence of State Organisation Staff Act, B.E. 2502 (State Staff Act). The State Staff Act, imposes criminal penalties on state organisation staff who require, solicit or receive bribes as well as convert state organisation's property for themselves or to others unlawfully.
Organic Act on Counter Corruption, B.E. 2542 (OACC) (1999) prohibits any party from offering bribes to state officials - and, more recently - foreign and public international officials or "intermediaries" to solicit to use personal power to unlawfully perform their duties.
The Act Regulating the Offense Relating to the Submission of Bids or Tender Offers to Government Agencies (the Submission of Bids Act), and Royal Decree on Good Governance in State Administration 2003 are applied to government procurement process to counter corruption.
Notification of the N.C.C. Commission Concerning the provisions of the acceptance of property or any other benefit on ethical basis by State officials B.E. 2543 (2000) prohibits any state officials from receiving property or any other benefit from any person other than legitimate property or benefit derived under the law, rules or regulations issued by virtue of the provisions of law, with the exception of the acceptance of the property or any other benefit on the ethical basis in accordance with this Notification.
The 2015 Amendments to the OACC (2015) expressly provides for corporate criminal liability. Companies include foreign-invested entities as well as domestic concerns can be punished for violating the anti-corruption laws.
The National Legislative Assembly enacted the Act on Establishment of Criminal Court for Corruption and Misconduct Cases and the Act on Criminal Court for Corruption and Misconduct Cases Procedure in 2016.
The Act Supplementing the Constitution Relating to the Prevention and Suppression of Corruption B.E. 2561 (2018) officially repealed and replaced OACC. The definition of persons who can commit bribery is expanded to include foreign companies.
<b>Listing Compliance</b>
The Principle 6.4 of Thai Corporate Governance Code for Listed Companies 2017 states the board should establish a clear anti-corruption policy and practices (including communication and staff training) and strive to extend its anti-corruption efforts to stakeholders.
The Principle 7.4 of Thai Corporate Governance Code for Listed Companies 2017 states the board should ensure sustainability reporting as appropriate and consider reporting data on the company's compliance and ethical performance (including anti-corruption performance) in Guideline 7.4.1.

## 4. METHODOLOGY

### 4.1 Selection of Companies

Based on market capitalisation (“market cap”) data as of 31 March 2020, the fifty largest listed companies from the stock exchanges of the five ASEAN countries (Indonesia, Malaysia, Philippines, Singapore and Thailand) which had available disclosures in English language for financial year (“FY”) 2019 by 30 June 2020, were selected. Below are the company profiles.

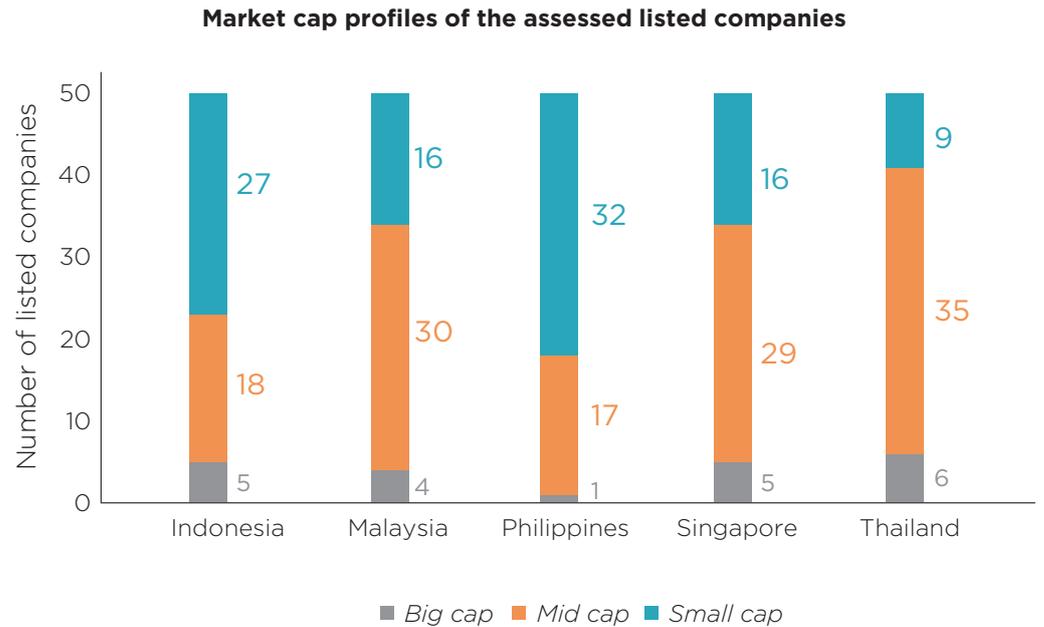


Figure 1 Market cap profiles of the assessed listed companies

Notes:

1. Market cap data is based on the listed companies' market cap as at 31 March 2020 on Bloomberg terminal.
2. 'Big cap' refers to market cap between 10 billion to 200 billion USD. 'Mid cap' refers to market cap between 2 billion and 10 billion USD. 'Small cap' refers to market capitalisation between 300 million and 2 billion USD. (Source: Investopedia)

### Industry sector profiles of the assessed listed companies

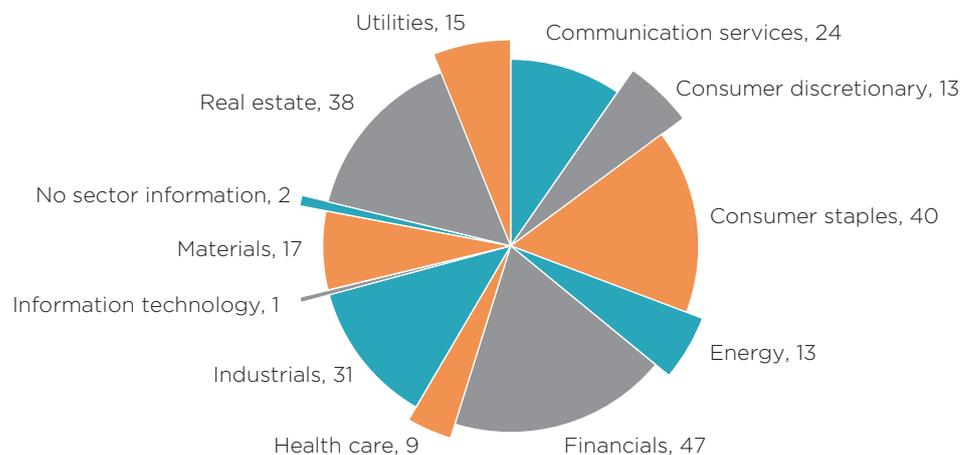


Figure 2 Industry sector profiles of the assessed listed companies

## 4.2 Source of Information

All information was retrieved through publicly accessible means, such as annual reports, corporate governance reports, sustainability reports and corporate websites as of 30 June 2020. All disclosures on company policies that reflect corporate integrity practices are under the assessment scope, including but not limited to anti-corruption policy, code of conduct, gift and hospitalisation policy as well as whistleblowing channel.

## 4.3 Assessment Rubrics and Scoring

The comprehensive assessment framework consists of 13 questions grouped into three key categories, namely “Internal Commitment to Anti-corruption”, “External Commitment to Anti-corruption” and “Reporting and Monitoring”. The assessment rubrics in detail can be found in Annex.

Table 8 Assessment framework on business integrity disclosures

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

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 United Nations Global Compact (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 disclosure level of anti-corruption practices. It is noted that while Myanmar Centre for Responsible Business has adopted the ASEAN Corporate Governance Scorecard for its 2019 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 explicitness and comprehensiveness of disclosures 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 disclosures fully satisfied the requirements for the question; 0.5 point was awarded if the disclosures only partially satisfied the requirements and 0 point was awarded if the disclosures did not satisfy any requirements (refer to Annex for the question list and scoring framework). All questions were equally weighted in the 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 per cent).

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

## 5. OVERALL LEVEL OF DISCLOSURE ACROSS ASEAN

Chapter 5 will present and analyse the average disclosure level for each country (Indonesia, Malaysia, Philippines, Singapore and Thailand) on an aggregate basis. The country-specific disclosure level of “Internal Commitment to Anti-corruption”, “External Commitment to Anti-corruption” and “Reporting and Monitoring” will also be presented and visualised in the following analysis. The comparison with the assessment results in 2018 will also be discussed in the context of national legislations and listing compliance.

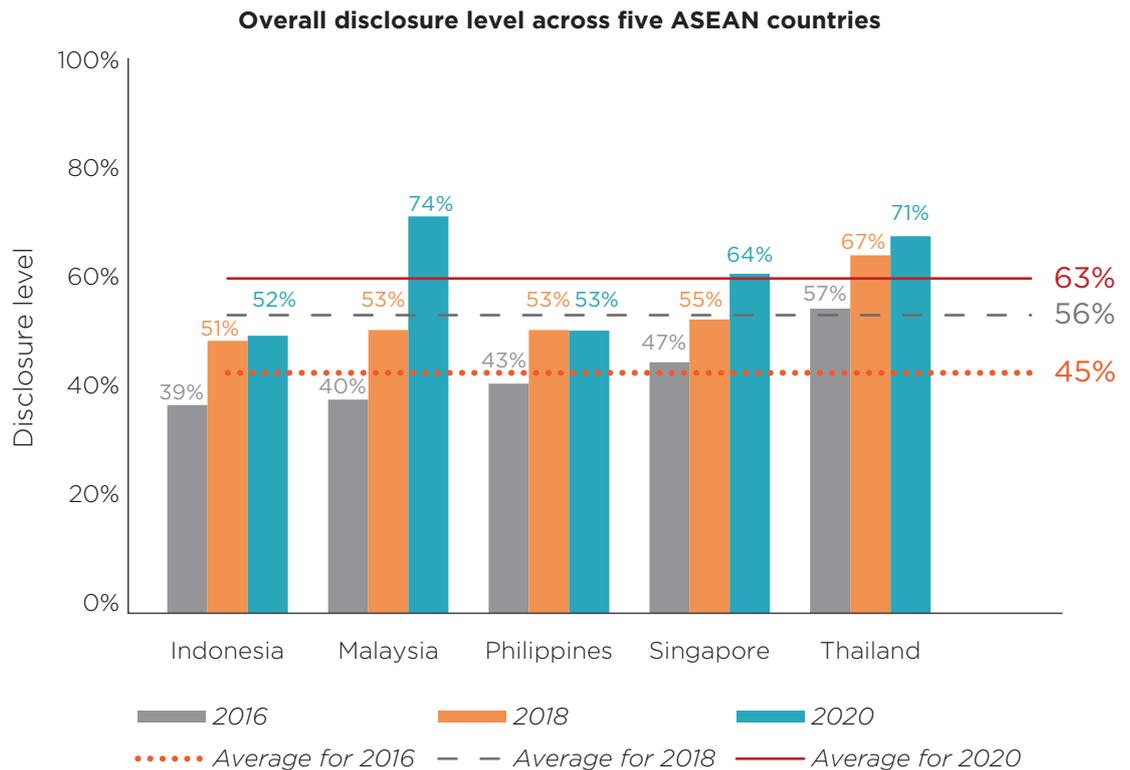


Figure 3 Overall disclosure level across five ASEAN countries

The overall average disclosure level for the five ASEAN countries has sharply improved from 56 per cent in 2018 to 63 per cent in 2020 (Figure 3). In 2020, Malaysia-listed companies achieved the highest disclosure level of 74 per cent with Thailand being the second with disclosure level of 71 per cent. Singapore scored the third with the disclosure level of 64 per cent, followed by Philippines at 53 per cent disclosure rate and Indonesia at the lowest disclosure rate of 52 per cent. Out of the five countries, Malaysia, Thailand and Singapore attended disclosure rates above the average. Most of five ASEAN countries have demonstrated improvement in their corporate disclosure level on business integrity as compared to 2018.

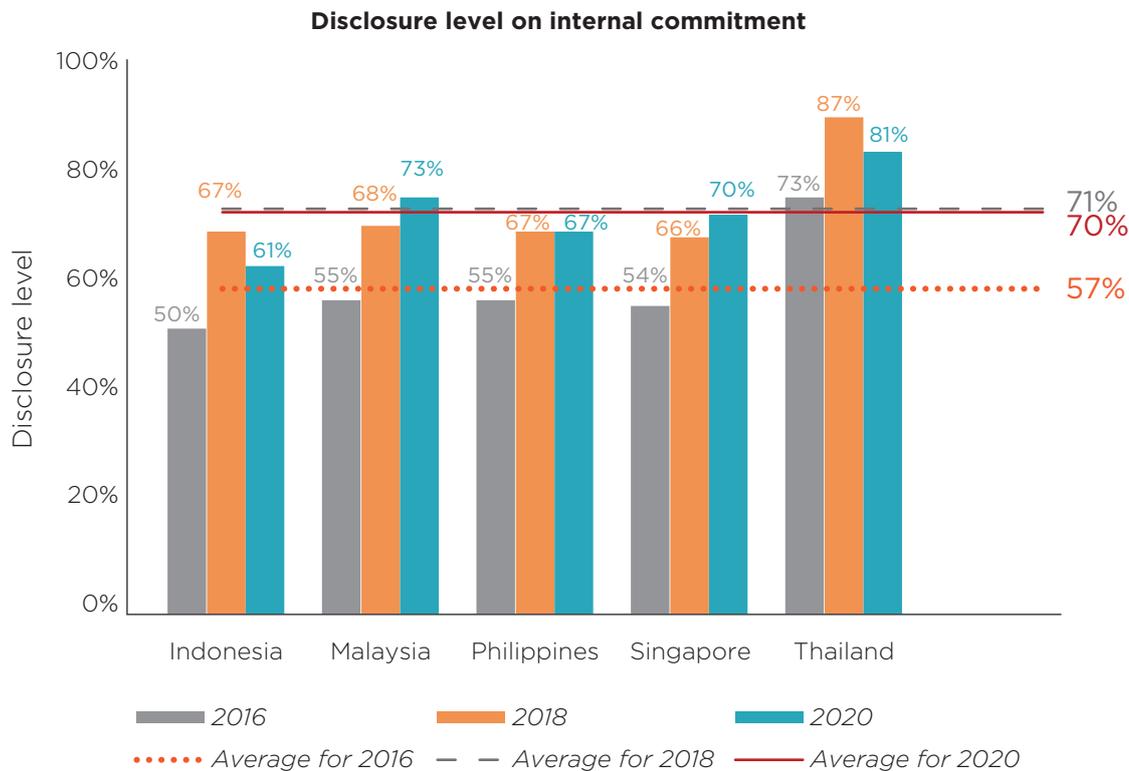


Figure 4 Disclosure level on internal commitment across five ASEAN countries

Figure 4 covered the disclosure level of their internal alignment towards anti-corruption and business integrity. The internal management of anti-corruption sets the tone of corporate ethical culture. Having a complete and transparent internal commitment to anti-corruption will not only raise the company's accountability but will also lead a positive trend for ASEAN business environment.

Q1 to Q5, under the "Internal Commitment to Anti-corruption" category, assess a company's public statement of commitment towards anti-corruption, compliance with relevant laws and regulations, support from the top management in combating corrupt practices, the coverage of anti-corruption policies and code of conduct, and the scope of anti-corruption/code of ethics training programmes by a company. The average disclosure level of "Internal Commitment to Anti-corruption" is 70 per cent, higher than the overall disclosure level in Figure 3 (63 per cent). This suggests that the "Internal Commitment to Anti-corruption" was generally well-disclosed. As shown in Figure 4, Thailand had the highest disclosure level of 81 per cent, followed by Malaysia (73 per cent), Singapore (70 per cent), Philippines (67 per cent) and Indonesia (61 per cent).

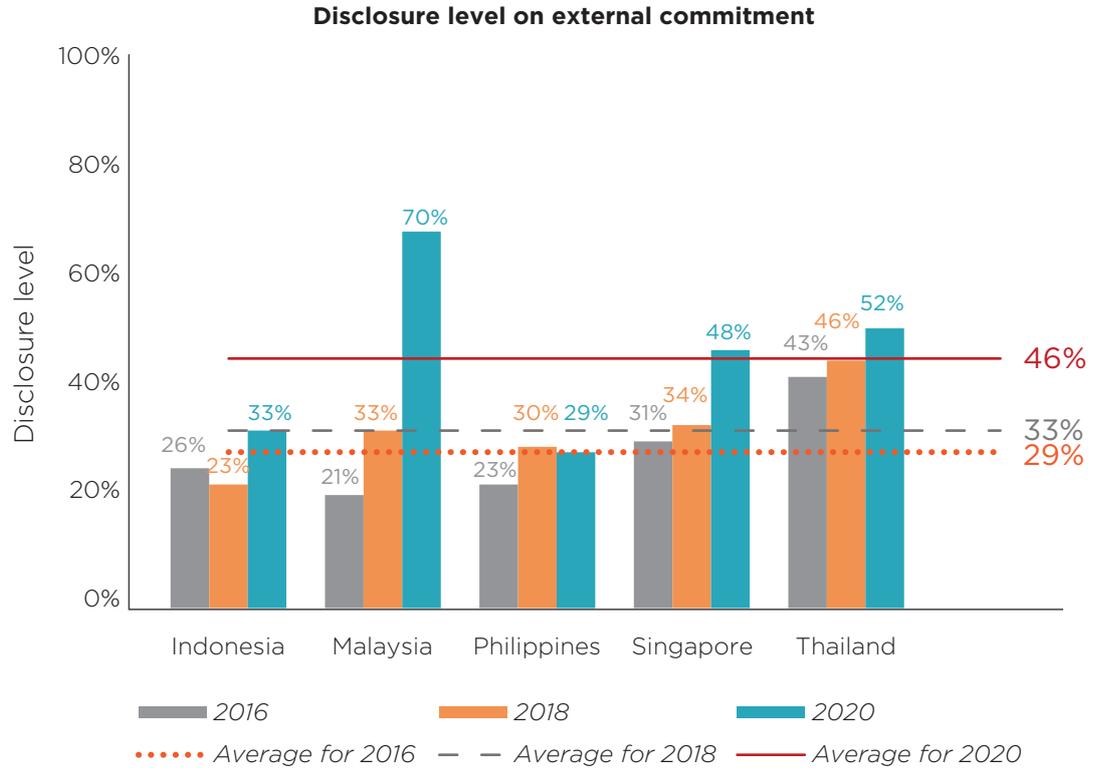


Figure 5 Disclosure level on external commitment across five ASEAN countries

Figure 5 covered the disclosure level of “External Commitment to Anti-corruption” for ASEAN listed companies. It is also important for companies to extend their anti-corruption policies to external stakeholders to minimise anti-corruption risk in the value chains. The stakeholders involved in this category are agents, representatives, contractors, suppliers, government officials etc. The company should make sure that there is also no tolerance towards corruption when interacting with these stakeholders and inform them of the policy and procedures.

Q6 to Q10, under “External Commitment to Anti-corruption” category, evaluate the company’s anti-corruption policies extended to their agents and suppliers, the scope of gift and hospitality policies, policies prohibiting facilitation payments and policies regarding political contributions. The disclosure level for “External Commitment to Anti-corruption” for the five ASEAN countries is 46 per cent in 2020, lower than the overall average disclosure level at 63 per cent (Figure 3). There was an increase by 13 percentage points on external commitment to anti-corruption from 2018 to 2020, representing the largest improvement among three assessment categories. The results suggested that ASEAN companies have gradually realised the significance of curbing the misconducts by regulating external stakeholders. Despite the improvement, the disclosure level at 46 per cent remained the lowest out of three categories, probably due to a lack of internal buy-in of managing the business conduct of external parties.

According to Figure 5, Malaysia-listed companies had the highest disclosure level at 70 per cent, followed by Thailand (52 per cent), Singapore (48 per cent), Indonesia (33 per cent) and Philippines (29 per cent). Malaysia, Thailand and Singapore scored above the average while Indonesia and Philippines scored below that.

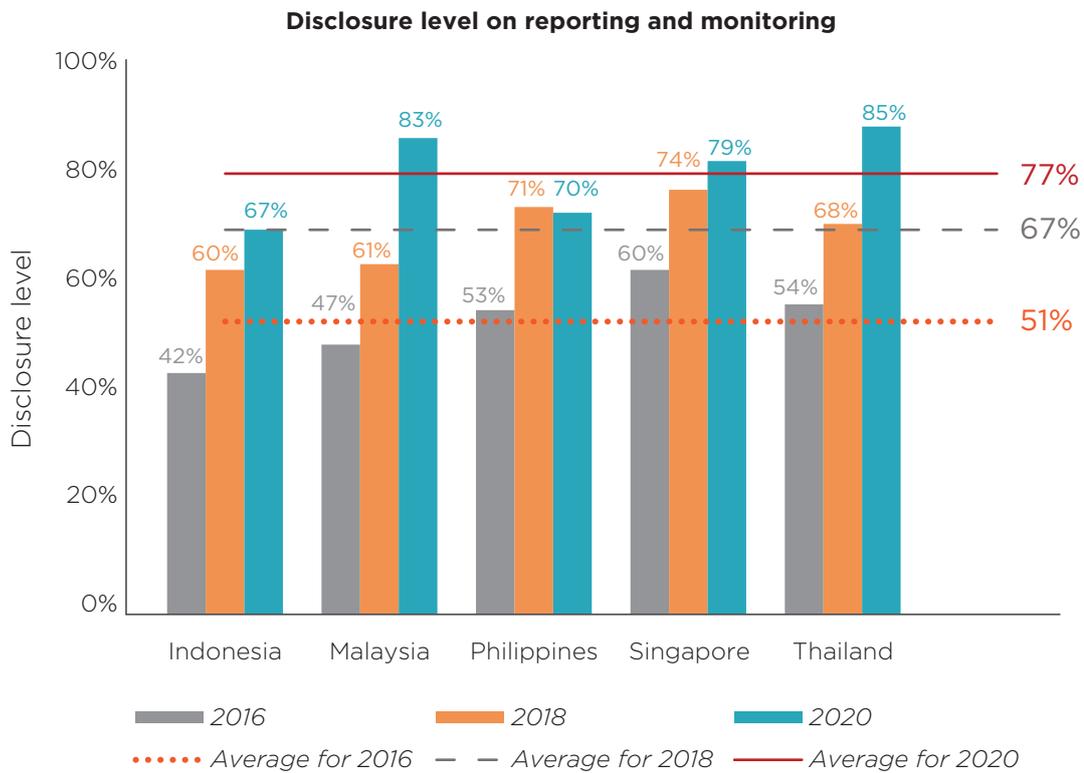


Figure 6 Disclosure level on reporting and monitoring across five ASEAN countries

Figure 6 revealed the assessment results on the “Reporting and Monitoring” of a company’s anti-corruption policy and code of conduct. A company should constantly review the relevance and suitability of its anti-corruption policy with national laws and regulations as well as business trend. The whistleblowing policy should also be implemented in order to detect the presence of potential misconduct. Protection for whistle-blowers is also needed from reprisal or even physical violence.

Q11 to Q13, under the “Reporting and Monitoring” category, assess the company’s whistleblowing or confidential reporting policy, the protection from retaliation for whistle-blowers, and regular monitoring and reviewing of the existing anti-corruption policy.

The average disclosure level of “Reporting and Monitoring” was 77 per cent in 2020, with the highest disclosure quality among the three categories. There was a rise of 10 percentage points compared with 2018. This is a remarkable achievement as more companies recognised the significance of review and monitoring channels so as to increase the credibility and accountability of the company. By comparing the five ASEAN countries, Thailand-listed companies scored the highest with disclosure level at 85 per cent, which is closely followed by Malaysia (83 per cent), Singapore (79 per cent), Philippines (70 per cent) and Indonesia (67 per cent). Thailand, Malaysia, and Singapore scored above the average while Philippines and Indonesia scored below that. The positive sign could be attributed to their heightened awareness in reviewing the appropriateness of their anti-corruption policies.

## 6. COUNTRY PERFORMANCE REPORT

### 6.1 Indonesia



Figure 7 Indonesia-listed companies: Breakdown of scores by question

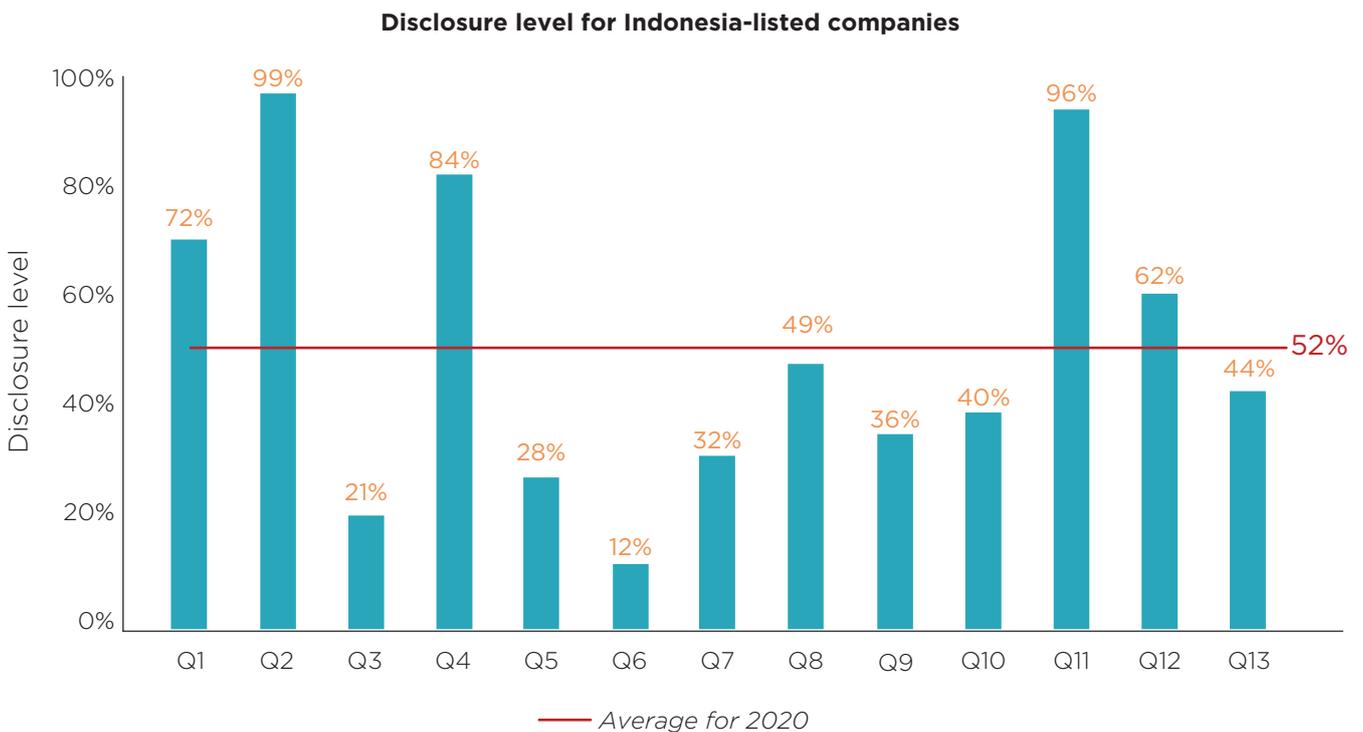


Figure 8 Indonesia-listed companies: Average level of disclosure by question

There was a marginal improvement of 1 percentage point on business integrity disclosure level among Indonesia-listed companies compared with 2018. They have become increasingly aware of the value of ethical business. In addition, they have increased their commitments to and monitoring anti-corruption programmes under the corporate governance regime.

It has become a common reporting practice for most of the assessed Indonesia-listed companies to claim their commitments to compliance with all laws and regulations applicable to where they operate. Most of them provided a whistleblowing channel for reporting suspected breaches of anti-corruption policies which allowed for confidentiality. There were informative disclosures on code of ethics within the organisations, however, the disclosures on code applied to directors or management were not as adequate as those on code applied to employees. Half of the companies made strong statements on their commitment to eradicating corruption behaviours.

As the assessment results showed, Indonesia lagged behind in two rounds of evaluation (2018 and 2020) among the five ASEAN countries. The relatively poor disclosure level of listed companies could be associated with the listing compliance ruling as well as national legal system. While currently there are no specific provisions regarding disclosing anti-corruption policy in the listing requirement yet, OJK as the Financial Services Authority made numerous supplementary recommendations on corporate governance guidelines. For instance, the Implementation of anti-corruption policies was proposed in the Indonesia Corporate Governance Roadmap in 2014 (the second edition published in 2018). In 2015, the announcement of OJK Regulation No 21/POJK.04/2015 on the implementation of public companies' corporate governance guidelines and OJK Circular Letter No 32/SEOJK.04/2015 regarding the Good Governance Manual for Publicly Listed Companies suggested that an effective system of governance practices allows the corporates to avoid corruption and bribery.

With reference to the experience in other nations, the mandatory requirement for a sustainability report will push more corporates to establish anti-corruption policy and enhance disclosure quality. The OJK Regulation No. 51/POJK.03/2017 stipulated that financial services institutions, issuers and publicly listed companies shall prepare their sustainability report and set different initial submission timelines for different types of various reporting organisations. As all publicly listed companies on Indonesia Stock Exchange are required to submit the inaugural sustainability report for the reporting period between 1 January and 31 December 2020, it is possible for Indonesia-listed companies to enhance the depth and width of business integrity disclosures, facilitated by the guidelines to implement and report sustainability policies. A "wait-and-see" attitude would limit the progress of responsible business practices and fail to meet stakeholders' expectations. Instead of fulfilling minimum compliance to disclosure requirements, the companies should take this opportunity to engage with stakeholders and cultivate the spirit of integrity.

The assessment results have some implications on the area for improvement, where the Indonesia-listed companies can set higher targets. They did not sufficiently disclose the code of conduct applied to agents or suppliers. Even though most listed companies had whistleblowing policy in place, the protection of whistleblowing against reprisal is yet to be fully established. It is necessary to have leadership support and a review mechanism to mitigate corruption risks. The companies should also communicate the business ethics policies to directors, employees, business partners and suppliers via training sessions or workshops.

## 6.2 Malaysia

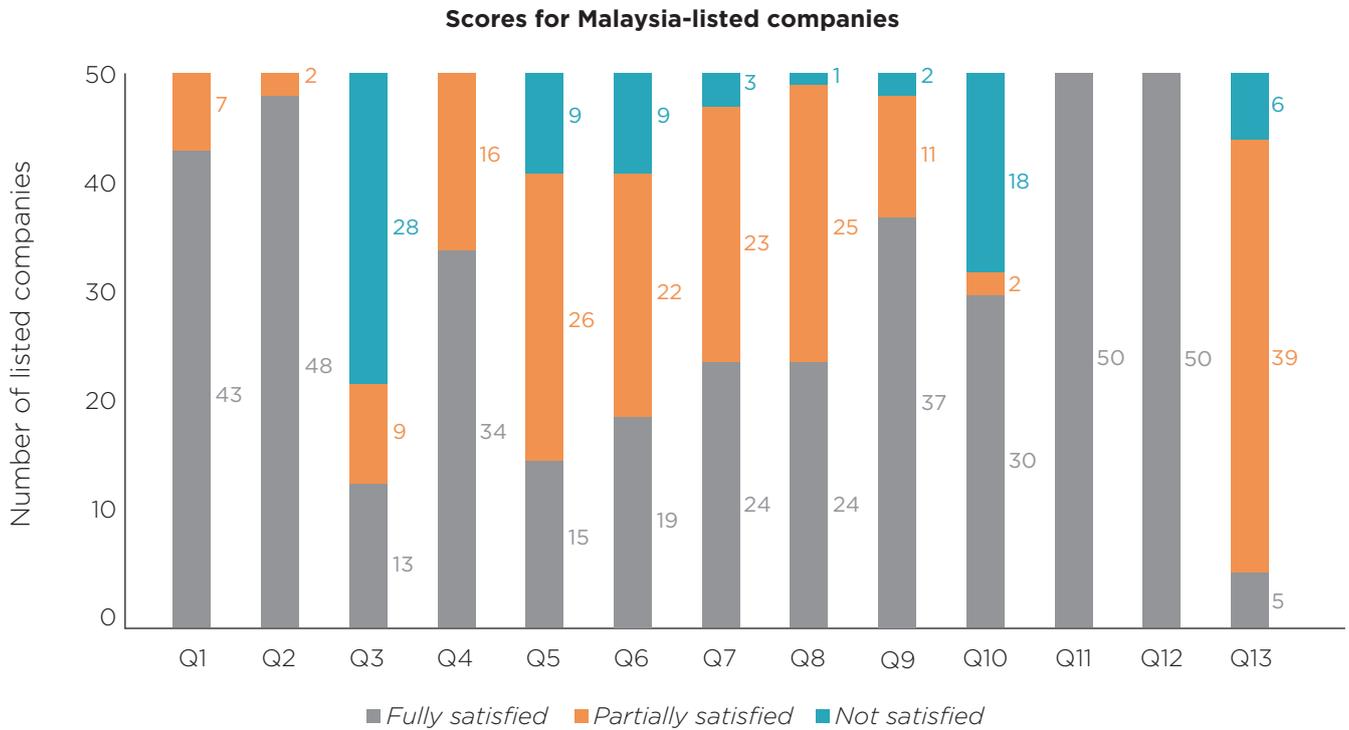


Figure 9 Malaysia-listed companies: Breakdown of scores by question

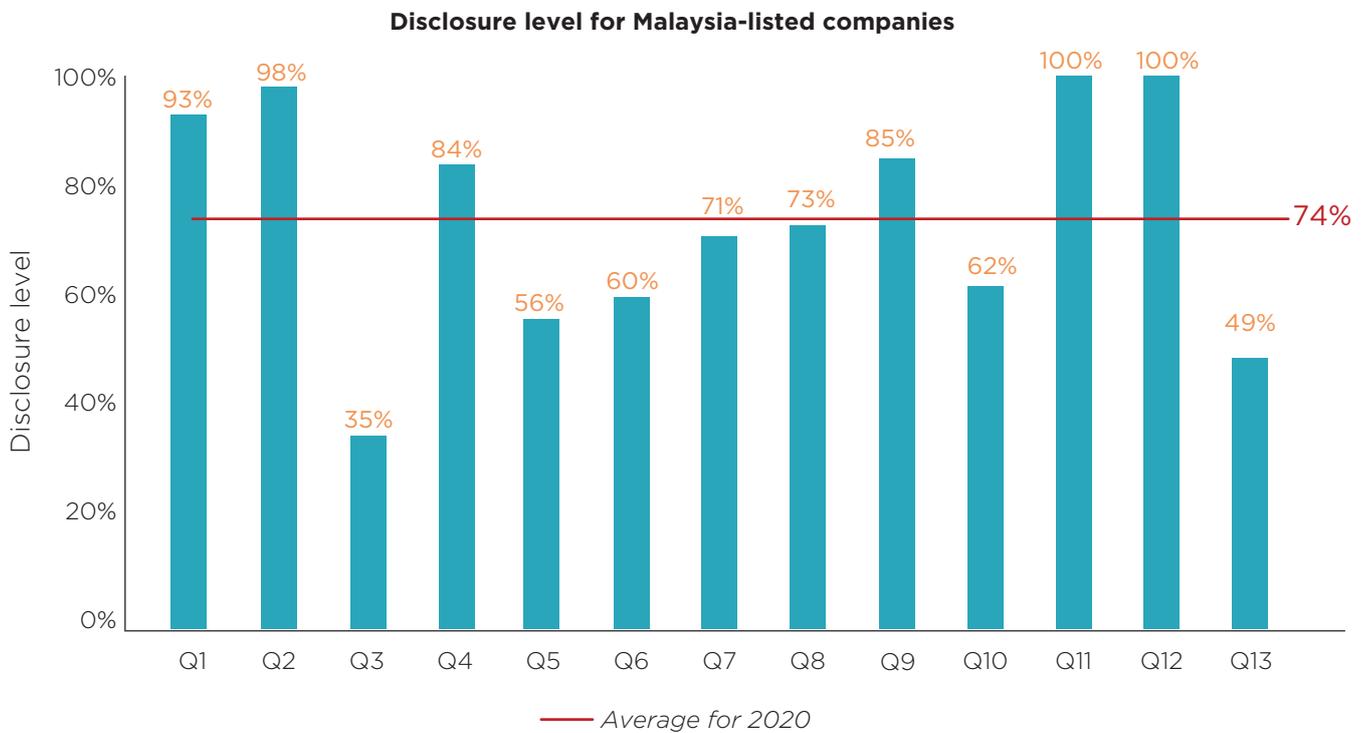


Figure 10 Malaysia-listed companies: Average level of disclosure by question

Significant improvements in the disclosure rates of Malaysia-listed companies were observed over the past two years. They have demonstrated strong commitments to “Reporting and Monitoring”, especially in the whistleblowing channel and whistle-blower protection policy. All assessed companies have fully satisfied in building a whistleblowing channel with two-way communication and specified their commitment in protecting whistle-blowers against reprisal. With the protection policy in place, the internal or external stakeholders would be more likely to report fraud incidence without the fear of retaliation, which could contribute to the monitor and control process. The Malaysia-listed companies also performed well in having a publicly stated commitment to anti-corruption. The majority demonstrated zero tolerance to corruption in the company. Most of the companies also publicly announced their commitment to laws and regulations. Around 70 per cent of the companies had anti-corruption policy explicitly applied to all directors and employees.

Regarding their external commitment, more than 70 per cent of the companies restricted facilitation payments. The enhancement in setting policies on facilitation payment prohibition was captured as well. An increasing number of companies applied anti-corruption policies to their agents and suppliers with a respective code of conduct, representing a positive sign that anti-corruption efforts are no longer limited within the internal personnel of the companies.

The remarkable improvement can be attributed to the national efforts in combating bribery and corruption. Bribery and corruption in Malaysia are mainly regulated under the MACC Act 2009 as the key anti-corruption legislation. The new Section 17A of MACC Act further promotes good corporate governance by introducing corporate liability for corruption and imposing personal liability on directors, controllers, and management. NACP 2019-2023 decided by JKKMAR is another prominent initiative by Malaysian government in realising the government’s pledge towards a corrupt-free nation. In line with the UN Sustainable Development Goals (SDGs), it sets a practical goal based on initiatives to be taken by every government and private agency to address corruption, integrity, and governance issues for the next five years. This new initiative aims to incentivise companies to take a more proactive stance in combating corrupt practices.

The listed requirements by Bursa Malaysia act as another major incentive for companies to disclose their anti-corruption policies. The new listing ruling, effective from 1 June 2020, stipulates all Malaysia-listed companies to implement mechanisms and procedures to combat corruption, which is a measure to defend themselves against corporate liability for corruption under the new Section 17A of MACC Act. Bursa Malaysia requires all listed issuers to ensure that the policies and procedures on anti-corruption and whistleblowing are established and published on their websites with such policies and procedures to be reviewed at least once every 3 years. The amendments will not only promote greater corporate governance and code of ethics for the listed issuers, but also will provide greater accountability and transparency to investors, promoting a healthy business environment in Malaysia.

The assessment results also indicate that only a small number of companies have their leaders demonstrating support for anti-corruption in the leaders’ statement. About 40 per cent of the companies did not have any disclosures regarding political contributions. Malaysia-listed companies should also aim for higher disclosure levels in anti-corruption training programmes, as currently more than half of the assessed companies only had training programmes for either directors or employees instead of both. Malaysia-listed companies could take a more proactive stance in fulfilling anti-corruption requirements and bring the quality of business integrity disclosures to a higher level.

### 6.3 Philippines

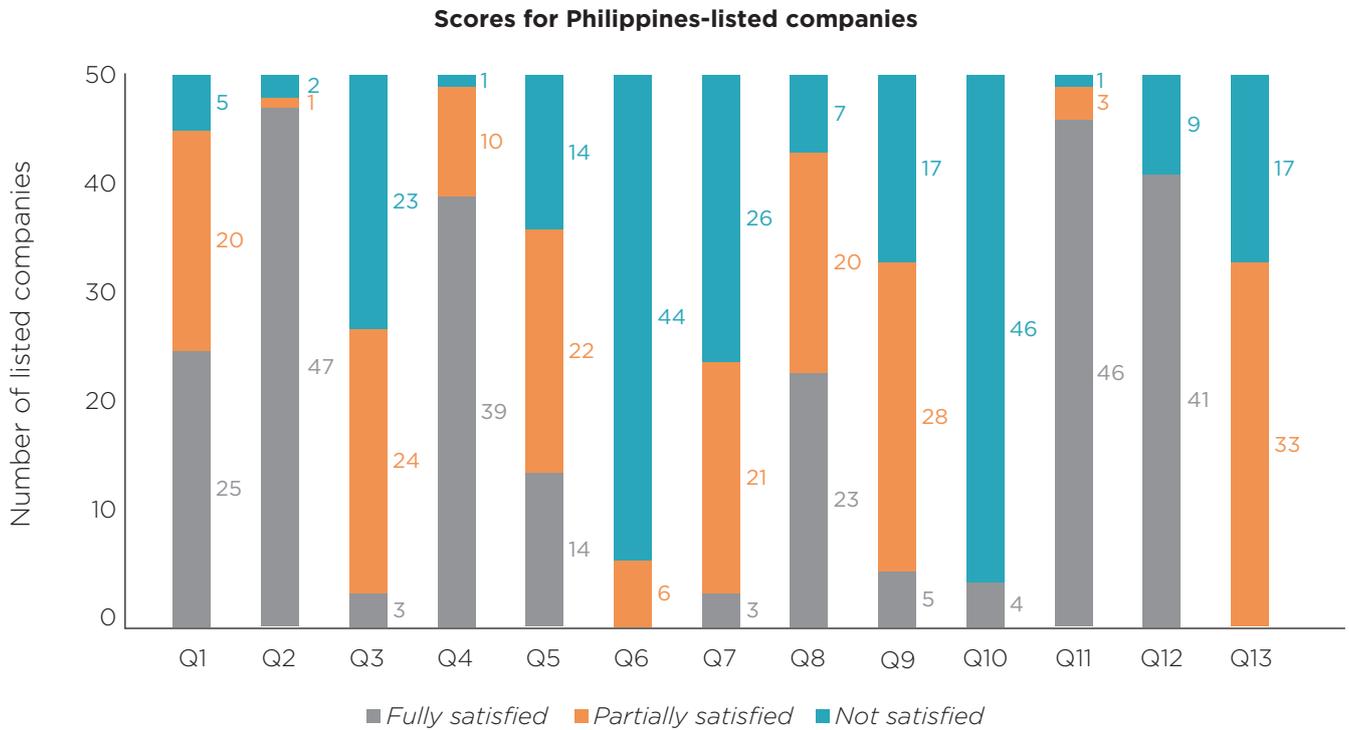


Figure 11 Philippines-listed companies: Breakdown of scores by question

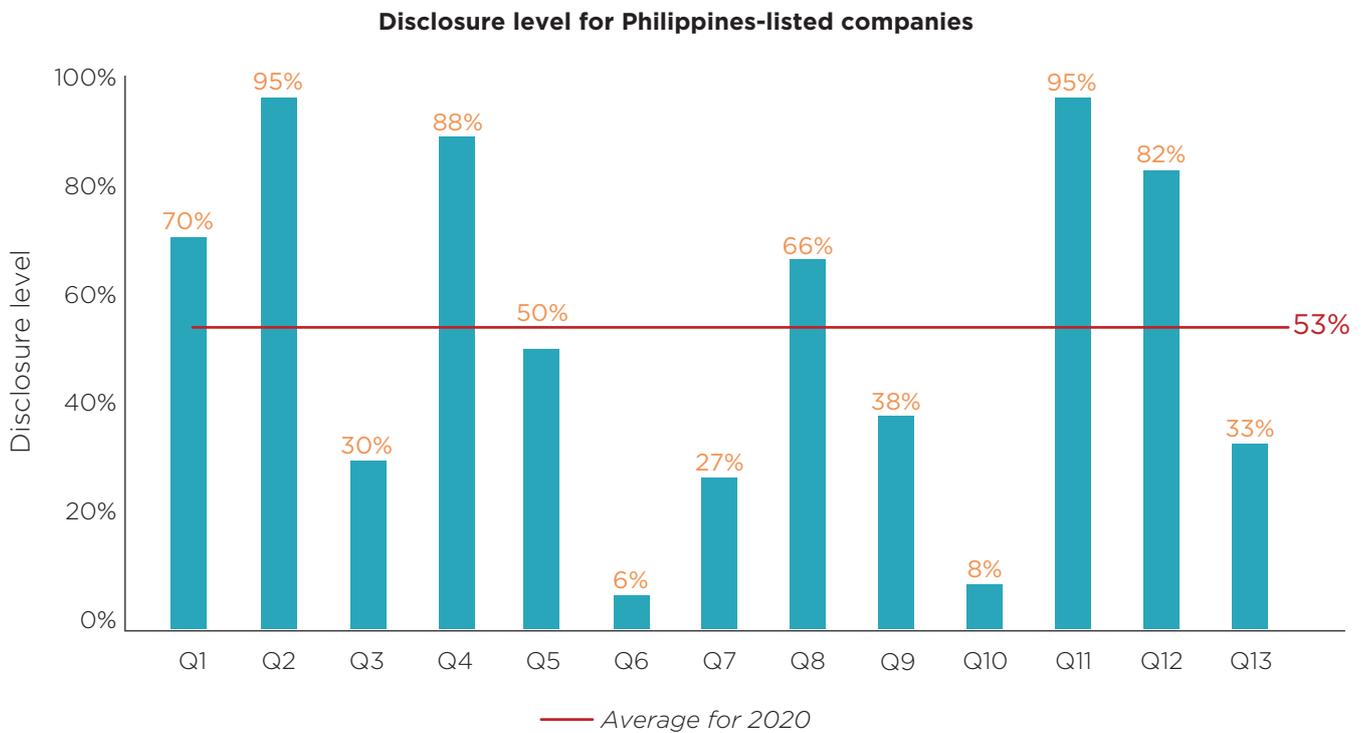


Figure 12 Philippines-listed companies: Average level of disclosure by question

The disclosure level of the assessed Philippines-listed companies remained stagnant at the rate of 53 per cent for two years, based on our assessment framework. The companies demonstrated satisfactory reporting quality in “Internal Commitment to Anti-corruption” and “Reporting and Monitoring”. Most of the Philippines-listed companies have publicly committed to be in compliance with all relevant laws, including anti-corruption laws, many of which also had a publicly stated commitment to anti-corruption. 80 per cent of the listed companies established code of ethics for directors, management and employees, some of which offered internal training courses on anti-corruption policies. Regarding reporting and monitoring, about 90 per cent of the listed companies had whistleblowing policies in place that allowed for anonymousness and 85 per cent enabled employees and others to raise concerns and report misconduct without fear of retaliation.

In general, Philippines-listed companies disclosed most of their business integrity information in their corporate governance manual, integrated annual corporate governance reports, sustainability reports, or via company websites. Many of them set comprehensive ethics policies, such as code of business conduct and ethics, privacy policy, conflict of interest policy and insider trading policy. The reporting practices of Philippines-listed companies are regulated by the SEC filing requirements. The SEC implemented Code of Corporate Governance for Publicly-Listed Companies with effect from 1 January 2017, which recommends that the board should set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and programme in its code of conduct. It was suggested that the board should disseminate the policy and programme to employees across the organisation through training to embed them in the company’s culture. This principle was repeated in MC No. 24 series of 2019, Code of Corporate Governance for Public Companies and Registered Issuers. Another SEC Circular, MC No. 15 Series of 2017 mandates all publicly-listed companies to submit the I-ACGR, where listed companies need to report their compliance status of identifying or providing link/reference to the company’s policies, programmes and practices on anti-corruption.

The SEC MC No. 4, Series of 2019 on the Sustainability Reporting Guidelines for Publicly-Listed Companies required the first sustainability report of the listed companies shall be attached to the 2019 Annual Report to be submitted in 2020. Anti-corruption was listed as economic disclosures in the Topic Guide from this circular. If a company identifies anti-corruption as a material topic, it should disclose the performance data of training on anti-corruption policies and procedures as well as incidents of corruption required in the template. The stringent reporting standards are expected to significantly enhance the reporting maturity on the business integrity aspect among Philippines-listed companies in the forthcoming years.

Philippines-listed companies can put more efforts to their external commitments to anti-corruption. Only a small number of the assessed companies extended anti-corruption policies to external parties (agents, representatives, suppliers or contractors, etc.). The disclosures on policies of gift and hospitality, facilitation payment and political contribution were meagre. The absence of such policy communication could stem from a lack of awareness in managing misconduct behaviour during the engagement with external stakeholders. This structural weakness in the corporate governance regime can be overcome by incorporating anti-corruption policies within and outside the organisations.

## 6.4 Singapore

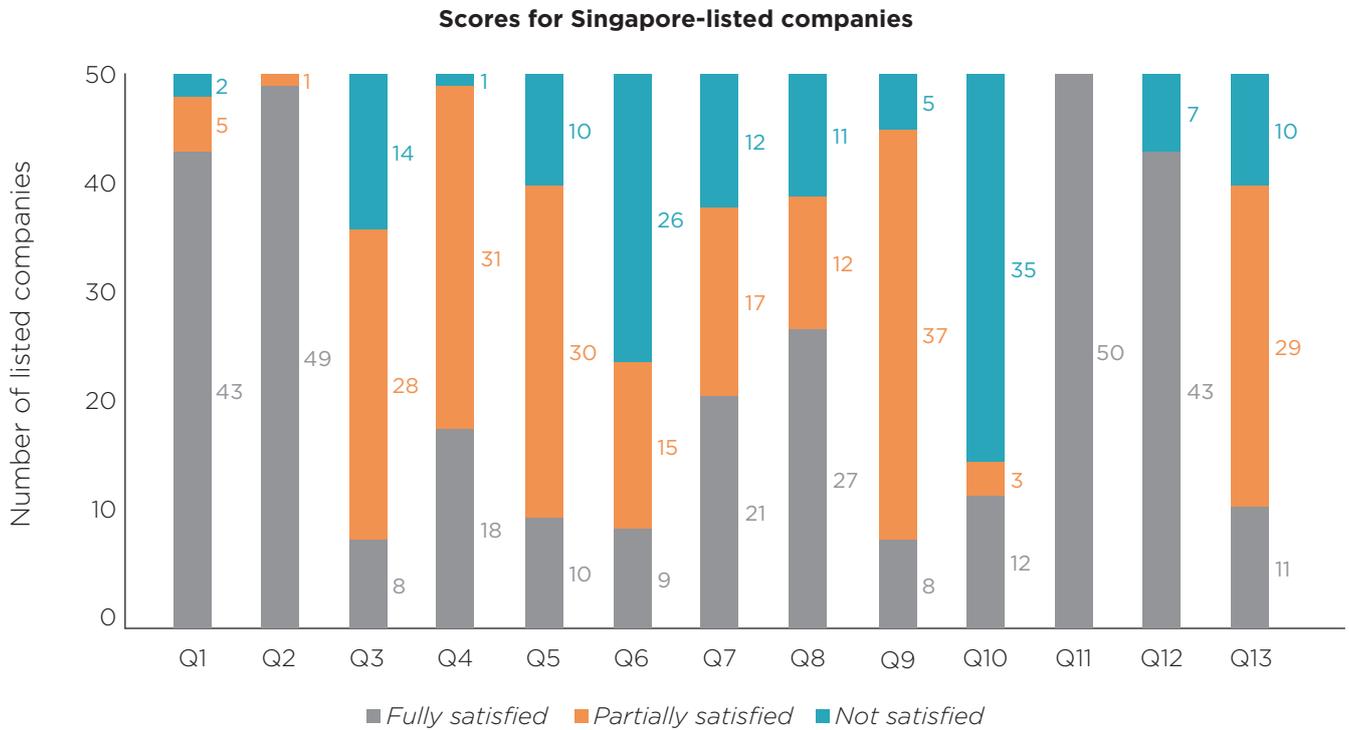


Figure 13 Singapore-listed companies: Breakdown of scores by question

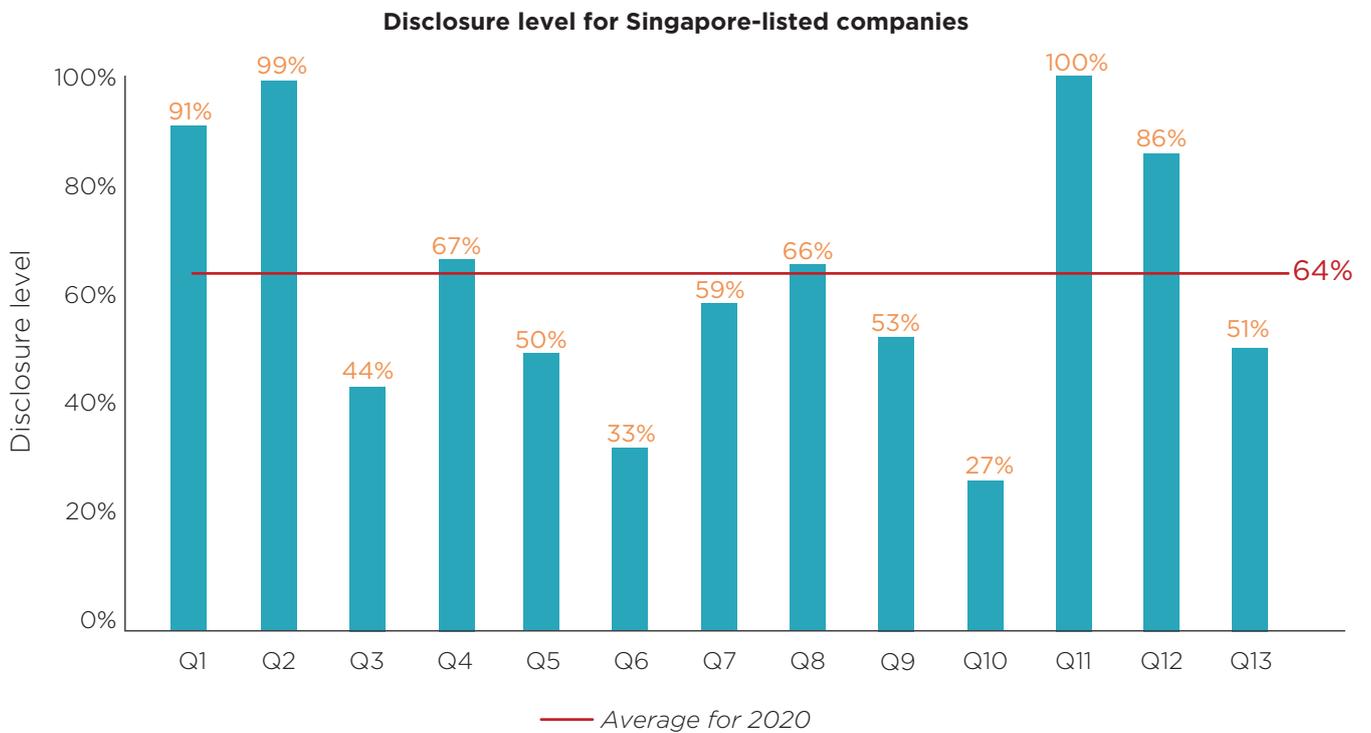


Figure 14 Singapore-listed companies: Average level of disclosure by question

Singapore-listed companies demonstrated a marked improvement in business integrity disclosure level on all three assessment categories. The majority of Singapore-listed companies recognised the necessity of making statements on their commitment to anti-corruption and law compliance. The awareness of upholding business integrity standards was enhanced by regular training and communications. A growing number of employers provided compulsory training sessions to their new employees on anti-corruption. It is also observed that all assessed companies have put in place a whistleblowing channel for internal and external stakeholders, most of which prohibit retaliation against the whistle-blowers acting in good faith.

The recent two years from 2018 to 2020 witnessed a significant progress in disclosing external commitments to anti-corruption among Singapore-listed companies. The implementation of suppliers and agents' ethics policies were further communicated to the public as part of the corporate supply chain management measures. About half of the assessed listed companies stated their policy on gifts, hospitality and expenses, to offer guidance on giving and receiving gifts when their staff socialised with external parties.

The amended SGX listing requirements on annual sustainability report submission give new impetus to the growing prevalence of business integrity disclosures by Singapore-listed companies. The new ruling on developing corporate sustainability reports provides an opportunity for companies to analyse the impact of environmental, social and governance (ESG) risks on their business performance. Therefore, more companies start to review anti-corruption or business ethics as their non-financial material topics. SGX-ST Practice Note 7.6 outlined the importance of addressing corruption issues in business operations and advised that "If corruption is not assessed to be a material ESG factor by the issuer, where stakeholders express sufficient interest in the information, the issuer is advised to state its policy and safeguards on its website." With regards to supplier social assessment, an optional material ESG topic in the Practice Note, business ethics is one of the screening criteria for the process.

According to SGX listing compliance, listed issuers are obliged to report the policies, practices and performance in relation to the material ESG factors identified on a 'comply or explain' basis. If anti-corruption is listed as a material topic by Singapore-listed companies, they should report their anti-corruption policies and disclose the performance data or explain the reason for no such relevant disclosures. As a result, a large amount of business integrity disclosures was communicated via their sustainability reports, including the code of ethics, anti-corruption policies and training programmes, anti-money laundering policy, and incidents of corruption and actions taken subsequently.

It is recommended for Singapore to drive higher business integrity disclosure level through collaborative commitments. At present, the disclosures on the ethics code applied to agents, the policy on facilitation payment and political contribution are limited. More companies should establish a regular monitoring mechanism of anti-corruption programmes. Instead of making vague promises in corporate announcements, the corporates need to get more incentives to strengthen business ethical standards in practice and make them visible to the public. While Singapore is well perceived as the least corrupt country thanks to its powerful legislation, the private sector should toe the line and undertake its corporate responsibility to maintain a healthy and clean business environment.

## 6.5 Thailand

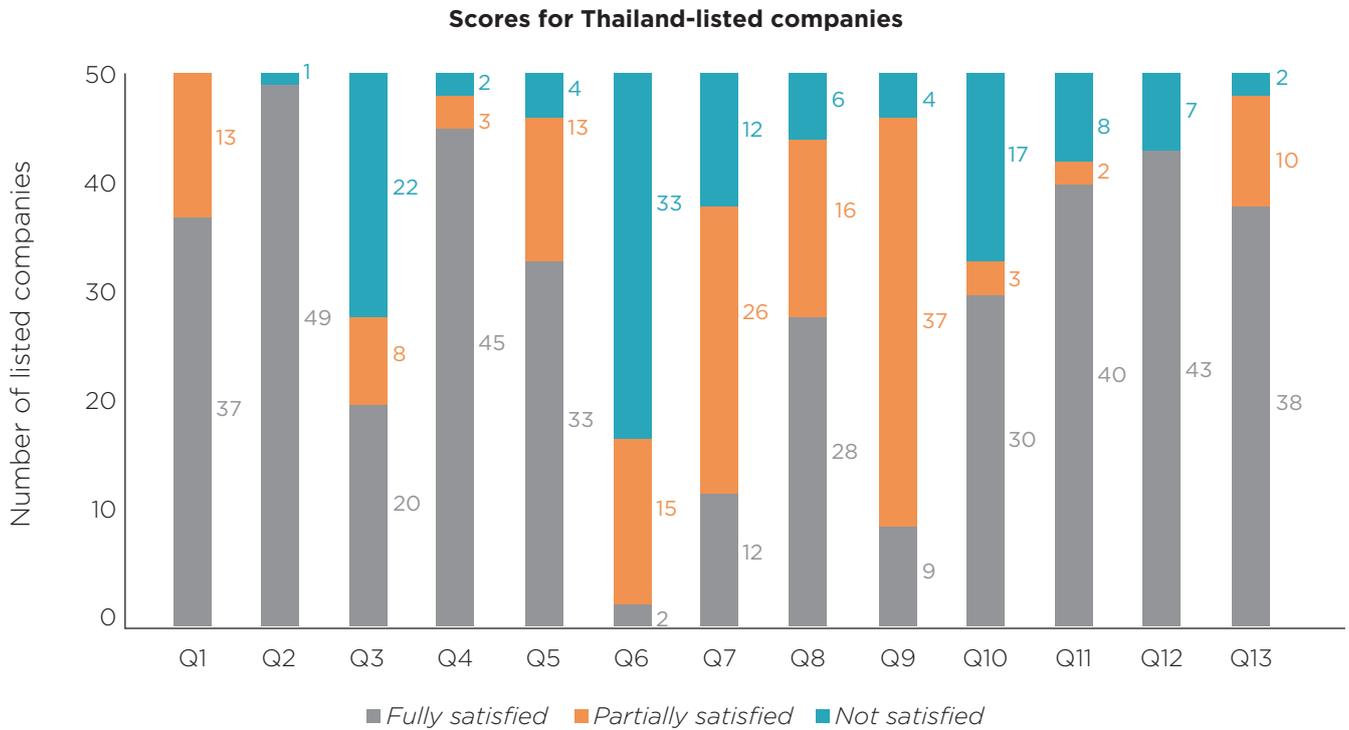


Figure 15 Thailand-listed companies: Breakdown of scores by question



Figure 16 Thailand-listed companies: Average level of disclosure by question

The Thailand-listed companies have performed consistently well for business integrity disclosures over the past few years. Almost all the companies have disclosed their full compliance with all laws and regulations. Many of the companies had the code of conduct or anti-corruption policies applied to both directors and employees. There were also comprehensive whistleblowing programmes with whistle-blowers protected from reprisal for most of the companies to ensure fraud and corruption are detected by internal or external stakeholders. Most companies improved the efficiency of their anti-corruption programmes by regular review and monitoring.

Notable progress can be observed in publicly announcing their decisions to prohibit facilitation payment and regulate political donations. Hence, it will ensure the neutrality of the operation and reduce potential regulatory and legal risks related to both business and bureaucracy. There was an increase in the extension of the provisions pertaining to anti-corruption policies to suppliers, which would reduce supplier' kickbacks for companies.

The consistently high disclosure rates in Thailand can be credited to the OACC, Thailand's primary anti-corruption legislation. The 2015 OACC amendment has specifically provided for corporate criminal liability, which has changed the legal landscape for the private sector regarding anti-corruption compliance significantly in Thailand (Tilleke & Gibbins, 2016). The liable entities consist of foreign-invested entities as well as domestic concerns. The definition of a person who can commit bribery was further expanded to include foreign companies in 2018. Therefore, the stringent legislation put in place in Thailand has encouraged companies to establish proper anti-corruption policies to its internal and external stakeholders. The good reporting practices could also be a consequence of Thai Corporate Governance Code for Listed Companies 2017. The Principle 6.4 states that it is the board should responsibly put in place a clear anti-corruption policy and practices while at the same time extending the policies to various stakeholders. The Principle 7.4 states that the board should consider reporting data on the company's compliance and ethical performance (including anti-corruption performance) through sustainability reporting. Hence, many companies had well-disposed anti-corruption policies and guidelines in their sustainability reports.

There are some aspects for Thailand-listed companies to improve on. The senior leadership should demonstrate more support for anti-corruption programmes and policies to instill a good corporate culture. In addition, companies should focus more on external commitment to anti-corruption by extending their regulations to external stakeholders. Only a few companies had their anti-corruption policies applied to agents or suppliers, and fewer conducted due diligence on suppliers screening process.

## 7. IMPLICATIONS ON BUSINESS CONDUCT AMID COVID-19 PANDEMIC

Amid the COVID-19 pandemic crisis, the usual mode of doing business is heavily disrupted. Many business activities have to address the unforeseen challenges and adapt to the new normal. To look for a silver lining in this crisis, it allows companies to rethink their risk management approach and seek sustainable solutions. As many companies are struggling to stay afloat, some risks related to misconduct incidents emerge. For example, charity organisations embezzled or misused the emergency funding for COVID-19 treatment. It was also reported medical equipment suppliers produced goods of inferior quality and sold them to the market at high price while certain pharmaceutical companies exaggerated the effect of their medical products on false advertising. There are also some manufacturers resuming their production without necessary protection of their workers. Such unethical or illegal profit-seeking business behaviour will impact their business in the long term.

Responsible companies disclosed their corporate responses to COVID-19 crisis in their business integrity disclosures. For instance, many employers implemented work-from-home schemes or improved the workplace hygiene to ensure the safety of their employees. Millions of companies have made donations to vulnerable groups to tide them over the trying times. Many companies are exploring new sectoral practices to adapt to the health crisis. In the food and beverage industry, manufacturers are trying to establish stronger health and safety measures throughout its supply chain to ensure food safety standards are not compromised.

The Organisation for Economic Co-operation and Development (OECD) proposes a Responsible Business Conduct (RBC) approach comprising of the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for RBC and sector specific due diligence guidelines. RBC standards can provide guidance for governments and companies to better identify ESG risks and build their resilience, which serves as a reference for businesses to develop their own business conduct in the post COVID-19 era.

## 8. LIMITATIONS

Some points should be kept in mind before generalising the research findings to a broader context.

Firstly, corporate reports state that certain information could only be found on the company's intranet due to confidentiality or corporate policy documents are solely for internal use which the public do not have access to. Based on the assessment framework, credit is awarded for any relevant disclosures on business integrity, as long as the information is accessible to the groups concerned. Higher scores would be given to disclosures in greater detail. Therefore, the scoring for such companies may be undermined in these circumstances. We recommend that companies in consideration of confidentiality should at least disclose the key principles and items of their ethical policy, with the statements that all-important notes have been communicated to relevant parties.

Another limitation resulted from the language barrier. The corporate disclosures which were only available in their domestic language were excluded from the assessment. Given the diversity of official languages used in the five ASEAN countries, the information communicated in English language may not have contained all the details of the company policies, possibly leading to an underestimation of the scores.

Next, the largest 50 listed companies in each ASEAN country are not completely representative of the respective markets. Smaller-sized businesses account for a much bigger proportion of the market economy. Hence, the study findings may not be generalised to the overall corporate disclosure on business integrity of the respective country, or the corrupt level of the whole respective country.

Lastly, it is important to recognise that the assessment of these companies is based on the disclosures of their anti-corruption policies, which may not be equivalent to the actual enforcement and effectiveness of their policies.

## 9. WAYS FORWARD

The investigation on business integrity disclosure level of top listed companies in ASEAN countries in this study offered a snapshot of business ethical practices in corporates and outlined the strengths as well as the area for improvement. An effective corporate ethics programme should show the commitments to anti-corruption within the organisation and across the supply chain. It is important for companies to recognise the essence and benefits of being ethical corporate citizens. Internally, the development and implementation of a code of ethics allows companies to reduce the risk from significant misconduct and protect themselves from further financial loss. Externally, it helps to address some potential challenges from supply chain management and exercises corporate social responsibility.

Listed companies only take up a very small proportion of business entities, which are obliged to more regulatory compliance than private businesses. Therefore, their disclosure level on business integrity practices is not fully representative of the overall disclosure quality in each country. It is not difficult to conclude that the average disclosure rate of non-listed companies and smaller businesses, as the majority of the national economy, would be much more limited. While legislation has been a common driving force to a corruption-free environment, stakeholder demands are playing a more impactful role in raising the bar of business ethics and responsibility. In addition, stakeholder satisfaction can give considerable impetus to smaller businesses due to a possible link between stakeholder satisfaction and stakeholder loyalty, as well as business avenue. With the rising trend of “Stakeholderism”, policy makers should guide corporates to better understand the expectations of various stakeholder groups to achieve better results of stakeholder engagement.

Even though the global pandemic may have slowed down economic development, it pushes the whole society for better joint preparedness of responses to unexpected risks. In tandem with the move to responsible business, the private sector should set a clear vision for higher business ethical standards in collaboration with the public sector.

## 10. CREDITS

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## ANNEX

## Assessment framework on business integrity disclosures

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

<b>1.0 point</b>	If there is an explicit statement of “zero-tolerance to corruption” or equivalent (i.e. the commitment to fight any corrupt activities)
<b>0.5 point</b>	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
<b>0 point</b>	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
<b>0 point</b>	If a company is a signatory of other similar collective action initiatives on anti-corruption, but there is no explicit reference to commitment to these initiatives

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

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

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

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

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

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

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

<b>1.0 point</b>	If the company states in public documents that such a 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.)
<b>0.5 point</b>	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
<b>0 point</b>	If there is no public reference to such a training programme

**Q6. 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)?**

<b>1.0 point</b>	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
<b>0.5 point</b>	If such persons are only "encouraged" to comply with the policy or if only one or two of the three elements above are present
<b>0 point</b>	If such persons are not covered by anti-corruption policy or they are specifically excluded from the policy

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

<b>1.0 point</b>	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
<b>0.5 point</b>	If such persons/entities are only "encouraged" to comply with the policy or if only one or two of the three elements above are present
<b>0 point</b>	If there is no reference to such persons/entities; or they are not specifically required to comply with the company's policy or equivalent

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

<b>1.0 point</b>	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.
<b>Attention: The exact guidance for employees does not have to be publicly available. There must be publicly available information that such guidance exists and that it includes all required elements.</b>	
<b>0.5 point</b>	If some but not all of the elements enumerated above are present
<b>0 point</b>	If the company does not disclose that it has such policy

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

<b>“Facilitation payments” are payments made to expedite or secure the performance of a routine governmental action, by an official, political party, or party official.</b>	
<b>Attention: facilitation payments are illegal in most countries but they are not prohibited under the foreign bribery laws of some countries, such as the U.S. Foreign Corrupt Practices Act. Nevertheless, we expect them to be prohibited in all countries in which a company operates</b>	
<b>1.0 point</b>	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)
<b>0.5 point</b>	If there is a general statement of prohibition of anti-corruption related payments or bribery
	If such payments are discouraged or regulated internally (i.e. allow after being approved by the manager)
<b>0 point</b>	If such payments are “allowed if permitted by local law” or “subject to local law”
	If there is no reference to facilitation payments or they are specifically permitted
	If such payments are only prohibited for certain countries, e.g. for company’s home country (Referring to the question No. 13.)

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

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

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

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

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

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

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

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

**Q13. Does the company carry out regular monitoring of its anti-corruption 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 Transparency International’s Business Principles for Countering Bribery).**

<b>1.0 point</b>	If there is public information on regular or continuous monitoring of all the anti-corruption programmes including outcomes.
<b>0.5 point</b>	If there is information on regular or continuous monitoring of all sustainability issues (without specific reference to anti-corruption policies and procedures) and additionally some implicit information that company’s anti-corruption programme should be included
<b>0 point</b>	If there is information on some monitoring, but it is not a regular or continuous process
	If there is only compliance-related monitoring in place without specific reference to the review of 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

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