

ACMF

ASEAN CORPORATE GOVERNANCE SCORECARD COUNTRY REPORTS AND ASSESSMENTS 2021

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Foreword

By the Senior Director, Financial Sector Office, Sectors Department 3, Asian Development Bank



In today's dynamic global landscape, effective corporate governance is essential to resilient and transparent economies. As markets evolve, governance policies must adapt to enable businesses to access the capital they need and ensure accountability to stakeholders.

The ASEAN Corporate Governance Scorecard evaluates corporate governance performance and publishes biennial reports through a robust assessment methodology led by domestic ranking bodies. This marks the sixth edition of the Scorecard, reflecting our ongoing commitment to corporate governance excellence across the ASEAN region and beyond.

A result of a fruitful collaboration between the ASEAN Capital Markets Forum (ACMF) and the Asian Development Bank (ADB), the ASEAN Corporate Governance Scorecard is crucial for raising governance standards in the region. It helps attract investment, spur economic growth, and make ASEAN markets more competitive globally. This initiative falls under ADB's Technical Assistance *Promoting an Interconnected, Inclusive, and Resilient Association of Southeast Asian Nations Capital Market*. It promotes financial cooperation and integration by supporting the ACMF as the key focal point for integrating ASEAN capital markets. This includes the development and implementation of regional standards on green bonds and corporate governance.

Corporate governance standards have increased steadily among publicly listed companies in the region, with mean scores up in all ASEAN countries in 2021 compared to the previous assessment in 2019. This continues the positive trend observed since 2017. The number of ASEAN companies exceeding 100 points also rose significantly, underscoring the ongoing improvement of corporate governance practices among the top publicly listed companies. However, encouraging lower-ranked publicly listed companies to improve their performance remains a challenge, as the initiative aims to raise mean scores across all such companies in ASEAN. This effort is nonetheless essential for fostering inclusivity. It helps to fulfill the ASEAN Corporate Governance Scorecard goal to showcase such companies as attractive investments and establish ASEAN as a distinguished asset class.

Results of the scorecard assessments highlight ASEAN best practices and recommend areas for improvement. These scores are important tools for investors, regulators, and stakeholders, aiding informed decision-making in investment, oversight, and policy development. This process supports sustainable finance within the ASEAN region, contributing to long-term growth and prosperity for all stakeholders.

ADB is honored to collaborate with the ACMF on the ASEAN Corporate Governance Scorecard initiative and remains committed to improving corporate governance standards and fostering investor confidence in ASEAN capital markets.

We are grateful to the ACMF regulators and the domestic ranking bodies in each country for their tireless efforts in completing the assessments that support this report. We would like to extend a special thank you to the Securities and Exchange Commission of the Philippines for its leadership in driving the ASEAN Corporate Governance Scorecard initiative within the ACMF structure. At ADB, we maintain the support we pledged to the ACMF as it strives to become an interconnected, inclusive, and resilient ASEAN capital market.

Christine Engstrom
Senior Director, Finance Sector Office, Sectors Department 3, Asian Development Bank

Foreword

By the Chair, ASEAN Corporate Governance Working Group



In the wake of unprecedented global challenges, the importance of robust corporate governance has never been more pronounced. The ASEAN Corporate Governance Scorecard (ACGS), an initiative born from the collaboration of the ASEAN Capital Markets Forum (ACMF) and the Asian Development Bank (ADB), continues to play a vital role in elevating the standards of corporate governance across the ASEAN region.

Since its inception in 2011, the ACGS has not only raised awareness, but also set a benchmark for corporate governance practices in the region. The fifth edition of ACGS: Country Reports and Assessments, based on the results of the 2019 assessment, has outstandingly marked a continuation of this momentum. Following a pause in 2016 for a comprehensive review, the revised Scorecard has been the basis for the 2017, 2019, and 2021 assessments, aligning with internationally recognized standards and the evolving needs of the ASEAN market. Now that we are on the sixth edition of ACGS: Country Reports and Assessments, we expect a more thorough and streamlined reporting by publicly listed companies, which in turn, will favorably result in increased foreign direct investments in the region.

As we delve deeper into the findings of the recent ACGS assessments, it is heartening to observe the ongoing commitment and progress among the publicly listed companies in our six participating member countries: Indonesia, Malaysia, Philippines, Singapore, Thailand, and Viet Nam. These assessments not only underscore the strides made in corporate governance, but also highlight areas for development and improvement, thereby aligning with our collective goal of promoting a transparent, accountable, and resilient corporate sector.

In 2020, the global pandemic underscored the criticality of good governance practices in ensuring economic resilience. The adaptability and response of corporations to this crisis demonstrated the tangible benefits of strong governance frameworks. In these trying times, the ACGS, amid the challenges faced by publicly listed companies in their business operations and the resulting global economic recession, stands as an inspiration that guides companies toward practices that not only improve their corporate governance standards and ensure their sustainability, but also contribute to the broader economic stability of the region.

This year's report encapsulates the diligent and round-the-clock efforts of the domestic ranking bodies and their corporate governance experts. Their meticulous work and expertise in this field provide invaluable insights, encouraging more ASEAN member countries to participate in and contribute to the ACGS initiative. Such participation is a testament to the power of regional integration in overcoming diverse challenges and strengthening diplomatic and economic cooperation.

With the overwhelming participation of 587 publicly listed companies across ASEAN, the 2021 assessment has proved successful. Based on the overall results and analysis, the mean score for Level 1 in the 2021 assessment was 78.55, a 5.22% increase from the 74.65 score in 2019, indicating a significant improvement in fundamental corporate governance practices since 2012. Notably, the mean scores of all ASEAN countries in 2021 increased as compared to the previous assessment.

As we move forward, the ASEAN Corporate Governance Working Group, under the steadfast leadership of the Securities and Exchange Commission Philippines, remains unwavering in its commitment to advancing corporate

governance standards in the ASEAN region. This pursuit is not only about regulatory compliance, but also about creating an environment where businesses can thrive, contribute to the economy, and build investor confidence.

As Chair of the ASEAN Corporate Governance Working Group, I extend my gratitude to the ACMF, ADB, the Working Group D Secretariat, the domestic ranking bodies, and our national regulators for their unwavering support and visionary leadership. Their dedication has been instrumental in driving this initiative. The ACGS is more than just a scorecard and a useful diagnostic tool; it is an instrument to foster continuing collaboration and solidarity with our ACMF counterparts and, ultimately, propelling our economies beyond current challenges and toward a future of sustainable growth and prosperity.

Emilio B. Aquino
Chair, ASEAN Corporate Governance Working Group

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This report was prepared by a group of ASEAN corporate governance experts composed of Angela Simatupang (RSM Indonesia), Devanesan Evanson (Minority Shareholders Watch Group, Malaysia), Carlos Gatmaitan (Institute of Corporate Directors, Philippines), John KM Lim (Singapore Institute of Directors and the Centre for Governance and Sustainability of the National University of Singapore Business School), Kulvech Janvatanavit (Thai Institute of Directors), and Hien Thu Nguyen (Viet Nam Institute of Directors). The ADB and the Securities and Exchange Commission Philippines jointly led the publication of this report.

The ASEAN Corporate Governance Scorecard is an initiative under the ACMF. The ACMF endorsed the scorecard and the methodology used in the ranking exercise but was not involved in the assessment and selection of the publicly listed companies in the sample.

Executive Summary

The ASEAN Corporate Governance Scorecard (ACGS) aims mainly to raise corporate governance standards among publicly listed companies and to give greater international visibility to well-governed companies as members of the ASEAN. The ASEAN Corporate Governance initiative, composed of the ACGS and assessment and ranking of ASEAN publicly listed companies, is among the several regional initiatives of the ASEAN Capital Markets Forum (ACMF). A collaborative effort of the ACMF and the Asian Development Bank (ADB) since 2011, the initiative involves Indonesia, Malaysia, Philippines, Singapore, Thailand, and Viet Nam.

For eight years, the Securities and Exchange Commission Philippines has led the ACMF Working Group D, the body responsible for the scorecard and ranking. This follows the handover from the Securities Commission Malaysia in November 2015. Its members include capital market regulators and corporate governance proponents from the region.

The scorecard was developed and is continuously improved based on national benchmarks such as the Organisation for Economic Co-operation and Development (OECD) Principles of Corporate Governance (2004), G20/OECD Principles of Corporate Governance (2015), International Corporate Governance Network Corporate Governance Principles, as well as industry-leading practices from ASEAN and the world.

The first three editions of the annual *ASEAN Corporate Governance Scorecard: Country Reports and Assessments* provided the impetus to raise the public's awareness of this initiative and profile the top domestic publicly listed companies from each participating country. The fourth edition of the report continued elevating the visibility of ASEAN publicly listed companies among investors. The fifth edition of the report presented the results of the 2019 assessment. It came after an assessment hiatus of one year, in 2016, when the Working Group focused on a thorough review of the scorecard and its methodology to ensure it remained aligned with internationally recognized best standards and contextualized based on the current needs of the ASEAN Market and its publicly listed companies. This review responded to the updated principles and recommendations of the G20/OECD Principles of Corporate Governance and took into consideration the increased investor expectations and developments in business and corporate governance practices. The review was completed in early 2017 and the new scorecard became the basis of the 2017, 2019, and 2021 assessments.

For the 2021 assessment, similar to the 2019 assessment, ASEAN corporate governance experts from the domestic ranking bodies of Indonesia, Malaysia, Philippines, Singapore, Thailand, and Viet Nam undertook the corporate governance assessment of ASEAN publicly listed companies. The process concluded in July 2022 with the awarding done virtually in December 2022. The domestic ranking bodies were (i) RSM Indonesia; (ii) the Minority Shareholders Watch Group, Malaysia; (iii) the Institute of Corporate Directors, Philippines; (iv) the Singapore Institute of Directors and the Centre for Governance and Sustainability of the National University of Singapore Business School; (v) the Thai Institute of Directors; and (vi) the Vietnam Institute of Directors.

Holistic Review of the ASEAN Corporate Governance Scorecard

After the review in 2016, the new scorecard was launched during the ACMF Chairs' Meeting on 13 March 2017. Following the review of the scorecard, the ASEAN Corporate Governance Scorecard (ACGS) will be conducted biennially. The revised scorecard was used in the 2017, 2019, and 2021 assessments.

The key revisions in the scorecard include (i) the addition of new items reflecting the G20/OECD Principles of Corporate Governance; (ii) additional weightage for the Role of Stakeholders section and for questions recognized as higher corporate governance standards; (iii) streamlining of questions for a more coherent scorecard; and (iv) introduction of an independent validation in addition to the existing domestic and peer review process, although the validation was conducted only during the 2017 assessment. The enhancements were introduced to strengthen the quality of assessment and to expand insights into the corporate governance practices of companies from the participating countries. Table 1 summarizes the changes.

Table 1: Summary of Scorecard Changes

PART	ACGS v.1 No. of Items	ACGS v.2 No. of Items	ACGS v.1 Weight	ACGS v.2 Weight
A: Rights of Shareholders	25	21	10%	10%
B: Equitable Treatment of Shareholders	18	15	15%	10%
C: Role of Stakeholders	21	13	10%	15%
D: Disclosure and Transparency	41	32	25%	25%
E: Responsibilities of the Board	74	65	40%	40%
Level 1 Total	**179**	**146**	**100%**	**100%**
Bonus	11	13	26	30
Penalties	22	25	-59	-67

ACGS = ASEAN Corporate Governance Scorecard.
Source: ACMF Working Group D Secretariat 2021.

Overview of the Revised ASEAN Corporate Governance Scorecard

The G20/ Organisation for Economic Co-operation and Development (OECD) Principles of Corporate Governance were used as the main benchmark for the ASEAN Scorecard. Many of the items in the scorecard are international and regional best practices that may go beyond the requirements of national legislation.

ASEAN corporate governance experts also drew from the existing body of work and ranking initiatives in the region, including those of institutes of directors, shareholder associations and universities, to guide the initial inclusion of items in the ASEAN Scorecard. The revised scorecard still covers five areas of the OECD principles, as listed in Table 1.

The scorecard's use of Level 1 and Level 2 scoring is designed to better capture the actual implementation of the substance of good corporate governance. Level 1 comprises descriptors or items that, in essence, indicate (i) the laws, rules, regulations, and requirements of each ASEAN member country; and (ii) basic expectations of the G20/OECD principles. Level 2 consists of (i) bonus items reflecting other emerging good practices, and (ii) penalty items reflecting actions and events indicating poor governance.

Following the 2016 review of the scorecard, (i) the percentage of Part C, on the role of stakeholders, increased from 10% to 15%; (ii) the questions were streamlined, resulting in a decrease in the total number of questions from 179 to 146; (iii) 31 questions were also given more weight; and (iv) adjustments were made on the bonus and penalty sections, giving more points for exceptional governance practices and greater penalty for governance violations. The review resulted in the maximum attainable score increasing from 126 points in 2015 to 130 points for the 2017, 2019, and 2021 assessment years (Table 2).

Table 2: Comparison of Question Numbers and Scores in 2012, 2013, 2014, 2015, 2017, 2019 and 2021

		Number of Questions						
		2012	2013	2014	2015	2017	2019	2021
Level 1	Part A	26 [10]	25 [10]	25 [10]	25 [10]	21 [10]	21 [10]	21 [10]
	Part B	17 [15]	17 [15]	17 [15]	18 [15]	15 [10]	15 [10]	15 [10]
	Part C	21 [10]	21 [10]	21 [10]	21 [10]	13 [15]	13 [15]	13 [15]
	Part D	42 [25]	40 [25]	41 [25]	41 [25]	32 [25]	32 [25]	32 [25]
	Part E	79 [40]	76 [40]	75 [40]	74 [40]	65 [40]	65 [40]	65 [40]
Level 2	Bonus	11 [17]	9 [42]	11 [28]	11 [26]	13 [30]	13 [30]	13 [30]
	Penalty	23 [(90)]	21 [(53)]	21 [(50)]	22 [(59)]	25 [(67)]	25 [(67)]	25 [(67)]

( )=negative

Note: Numbers in brackets denote the maximum attainable scores for each part. However, for the penalty section, numbers in brackets denote maximum deductible scores.

Source: ACMF Working Group D Secretariat 2021

Level 1

Level 1 consists of 146 items and is divided into five parts corresponding to the respective OECD principles. Each part carries a different weight in relation to the Level 1 total score of 100 points based on the relative importance of the area. Table 3 presents the composition and structure of Level 1.

Table 3: Composition and Structure of Level 1

Level 1	Number of Questions	Weight (% of total Level 1 score)	Maximum Attainable Score
Part A: Rights of Shareholders	21	10	10 points
Part B: Equitable Treatment of Shareholders	15	10	10 points
Part C: Role of Stakeholders	13	15	15 points
Part D: Disclosure and Transparency	32	25	25 points
Part E: Responsibilities of the Board	65	40	40 points

Source: ACMF Working Group D Secretariat 2021.

The weighted score of each part is obtained using the following formula:

$$\text{Score} = \frac{\text{no. of items scored by PLC}}{\text{total possible points from all questions}} \times \text{weightage for the part (in points)}$$

The total number of questions is computed after adjusting for items that are not applicable to a publicly listed company (PLC).

As an example, if one question is not applicable to PLC1 and PLC1 scores in 19 out of the 20 remaining items in Part A, then:

$$\text{PLC1's score in Part A} = \frac{19}{20} \times 10 \text{ points} = 9.5 \text{ points}$$

The Level 1 score is obtained by totaling the scores of Parts A through E. The maximum attainable score for Level 1 is therefore 100 points.

Hence, if PLC1 scores 9.5 points in Part A and perfect in each of Parts B through E in Level 1, then:

PLC1's level 1 score = 9.5 + 10 +15 + 25 + 40 = 99.5 points

Level 2

Level 2 consists of bonus and penalty items that are meant to enhance the robustness of the ASEAN Scorecard in assessing the extent to which companies apply the spirit of good corporate governance. The purpose of the bonus items is to recognize companies that go beyond the items in Level 1 by adopting other emerging good corporate governance practices. The penalty items are designed to downgrade companies with poor corporate governance practices that are not reflected in their scores for Level 1, such as being sanctioned by regulators for breaches of listing rules.

Level 2 contains 13 bonus and 25 penalty items, each with a different number of points. The maximum attainable points are 30 while the maximum deductible penalty is 67 (Table 4).

Table 4: Composition and Structure of Level 2

Level 2	Number of Questions	Maximum Score (points)
Bonus	13	30
Penalty	25	-67

Source: ACMF Working Group D Secretariat 2021.

The Level 2 score is obtained by totaling the bonus and penalty scores. For example, if PLC1 scores 26 bonus points and three penalty points, then:

PLC1's Level 2 score = 26 + (-3) = 23 points

Total Score

The total score is obtained using the following formula:

Total score = Level 1 score + Level 2 score

To illustrate, PLC1's total score = 99.5 + 23 = 122.5 points.

The maximum attainable score is 130 points (100 points from Level 1 and 30 points from Level 2).

Default Items

Default items are accorded when a country has specific legislation or requirements that will enable all domestic companies assessed to automatically score a point for a particular item. The company is considered to have adopted the practice unless there is evidence to the contrary. To ensure a transparent process, all countries must disclose their default items before the assessment process begins.

Assessment Methodology

The assessments of corporate governance standards of PLCs were based on publicly available and accessible information such as annual reports, corporate websites, notices, circulars, articles of association, minutes of shareholders' meetings, corporate governance policies, codes of conduct, and sustainability reports. For a company to be assessed and ranked, most of the available documents have to be in English. To be given points on the scorecard, all disclosures have to be unambiguous and sufficiently complete.

The scorecard assessment methodology previously involved two processes only, the domestic assessment and the peer review. In the 2017 assessment, a third process was added—an independent external validation. The 2019 and 2021 assessments did not include an external validation.

Domestic Assessment Process

The domestic assessment is the first stage of the assessment process. Using the Scorecard, the domestic ranking bodies in the participating countries assess the corporate governance practices of their top 100 domestic PLCs based on market capitalization.

Peer Review Process

The peer review process differentiates this exercise from other types of corporate governance assessments. To conduct the peer review, the top 35 PLCs in each country, ranked according to their total scores in the preliminary assessments, were subjected to peer review by the other domestic ranking bodies. Peer reviewers were assigned randomly for each company, making sure that the bodies had the opportunity to assess companies from all the other countries. This step was incorporated into the assessment as a measure to validate and confirm the assessment by the domestic ranking body and to ensure consistency in the interpretation of questions in the scorecard.

During this process, domestic ranking bodies and peer reviewers carry out engagements and discussions to reconcile any differences in their scores and to agree on a final score for each company. Where the discussions revealed any systemic differences in the domestic ranking bodies' assessment from that of the peer reviewer due to the interpretation of questions, the domestic ranking body would then have to apply the revision in

interpretation and reassess across all the PLCs, including those that had not been subjected to peer review. This check and balance process improves the accuracy of results.

Independent External Validation for the 2017 Assessment

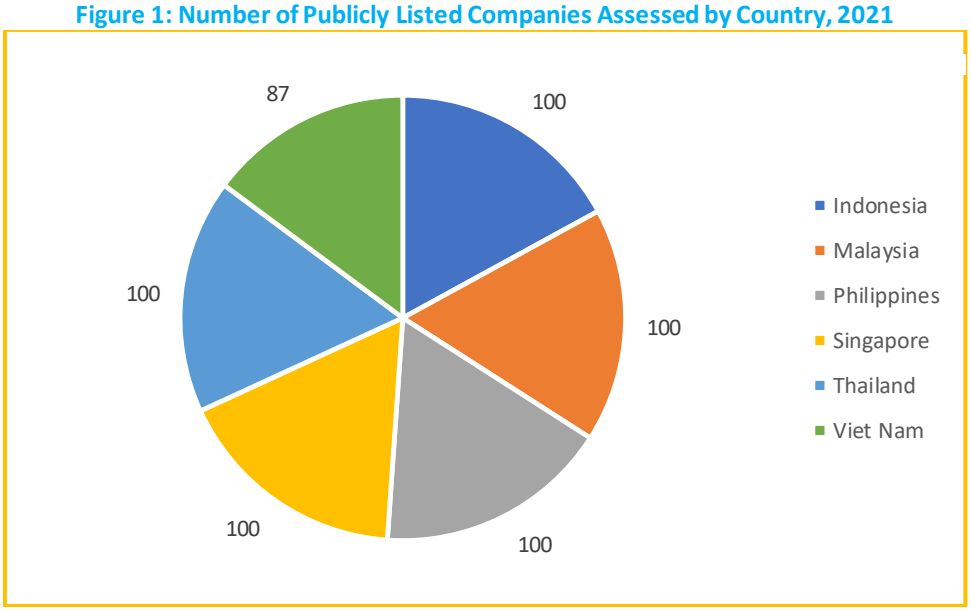
An independent external validation was introduced as a third process during the 2017 assessment to further improve the robustness of the assessment process. The primary objective of the process was to check the alignment between the corporate governance practices disclosed by the PLCs and those in actual practice and to check the dynamics of the board and key company stakeholders to determine their commitment to high standards of corporate governance. Only the top 70 ASEAN PLCs were subjected to the validation process in 2017. Validation was conducted by KPMG Singapore through company interviews focused on five areas: (i) strategy, (ii) board composition, (iii) board evaluation, (iv) remuneration (executive directors/CEO), and (v) risk management and internal controls.

As stated above, the 2019 and 2021 assessments did not include the process of external validation. However, the working group is considering the possibility of including the said process in subsequent assessments, subject to the approval of the ACMF.

Overall Results and Analysis

The 2021 assessment looked at 587 PLCs. The number of companies assessed was not equally distributed given the limited availability of company disclosures in English in Viet Nam, and less than 100 of its domestic PLCs were assessed (Figure 1).

Figure 1: Number of Publicly Listed Companies Assessed by Country, 2021



Source: ACMF Working Group D Secretariat 2021.

The mean total score increased in 2021 to 87.98 compared to 81.21 points in 2019, or an increase of 8.34% on the previous assessment. The median score in 2021 is 93.05, showing a 10.01% increase from the median score of 84.58 in 2019. (Table 5)

Table 5: Comparison of Total Scores, 2012–2015, 2017, 2019, 2021 (points)

	2012	2013	2014	2015	2017	2019	2021
Mean	53.66	64.02	67.69	71.81	72.57	81.21	**87.98**
Median	55.79	64.55	68.29	72.69	72.30	84.58	**93.05**

Maximum Attainable Score	117	142	128	126	130	130	**130**

Source: ACMF Working Group D Secretariat 2021.

For Level 1, the mean score in the 2021 assessment is 78.55, which is 5.22% higher than the 74.65 in the 2019 assessment. Although the Level 1 score improved minimally over the last assessment, the overall increase of 44.61% since 2012, and 21.23% since the revision of the 2017 scorecard indicates a significant improvement in fundamental and core corporate governance practices for the ASEAN PLCs (Table 6).

Table 6: Comparison of Level 1 Scores, 2012–2015, 2017, 2019, 2021 (points)

	2012	2013	2014	2015	2017	2019	2021
Mean	54.32	60.09	64.72	68.87	69.25	74.65	**78.55**
Median	56.91	61.50	65.56	70.16	70.90	77.59	**82.88**
Maximum Attainable Score	100	100	100	100	100	100	**100**

Source: ACMF Working Group D Secretariat 2021.

For Level 2, the mean score in the 2021 assessment increased to 9.42 points from 6.57 points in 2019, an increase of 43.38% (Table 7).

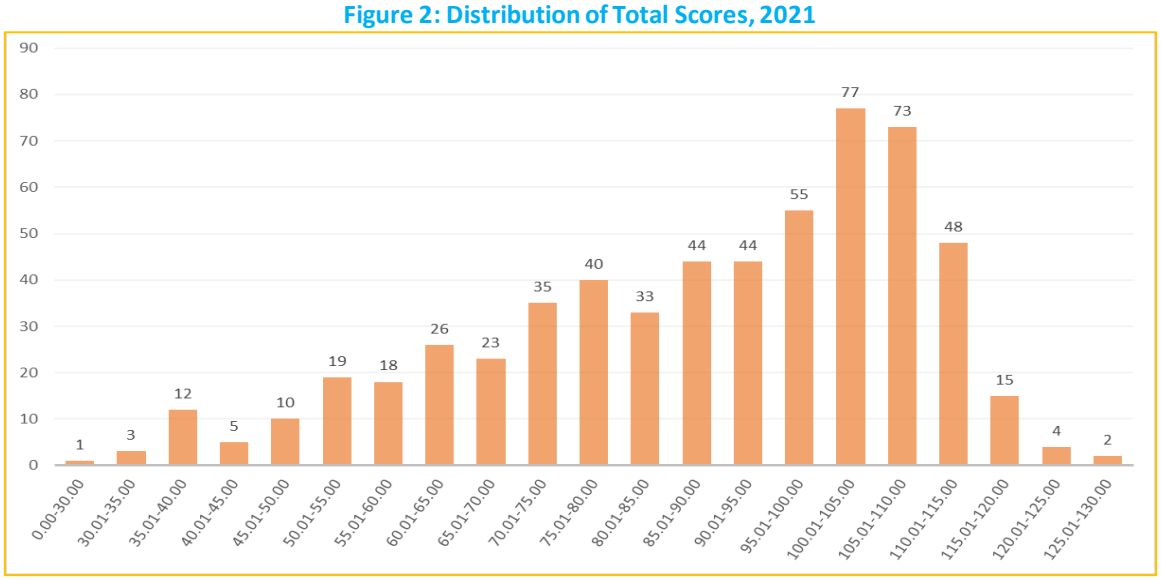
Table 7: Comparison of Level 2 Scores, 2012–2015, 2017, 2019, and 2021 (points)

	2012	2013	2014	2015	2017	2019	2021
Mean	(0.66)	3.92	2.98	2.94	3.32	6.57	**9.42**
Median	0	3.00	2.00	2.00	2.00	6.00	**10**
Maximum attainable score	17	42	28	26	30	30	**30**

Source: ACMF Working Group D Secretariat 2021.

Although the highest score obtained in 2021 (128.46 points) is one point lower than the highest score in 2019 (129.46 points), which is roughly one and a half points short of the maximum attainable score, the overall distribution of scores had moved positively toward the upper scale in achieving the maximum attainable scores. In addition, the number of ASEAN companies scoring 100 points and above increased by 93.81%, from 113 companies in 2019 to 219 companies in 2021 (Figure 2).

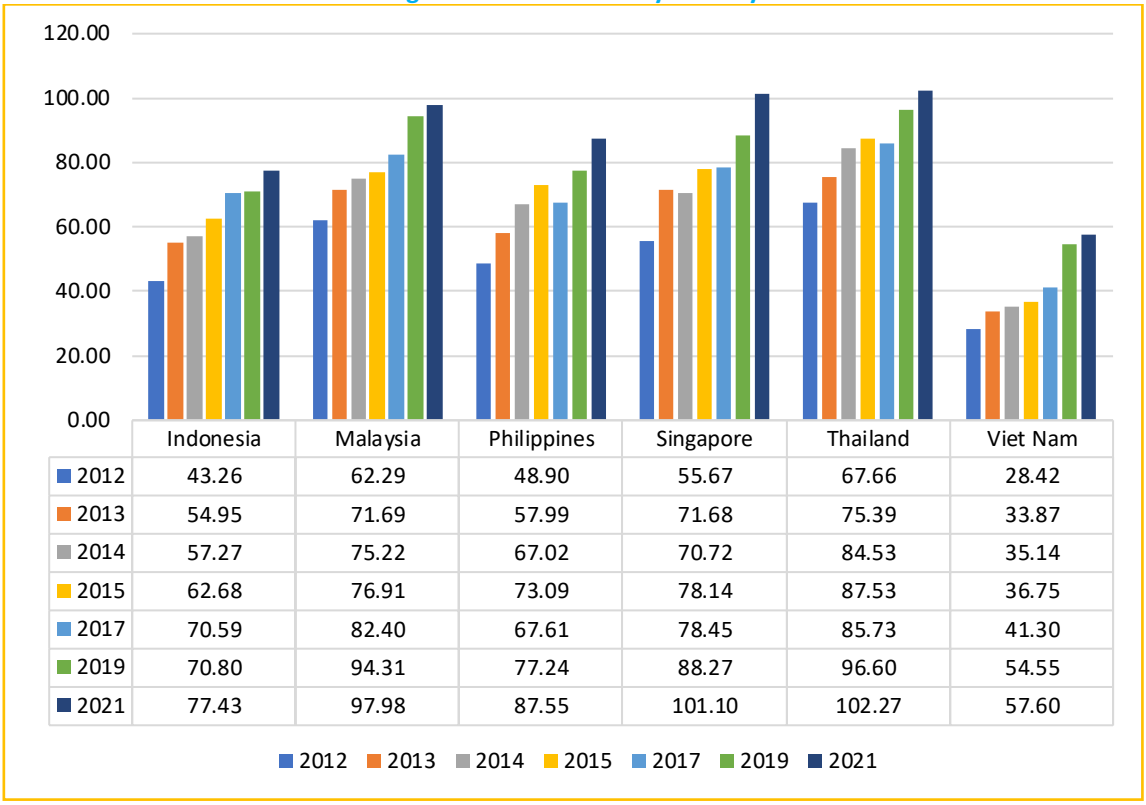
Figure 2: Distribution of Total Scores, 2021



Source: ACMF Working Group D Secretariat 2021.

All ASEAN countries' mean scores in 2021 increased from the previous assessment in 2019. Thailand remains the overall best performer having the highest mean score among all the participating countries, followed closely by Singapore in second place, and Malaysia in third (Figure 3). Singapore improved the most with a 14.5% increase in its score from 2019 to 2021.

Figure 3: Mean Scores by Country

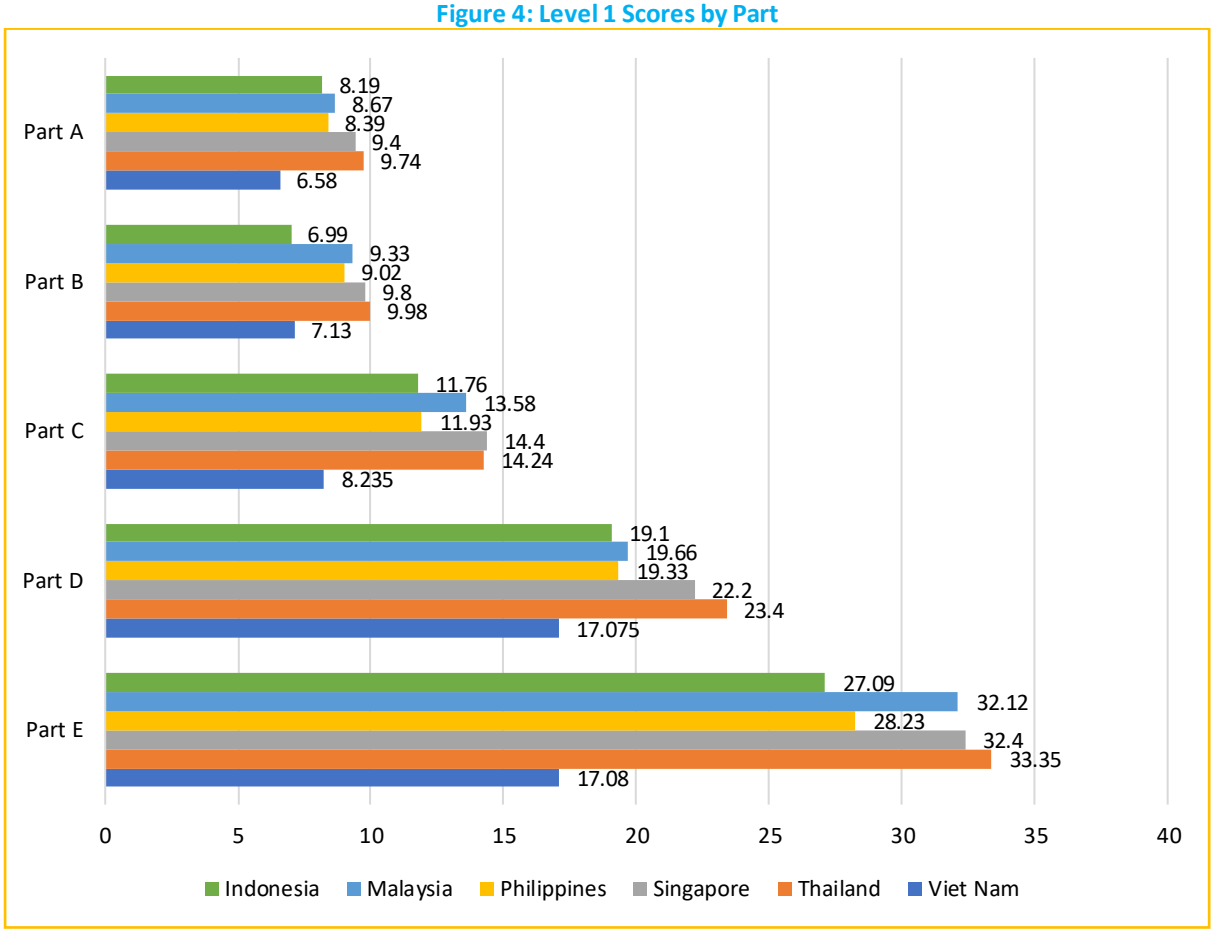


	Indonesia	Malaysia	Philippines	Singapore	Thailand	Viet Nam
2012	43.26	62.29	48.90	55.67	67.66	28.42
2013	54.95	71.69	57.99	71.68	75.39	33.87
2014	57.27	75.22	67.02	70.72	84.53	35.14
2015	62.68	76.91	73.09	78.14	87.53	36.75
2017	70.59	82.40	67.61	78.45	85.73	41.30
2019	70.80	94.31	77.24	88.27	96.60	54.55
2021	77.43	97.98	87.55	101.10	102.27	57.60

Source: ACMF Working Group D Secretariat 2021.

When the results were analyzed according to the various areas of corporate governance (Figure 4), Thailand scored the highest mean for four parts (A, B, D, and E) in Level 1, while Singapore scored highest in Part C.

Figure 4: Level 1 Scores by Part



Note: Part A = Rights of Shareholders; Part B = Equitable Treatment of Shareholders; Part C = Role of Stakeholders; Part D = Disclosure and Transparency: and Part E = Responsibilities of the Board.
Source: ACMF Working Group D Secretariat 2021.

2021 ASEAN Corporate Governance Scorecard Awards

The 2021 ASEAN Corporate Governance Awards based on the 2021 assessment were announced on 1 December 2022, organized by the Institute of Corporate Directors (ICD) Philippines and supported by the Asian Development Bank (ADB).

The ASEAN Corporate Governance Scorecard (ACGS), described as an assessment based on publicly available information and benchmarked against international best practices on corporate governance, is supported by a rigorous methodology developed by corporate governance experts across the region to assess the corporate governance standing and performance of publicly listed companies (PLCs) in the six participating ASEAN member countries.

For the 2021 assessment year, there were three award categories: (i) Top 20 ASEAN PLCs; (ii) ASEAN Asset Class; and (iii) Top 3 PLCs per country. Due to the coronavirus disease (COVID-19) pandemic, the working group decided to cancel the physical award event. Instead, certificates were issued for each category and the names and logos of the companies appeared in a booklet that was posted on the website of the ACMF and the ADB.

Out of the top 20 ASEAN PLCs for the 2021 assessment, Thailand had most entries, with seven. The Philippines had five, Singapore had four, and Malaysia had three (Table 8).

A total of 234 ASEAN companies qualified for the ASEAN Asset Class Award. This award is given to ASEAN PLCs that attained a final score of 97.5 and above (i.e., at least 75% of the maximum attainable score of 130). Thailand had the highest number of awardee companies, at 76, followed by Singapore with 62, and Malaysia with 54 (Table 8).

Table 8: Distribution of Companies in ASEAN Top 20 and ASEAN Asset Class per Country, 2021

Country	Top 20 ASEAN	ASEAN Asset Class
Indonesia	1	9
Malaysia	3	54
Philippines	5	32
Singapore	4	62
Thailand	7	76
Viet Nam	0	1
TOTAL	20	234

Source: ACMF Working Group D Secretariat 2021.

The ASEAN Asset Class awardees comprise a diverse mix of companies coming from the financial, industrial, consumer goods and services, property, energy, telecommunications, and media sectors, among others. The total mean score is 107.07. On the other hand, the top 20 ASEAN PLCs, which are clearly set on adopting the best corporate governance practices and setting high standards for the other ASEAN PLCs to follow, had a total mean score of 118.94, which is 11.08% higher than the mean score of the ASEAN Asset Class PLCs.

In addition to the top 20 ASEAN (Table 9) and ASEAN Asset Class awardees (Table 10), the achievements of the top three companies (Table 11) per country were also recognized.

Conclusion

The 2021 assessment, similar to the 2017 and 2019 assessments, reflected the results of the holistic and comprehensive review of the scorecard and its methodology in 2016. Although the revised scorecard provided stricter guidelines, the mean score of the ASEAN PLCs still increased compared to previous assessments. This is despite the restrictions brought about by the pandemic in the latter part of 2019 through 2021. Notably, the increase in mean scores of assessed PLCs in all participating countries from 2017 to the current 2021 assessment showed the continuous commitment of the participating countries and their respective PLCs to elevate corporate governance standards. The number of ASEAN companies exceeding 100 points likewise increased significantly. This highlights the consistent improvement in the corporate governance practices of the top PLCs in the ASEAN region.

However, the challenge is to encourage the lower-ranked PLCs to improve their performance and further increase the mean scores of all PLCs across the region and, consequently, to promote inclusivity and further achieve the scorecard's objective of promoting ASEAN PLCs as investable companies and ASEAN as an asset class. In these ever-changing times, a thorough review of the items in the scorecard is apt to align with the evolution and development of the corporate governance sphere.

Table 9: Top 20 ASEAN Publicly Listed Companies
(in alphabetical order)

No.	Company Name	Country
1	AIRPORTS OF THAILAND PUBLIC COMPANY LIMITED	Thailand
2	ALLIANCE BANK MALAYSIA BERHAD	Malaysia
3	AYALA LAND, INC.	Philippines
4	BANGCHAK CORPORATION PUBLIC COMPANY LIMITED	Thailand
5	BURSA MALAYSIA BERHAD	Malaysia
6	CHINA BANKING CORPORATION	Philippines
7	CIMB GROUP HOLDINGS BERHAD	Malaysia
8	COMFORTDELGRO CORPORATION LIMITED	Singapore
9	GLOBE TELECOM, INC.	Philippines
10	IRPC PUBLIC COMPANY LIMITED	Thailand
11	NETLINK NBN TRUST	Singapore
12	PT BANK CIMB NIAGA TBK	Indonesia
13	PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED	Thailand
14	PTT GLOBAL CHEMICAL PUBLIC COMPANY LIMITED	Thailand
15	PTT PUBLIC COMPANY LIMITED	Thailand
16	SINGAPORE PRESS HOLDINGS LIMITED	Singapore
17	SM INVESTMENTS CORPORATION	Philippines
18	SM PRIME HOLDINGS, INC.	Philippines
19	THAI OIL PUBLIC COMPANY LIMITED	Thailand
20	UNITED OVERSEAS BANK LIMITED	Singapore

Source: ACMF Working Group D Secretariat 2021.

Table 10: ASEAN Asset Class
(in alphabetical order)

No.	Company Name	Country
1	2GO GROUP, INC.	Philippines
2	ABOITIZ EQUITY VENTURES, INC.	Philippines
3	ABOITIZ POWER CORPORATION	Philippines
4	ABSOLUTE CLEAN ENERGY PUBLIC COMPANY LIMITED	Thailand
5	AC ENERGY CORPORATION	Philippines
6	ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED	Thailand
7	AEM HOLDINGS LTD.	Singapore
8	AEON CREDIT SERVICE (M) BERHAD	Malaysia
9	AFFIN BANK BERHAD	Malaysia

10	AIRPORTS OF THAILAND PUBLIC COMPANY LIMITED	Thailand
11	ALLIANCE BANK MALAYSIA BERHAD	Malaysia
12	ALLIANZ MALAYSIA BERHAD	Malaysia
13	AMMB HOLDINGS BERHAD	Malaysia
14	AP (THAILAND) PUBLIC COMPANY LIMITED	Thailand
15	ASSET WORLD CORP PUBLIC COMPANY LIMITED	Thailand
16	ASTRO MALAYSIA HOLDINGS BERHAD	Malaysia
17	AXIATA GROUP BERHAD	Malaysia
18	AYALA CORPORATION	Philippines
19	AYALA LAND, INC.	Philippines
20	AYALALAND LOGISTICS HOLDINGS CORP.	Philippines
21	B.GRIMM POWER PUBLIC COMPANY LIMITED	Thailand
22	BANGCHAK CORPORATION PUBLIC COMPANY LIMITED	Thailand
23	BANGKOK DUSIT MEDICAL SERVICES PUBLIC COMPANY LIMITED	Thailand
24	BANGKOK EXPRESSWAY AND METRO PUBLIC COMPANY LIMITED	Thailand
25	BANK OF AYUDHYA PUBLIC COMPANY LIMITED	Thailand
26	BANK OF THE PHILIPPINE ISLANDS	Philippines
27	BANPU POWER PUBLIC COMPANY LIMITED	Thailand
28	BANPU PUBLIC COMPANY LIMITED	Thailand
29	BCPG PUBLIC COMPANY LIMITED	Thailand
30	BDO UNIBANK, INC.	Philippines
31	BELLE CORPORATION	Philippines
32	BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD	Malaysia
33	BTS GROUP HOLDINGS PUBLIC COMPANY LIMITED	Thailand
34	BUMI ARMADA BERHAD	Malaysia
35	BURSA MALAYSIA BERHAD	Malaysia
36	CAPITALAND ASCENDAS REIT (FORMERLY KNOWN AS ASCENDAS REAL ESTATE INVESTMENT TRUST)	Singapore
37	CAPITALAND ASCOTT TRUST (FORMERLY KNOWN AS ASCOTT RESIDENCE TRUST)	Singapore
38	CAPITALAND INDIA TRUST (FORMERLY KNOWN AS ASCENDAS INDIA TRUST)	Singapore
39	CAPITALAND INTEGRATED COMMERCIAL TRUST	Singapore
40	CAPITALAND LIMITED	Singapore
41	CARLSBERG BREWERY MALAYSIA BERHAD	Malaysia
42	CDL HOSPITALITY TRUSTS	Singapore
43	CEBU HOLDINGS, INC.	Philippines
44	CENTRAL PATTANA PUBLIC COMPANY LIMITED	Thailand
45	CENTRAL RETAIL CORPORATION PUBLIC COMPANY LIMITED	Thailand
46	CH. KARNCHANG PUBLIC COMPANY LIMITED	Thailand
47	CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED	Thailand
48	CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD	Singapore
49	CHINA BANKING CORPORATION	Philippines
50	CHINA EVERBRIGHT WATER LIMITED	Singapore
51	CIMB GROUP HOLDINGS BERHAD	Malaysia
52	CIMB THAI BANK PUBLIC COMPANY LIMITED	Thailand
53	CITY DEVELOPMENTS LIMITED	Singapore
54	CK POWER PUBLIC COMPANY LIMITED	Thailand
55	COM7 PUBLIC COMPANY LIMITED	Thailand
56	COMFORTDELGRO CORPORATION LIMITED	Singapore
57	CP ALL PUBLIC COMPANY LIMITED	Thailand
58	DBS GROUP HOLDINGS LTD	Singapore
59	DEL MONTE PACIFIC LIMITED	Singapore
60	DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED	Thailand
61	DIGI.COM BERHAD	Malaysia
62	DRB-HICOM BERHAD	Malaysia

63	DUOPHARMA BIOTECH BERHAD	Malaysia
64	EASTERN POLYMER GROUP PUBLIC COMPANY LIMITED	Thailand
65	ELECTRICITY GENERATING PUBLIC COMPANY LIMITED	Thailand
66	ENERGY ABSOLUTE PUBLIC COMPANY LIMITED	Thailand
67	ESR-LOGOS REIT (FORMERLY KNOWN AS ESR-REIT)	Singapore
68	FAR EAST HOSPITALITY TRUST	Singapore
69	FGV HOLDINGS BERHAD	Malaysia
70	FIRST GEN CORPORATION	Philippines
71	FIRST PHILIPPINE HOLDINGS CORPORATION	Philippines
72	FIRST RESOURCES LIMITED	Singapore
73	FIRST SPONSOR GROUP LIMITED	Singapore
74	FRASER & NEAVE HOLDINGS BHD	Malaysia
75	FRASER AND NEAVE, LIMITED.	Singapore
76	FRASERS CENTREPOINT TRUST	Singapore
77	FRASERS HOSPITALITY TRUST	Singapore
78	FRASERS LOGISTICS & COMMERCIAL TRUST	Singapore
79	FRASERS PROPERTY (THAILAND) PUBLIC COMPANY LIMITED	Thailand
80	FRASERS PROPERTY LIMITED	Singapore
81	GENTING MALAYSIA BERHAD	Malaysia
82	GENTING PLANTATIONS BERHAD	Malaysia
83	GLOBAL POWER SYNERGY PUBLIC COMPANY LIMITED	Thailand
84	GLOBE TELECOM, INC.	Philippines
85	GREAT EASTERN HOLDINGS LIMITED	Singapore
86	GREATECH TECHNOLOGY BERHAD	Malaysia
87	GT CAPITAL HOLDINGS, INC.	Philippines
88	GULF ENERGY DEVELOPMENT PUBLIC COMPANY LIMITED	Thailand
89	GUNKUL ENGINEERING PUBLIC COMPANY LIMITED	Thailand
90	GUOCOLAND LIMITED	Singapore
91	HANA MICROELECTRONICS PUBLIC COMPANY LIMITED	Thailand
92	HOME PRODUCT CENTER PUBLIC COMPANY LIMITED	Thailand
93	HONG LEONG ASIA LTD.	Singapore
94	HONG LEONG BANK BERHAD	Malaysia
95	HONG LEONG FINANCE LIMITED	Singapore
96	HONG LEONG FINANCIAL GROUP BERHAD	Malaysia
97	IFAST CORPORATION LTD.	Singapore
98	IHH HEALTHCARE BERHAD	Malaysia
99	IJM CORPORATION BERHAD	Malaysia
100	INDORAMA VENTURES PUBLIC COMPANY LIMITED	Thailand
101	INTEGRATED MICRO-ELECTRONICS, INC.	Philippines
102	INTOUCH HOLDINGS PUBLIC COMPANY LIMITED	Thailand
103	IOI CORPORATION BERHAD	Malaysia
104	IOI PROPERTIES GROUP BERHAD	Malaysia
105	IRPC PUBLIC COMPANY LIMITED	Thailand
106	JARDINE CYCLE & CARRIAGE LIMITED	Singapore
107	KASIKORNBANK PUBLIC COMPANY LIMITED	Thailand
108	KCE ELECTRONICS PUBLIC COMPANY LIMITED	Thailand
109	KEPPEL CORPORATION LIMITED	Singapore
110	KEPPEL DC REIT	Singapore
111	KEPPEL INFRASTRUCTURE TRUST	Singapore
112	KEPPEL REIT	Singapore
113	KERRY EXPRESS (THAILAND) PUBLIC COMPANY LIMITED	Thailand
114	KIATNAKIN PHATRA BANK PUBLIC COMPANY LIMITED	Thailand
115	KPJ HEALTHCARE BERHAD	Malaysia
116	KRUNG THAI BANK PUBLIC COMPANY LIMITED	Thailand

117	KRUNGTHAI CARD PUBLIC COMPANY LIMITED	Thailand
118	LENDLEASE GLOBAL COMMERCIAL REIT	Singapore
119	LOTTE CHEMICAL TITAN HOLDING BERHAD	Malaysia
120	LPI CAPITAL BHD	Malaysia
121	LT GROUP, INC.	Philippines
122	MALAKOFF CORPORATION BERHAD	Malaysia
123	MALAYAN BANKING BERHAD	Malaysia
124	MALAYSIA AIRPORTS HOLDINGS BERHAD	Malaysia
125	MALAYSIA BUILDING SOCIETY BERHAD	Malaysia
126	MANILA ELECTRIC COMPANY	Philippines
127	MANILA WATER COMPANY, INC.	Philippines
128	MAXIS BERHAD	Malaysia
129	METRO PACIFIC INVESTMENTS CORPORATION	Philippines
130	METROPOLITAN BANK & TRUST COMPANY	Philippines
131	MINOR INTERNATIONAL PUBLIC COMPANY LIMITED	Thailand
132	MISC BERHAD	Malaysia
133	MR D.I.Y. GROUP (M) BERHAD	Malaysia
134	MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED	Thailand
135	NESTLE (MALAYSIA) BERHAD	Malaysia
136	NETLINK NBN TRUST	Singapore
137	OLAM GROUP LIMITED (FORMERLY KNOWN AS OLAM INTERNATIONAL LIMITED)	Singapore
138	OSOTSPA PUBLIC COMPANY LIMITED	Thailand
139	OUE COMMERCIAL REIT	Singapore
140	OVERSEA-CHINESE BANKING CORPORATION LIMITED	Singapore
141	PARKWAYLIFE REIT	Singapore
142	PETRONAS CHEMICALS GROUP BERHAD	Malaysia
143	PETRONAS DAGANGAN BHD	Malaysia
144	PETRONAS GAS BERHAD	Malaysia
145	PHILEX MINING CORPORATION	Philippines
146	PHILIPPINE NATIONAL BANK	Philippines
147	PLDT INC.	Philippines
148	PRECIOUS SHIPPING PUBLIC COMPANY LIMITED	Thailand
149	PRESS METAL ALUMINIUM HOLDINGS BERHAD	Malaysia
150	PRUKSA HOLDING PUBLIC COMPANY LIMITED	Thailand
151	PT BANK BTPN SYARIAH TBK	Indonesia
152	PT BANK CENTRAL ASIA TBK	Indonesia
153	PT BANK CIMB NIAGA TBK	Indonesia
154	PT BANK MANDIRI (PERSERO) TBK	Indonesia
155	PT BANK PEMBANGUNAN DAERAH JAWA TIMUR TBK	Indonesia
156	PT BANK RAKYAT INDONESIA (PERSERO) TBK	Indonesia
157	PT BANK TABUNGAN NEGARA (PERSERO) TBK	Indonesia
158	PT TIMAH TBK	Indonesia
159	PT UNILEVER INDONESIA TBK	Indonesia
160	PTG ENERGY PUBLIC COMPANY LIMITED	Thailand
161	PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED	Thailand
162	PTT GLOBAL CHEMICAL PUBLIC COMPANY LIMITED	Thailand
163	PTT OIL AND RETAIL BUSINESS PUBLIC COMPANY LIMITED	Thailand
164	PTT PUBLIC COMPANY LIMITED	Thailand
165	PUBLIC BANK BERHAD	Malaysia
166	QL RESOURCES BERHAD	Malaysia
167	RAFFLES MEDICAL GROUP LTD	Singapore
168	RATCH GROUP PUBLIC COMPANY LIMITED	Thailand
169	RHB BANK BERHAD	Malaysia
170	RIZAL COMMERCIAL BANKING CORPORATION	Philippines

171	S P SETIA BERHAD	Malaysia
172	SAHA PATHANA INTER-HOLDING PUBLIC COMPANY LIMITED	Thailand
173	SAN MIGUEL FOOD AND BEVERAGE, INC.	Philippines
174	SASSEUR REIT	Singapore
175	SATS LTD.	Singapore
176	SBS TRANSIT LTD	Singapore
177	SCB X PUBLIC COMPANY LIMITED (THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED)	Thailand
178	SCG PACKAGING PUBLIC COMPANY LIMITED	Thailand
179	SECURITY BANK CORPORATION	Philippines
180	SEMBCORP INDUSTRIES LTD	Singapore
181	SEMBCORP MARINE LTD	Singapore
182	SEMIRARA MINING AND POWER CORPORATION	Philippines
183	SIA ENGINEERING COMPANY LIMITED	Singapore
184	SIAM CITY CEMENT PUBLIC COMPANY LIMITED	Thailand
185	SIAM MAKRO PUBLIC COMPANY LIMITED	Thailand
186	SIME DARBY BERHAD	Malaysia
187	SIME DARBY PLANTATION BERHAD	Malaysia
188	SIME DARBY PROPERTY BERHAD	Malaysia
189	SINGAPORE AIRLINES LIMITED	Singapore
190	SINGAPORE EXCHANGE LIMITED	Singapore
191	SINGAPORE LAND GROUP LIMITED	Singapore
192	SINGAPORE POST LIMITED	Singapore
193	SINGAPORE PRESS HOLDINGS LIMITED	Singapore
194	SINGAPORE TECHNOLOGIES ENGINEERING LTD	Singapore
195	SINGAPORE TELECOMMUNICATIONS LIMITED	Singapore
196	SM INVESTMENTS CORPORATION	Philippines
197	SM PRIME HOLDINGS, INC.	Philippines
198	SPH REIT	Singapore
199	SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED	Thailand
200	STAR PETROLEUM REFINING PUBLIC COMPANY LIMITED	Thailand
201	STARHILL GLOBAL REIT	Singapore
202	STARHUB LTD.	Singapore
203	SUNTEC REAL ESTATE INVESTMENT TRUST	Singapore
204	SUNWAY BERHAD	Malaysia
205	TELEKOM MALAYSIA BERHAD	Malaysia
206	TENAGA NASIONAL BERHAD	Malaysia
207	THAI OIL PUBLIC COMPANY LIMITED	Thailand
208	THAI PRESIDENT FOODS PUBLIC COMPANY LIMITED	Thailand
209	THAI UNION GROUP PUBLIC COMPANY LIMITED	Thailand
210	THAI VEGETABLE OIL PUBLIC COMPANY LIMITED	Thailand
211	THAIFOODS GROUP PUBLIC COMPANY LIMITED	Thailand
212	THANACHART CAPITAL PUBLIC COMPANY LIMITED	Thailand
213	THE PHILIPPINE STOCK EXCHANGE, INC.	Philippines
214	THE SIAM CEMENT PUBLIC COMPANY LIMITED	Thailand
215	THORESEN THAI AGENCIES PUBLIC COMPANY LIMITED	Thailand
216	TISCO FINANCIAL GROUP PUBLIC COMPANY LIMITED	Thailand
217	TMBTHANACHART BANK PUBLIC COMPANY LIMITED	Thailand
218	TOA PAINT (THAILAND) PUBLIC COMPANY LIMITED	Thailand
219	TOP GLOVE CORPORATION BHD	Malaysia
220	TOTAL ACCESS COMMUNICATION PUBLIC COMPANY LIMITED	Thailand
221	TQM CORPORATION PUBLIC COMPANY LIMITED	Thailand
222	TRUE CORPORATION PUBLIC COMPANY LIMITED	Thailand
223	TTW PUBLIC COMPANY LIMITED	Thailand

224	UMW HOLDINGS BERHAD	Malaysia
225	UNITED OVERSEAS BANK LIMITED	Singapore
226	UOL GROUP LIMITED	Singapore
227	VENTURE CORPORATION LIMITED	Singapore
228	VGI PUBLIC COMPANY LIMITED	Thailand
229	VICOM LTD	Singapore
230	VIET NAM DAIRY PRODUCTS JOINT STOCK COMPANY	Viet Nam
231	WHA CORPORATION PUBLIC COMPANY LIMITED	Thailand
232	WILMAR INTERNATIONAL LIMITED	Singapore
233	YANLORD LAND GROUP LIMITED	Singapore
234	YINSON HOLDINGS BERHAD	Malaysia

Source: ACMF Working Group D Secretariat 2021.

Table 11: Top 3 Publicly Listed Companies per Country
(in alphabetical order)

Top 3 – INDONESIA
PT BANK CIMB NIAGA TBK
PT BANK RAKYAT INDONESIA (PERSERO) TBK
PT BANK TABUNGAN NEGARA (PERSERO) TBK
Top 3 - MALAYSIA
ALLIANCE BANK MALAYSIA BERHAD
BURSA MALAYSIA BERHAD
CIMB GROUP HOLDINGS BERHAD
Top 3 - PHILIPPINES
AYALA LAND, INC.
CHINA BANKING CORPORATION
GLOBE TELECOM, INC.
Top 3 – SINGAPORE
COMFORTDELGRO CORPORATION LIMITED
NETLINK NBN TRUST
UNITED OVERSEAS BANK LIMITED
Top 3 – THAILAND
PTT GLOBAL CHEMICAL PUBLIC COMPANY LIMITED
PTT PUBLIC COMPANY LIMITED
THAI OIL PUBLIC COMPANY LIMITED
Top 3 – VIET NAM
DHG PHARMACEUTICAL JOINT STOCK COMPANY
FPT CORPORATION
VIET NAM DAIRY PRODUCTS JOINT STOCK COMPANY

Source: ACMF Working Group D Secretariat 2021.

COUNTRY REPORTS AND ASSESSMENTS

INDONESIA

Background of Corporate Governance Framework

To comprehend how corporate governance is implemented in Indonesia, it is imperative to first understand the legal framework for limited liability companies (PT or *Perseroan Terbatas*).

In accordance with Law No. 40 of 2007 about limited liability companies, organs of a company consist of the general meeting of shareholders, board of commissioners, and board of directors.

Functions exercised by each of these organs will comply with prevailing rules and regulations based on the principle that each organ is independent in carrying out its duties, functions, and responsibilities solely for the benefit of the company.

The general meeting helps shareholders make important decisions and has all the authorities not delegated to the board of commissioners and directors. The general meeting of shareholders has the highest authority, and thus, the authority to appoint and dismiss members of the board of commissioners and board of directors.

The board of commissioners is collectively responsible for overseeing and providing advice to the board of directors and ensuring the implementation of good corporate governance principles. The board of directors is fully responsible for company management, interests and objectives, and for representing it inside and outside the court in accordance with the company's articles of association.

Based on the applicable legal framework, the two-board system in Indonesia is different from a one-board system of other countries, meaning differences in implementation. This would include things such as the independent director function in a single-board system, which is represented by the independent commissioner function in Indonesia. It would also include the reporting structure of functions such as the audit committee, internal audit, etc., without sacrificing the essence of good governance principles.

Evolution

Indonesia has taken steps to improve corporate governance. The desire to establish a strong corporate governance environment in the country has included several reforms. For example, the Indonesia Financial Services Authority (*Otoritas Jasa Keuangan*/OJK) in 2014 launched the Indonesian Corporate Governance Roadmap with the support of the World Bank's International Finance Corporation. The roadmap broadly sought to achieve the following:

- A stronger supervisory role of company boards
- Higher quality of disclosure by companies (increased company transparency)
- Greater protections for shareholders and stakeholders

Regulations were also enacted as part of the reform and demonstrate the commitment to improving corporate governance. During 2017–2021, OJK issued the following regulations:

- OJK Regulation No. 51/POJK.03/2017 concerning Implementation of Sustainable Finance for Financial Services Institutions, Issuer Companies and Public Companies
- OJK Regulation No. 3/POJK.05/2017 concerning Good Corporate Governance of Guarantee Institutions

- OJK Regulation No. 59/POJK.03/2017 concerning Implementation of Good Corporate Governance in the Provision of Remuneration for Sharia Commercial Banks and Sharia Business Units
- OJK Regulation No. 57/POJK.04/2017 concerning Implementation of Corporate Governance of Securities Companies Conducting Business as Underwriters and Broker-Dealers
- OJK Circular No. 4/SEOJK.05/2018 concerning Implementation Report of Good Corporate Governance for Venture Capital Companies
- OJK Regulation No. 10/POJK.04/2018 Concerning Implementation of Good Corporate Governance for Investment Manager
- OJK Regulation No. 24/POJK.03/2018 concerning Implementation of Good Corporate Governance for Sharia Rural Banks
- OJK Regulation No. 15/POJK.05/2019 concerning Good Corporate Governance of Pension Funds
- OJK Regulation No. 43/POJK.05/2019 concerning Amendments to OJK Regulation No. 73/POJK.05/2016 Concerning Good Corporate Governance for Insurance Companies
- OJK Regulation No. 15/POJK.04/2020 concerning Plan and Procedures for General Meeting of Shareholders of Public Companies
- OJK Regulation No. 16/POJK.04/2020 concerning Procedures for Electronic General Meeting of Shareholders of Public Company
- OJK Regulation No. 17/POJK.04/2020 concerning Material Transactions and Changes in Business Activities
- OJK Regulation No. 42/POJK.04/2020 concerning Affiliated Transactions and Conflict of Interest Transactions
- OJK Circular Letter No. 16/SEOJK.04/2021 concerning Form and Content of Annual Report Issuer or Public Company

During 2020 and 2021, OJK, the Indonesia Stock Exchange, with RSM Indonesia as a domestic ranking body, held events, published press releases, uploaded videos in its opening bell ceremony session, and promoted corporate governance practice and disclosure in accordance with the ASEAN Corporate Scorecard to publicly listed companies (PLCs) in Indonesia.

Overall Analysis of Corporate Governance Disclosures

Key Highlights

One hundred PLCs were assessed in Indonesia, with the selection based on the largest market capitalization as of a certain date. The top 100 represented 13.66% of the total number of PLCs and accounted for 81.86% of market capitalization as of 31 May 2021.

On average, Indonesia's corporate governance disclosures have improved, as evidenced by its higher score, which grew 9.36% from 70.80 in 2019 to 77.43 in 2021. Figure 5 shows the highest score increased by 4.06% from 113.84 to 118.46, achieved by a PLC categorized in the financial sector. The lowest score also increased by 23.63% from 37.58 to 46.46, logged by companies in the materials sector.

Figure 5: Indonesia Corporate Governance Disclosure Scores, 2012–2021



Source: RSM Indonesia

The financial sector, with 26 PLCs, leads with the highest absolute score, again, at 118.46, and highest average score at 89.67. The materials sector has the lowest score, again, at 46.46, followed by property at 46.80. The lowest average score was in the consumer services sector, at 65.65, with two PLCs.

Table 12: Indonesia Average Score per Sector

	Average Score	
Sector	2021 (Year End 2020)	2019 (Year End 2018)
Consumer Goods	70.46	60.36
Consumer Services	65.65	72.48
Energy	78.54	70.06
Financials	89.67	85.37
Healthcare	76.35	69.46
Industries	70.95	64.47
Materials	78.41	74.48
Property	71.55	64.42
Technology	72.30	68.43
Telecommunications	70.82	71.51
Utilities	85.99	86.13
	77.43	**70.80**

Source: RSM Indonesia.

Average Score

By analyzing the average score for 100 PLCs categorized in 11 sectors, eight sectors showed an increase in disclosures compared to the previous assessment. Four sectors increased more than 10%:

- Consumer goods increased by 10.10 (16.73%)
- Energy increased by 8.48 (12.10%)
- Property increased by 7.13 (11.07%)
- Industries increased by 6.48 (10.05%)

The consumer services sector decreased by 6.83 (or a 9.43% decline).

Disclosure level, as measured by the ACGS scoring, is very much influenced by additions and subtractions from the list of PLCs for assessment each year, apart from fundamental factors such as the tone from the top and motivation to implement the ACGS.

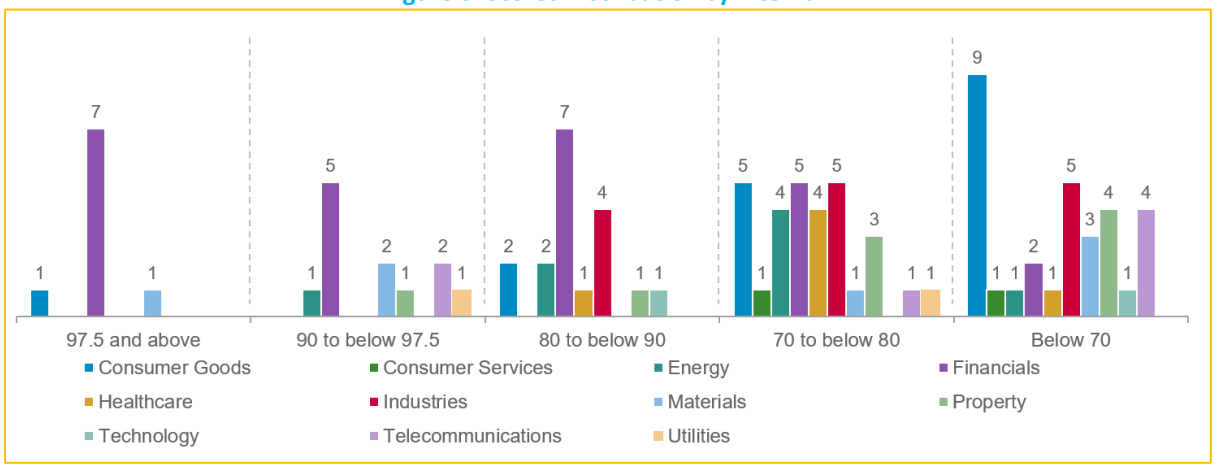
In 2021, the highest score increased by 4.06%, and one company was in the Top 20 ASEAN PLCs

The number of Indonesia's PLCs that attained a minimum score of 97.5 (ASEAN Asset Class) decreased by 10% from 10 in 2019 to 9 in 2021. By contrast, there is significant increase in the number of companies in other countries that achieved ASEAN Asset Class. The increase is equivalent to 125% from 108 companies in 2019 to 243 companies in 2021 for all countries.

Distribution of Scores

The distribution of scores improved over the 2019 assessment, as evidenced by the increase in average country score from 70.80 in 2019 to 77.43 in 2021 as shown in Table 12. Thus, distribution of scores has been affected, predominantly due to the number of PLCs that attained a score ranging from 90 up to below 97.5 (Figure 6), which increased by 100%. In 2019, there were only six such companies, and the number increased to 12 in 2021. The number of PLCs that previously scored below 70 also decreased by 45.61%. There were 57 PLCs in 2019, which decreased to 31 in 2021.

Figure 6: Scores Distribution by Interval

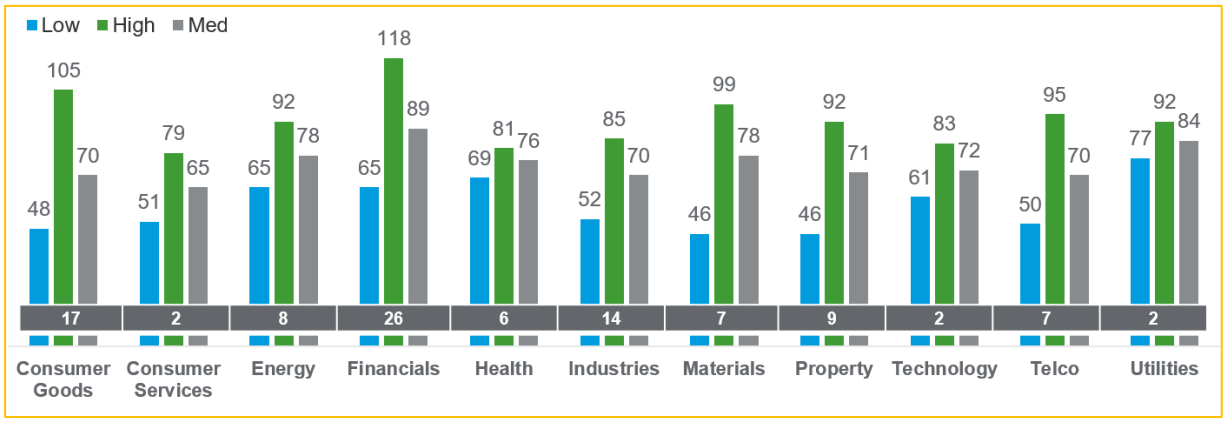


Source: RSM Indonesia

By Industry Sector

Figure 7 shows the financial sector leads both in absolute highest score and average score. This might be significantly influenced by the stricter regulation environment for the financial sector, predominantly banking. Again, materials and property sectors scored lowest in both absolute and average terms.

Figure 7: Scores Distribution by Sector



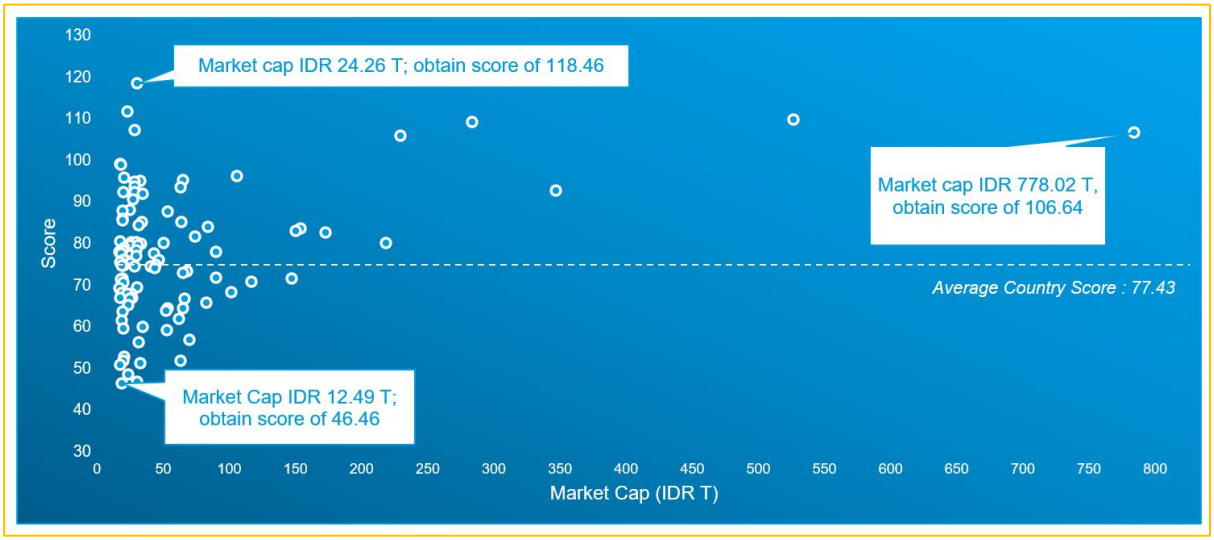
Source: RSM Indonesia

By Market Capitalization

By market capitalization, the result of assessment shows no correlation between the score and size of the PLC. Larger market cap does not reflect larger score attainment in the disclosure assessment.

From nine PLCs that scored 97.5 and above, five had a market cap below Indonesian rupiah 50 trillion. The similar condition also applies to 12 PLCs that scored 90 to below 97.5, where eight of the 12 PLCs had a market cap below rupiah 50 trillion.

Figure 8: Scoring Distribution by Market Capitalization

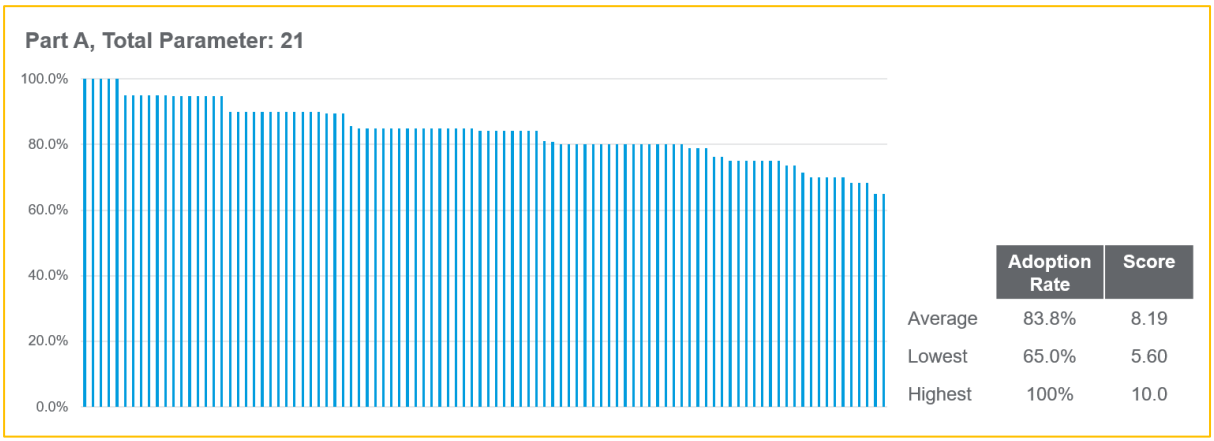


IDR T = Indonesian Rupiah in trillion
Source: RSM Indonesia

Part A: Rights of Shareholders

Figure 9 shows that Part A is where all Indonesia PLCs score best, with the adoption rate for all such companies above 65.0%, and average adoption rate of 83.8%. The maximum attainable score for this part is 10 and five PLCs fully met all parameters.

Figure 9: Part A. Rights of Shareholders, Adoption Rate, and Score



Source: RSM Indonesia

Strengths

Key strong points in Part A include:

- Vote by poll, not show of hand, for all resolutions
- Practices to encourage shareholders to engage with the company beyond the annual general meeting (AGM)
- Minutes of the most recent AGM record that shareholders were given the opportunity to ask questions and those questions and answers were recorded

Areas for Improvement

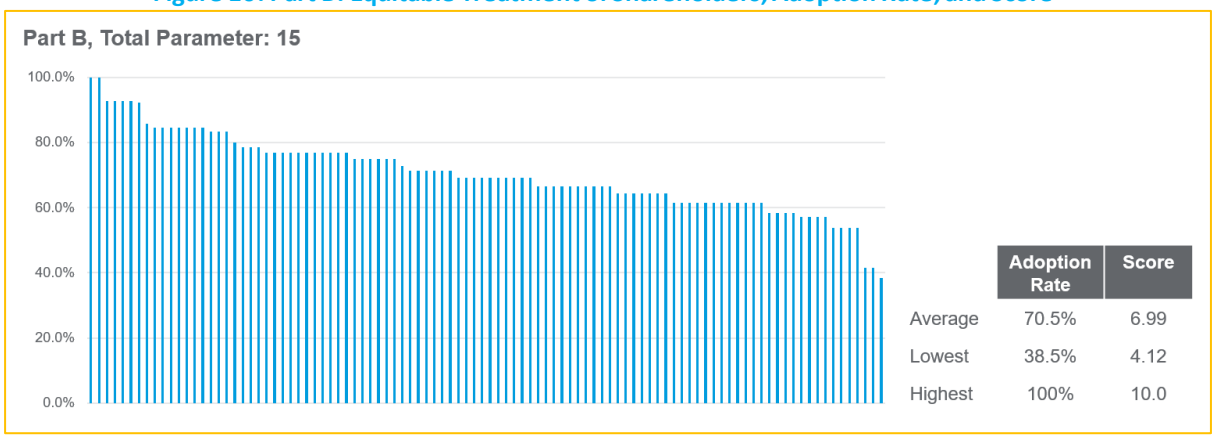
Key areas for improvement in Part A relate to the shareholders' right to participate effectively in and vote in general shareholder meetings and information about the rules, including voting procedures, that govern general shareholder meetings, which include:

- All board members and the CEO to attend the AGM
- Appointment of an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM
- By the next working day, make public the result of the votes taken during annual/extraordinary general meetings for all resolutions

Part B: Equitable Treatment of Shareholders

Figure 10 shows that Part B average adoption rate is 70.50%. The maximum attainable score is 10, and only two PLCs were able to adopt all parameters suggested in this part of the scorecard.

Figure 10: Part B. Equitable Treatment of Shareholders, Adoption Rate, and Score



	Adoption Rate	Score
Average	70.5%	6.99
Lowest	38.5%	4.12
Highest	100%	10.0

Source: RSM Indonesia

Strengths

Key strong points in Part B include:

- Each resolution in the AGM deal with only one item, i.e., there is no bundling of several items into the same resolution
- Notice of the most recent AGM/circulars fully translated into English and published on the same date as the local-language version
- Proxy documents for AGM purposes made easily available

Areas for Improvement

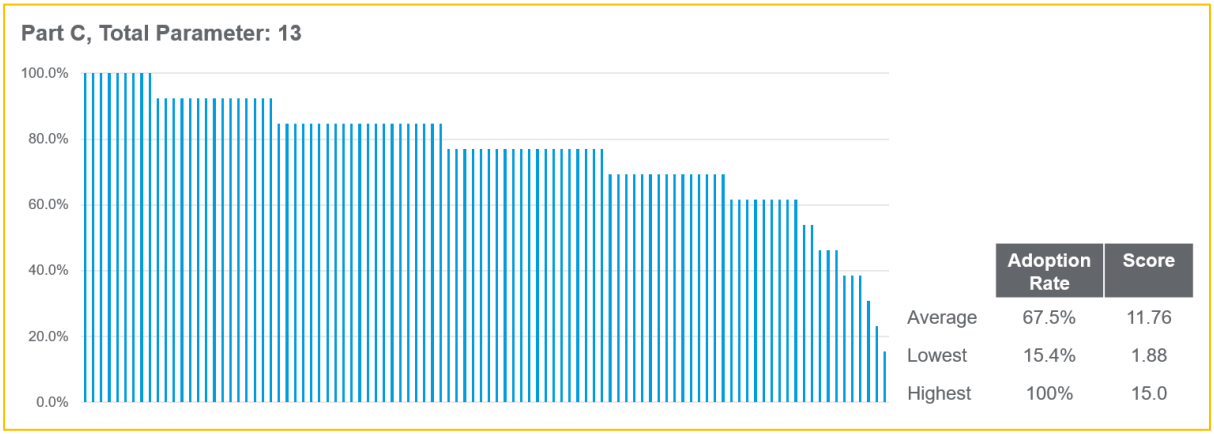
Key areas for improvement in Part B are as follows:

- Auditors seeking appointment/re-appointment are clearly identified in notice of AGM/circulars
- A policy that requires directors/commissioners to report their dealings in company shares within three business days to manage risk of insider trading and abusive self-dealing
- Policies on loans to directors and commissioners, either forbidding this practice or ensuring that they are conducted at arm's length and at market rates, to manage the related party transactions by directors and key executives

Part C: Role of Stakeholders

Figure 11 shows that average adoption in Part C is 67.50%. The maximum attainable score in this part is 15, and nine PLCs were able to fully adopt all parameters.

Figure 11: Part C. Role of Stakeholders, Adoption Rate, and Score



Source: RSM Indonesia

Strengths

Key strong points in Part C include:

- Policies and practices in efforts to ensure the company value chain is environmentally friendly or is consistent with promoting sustainable development
- Policies and practices on efforts to interact with communities
- Availability of separate report/section that discusses the PLC's efforts on environment/economy and social issues
- Contact details which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights
- Policies and practices on health, safety, and welfare for its employees

Areas for Improvement

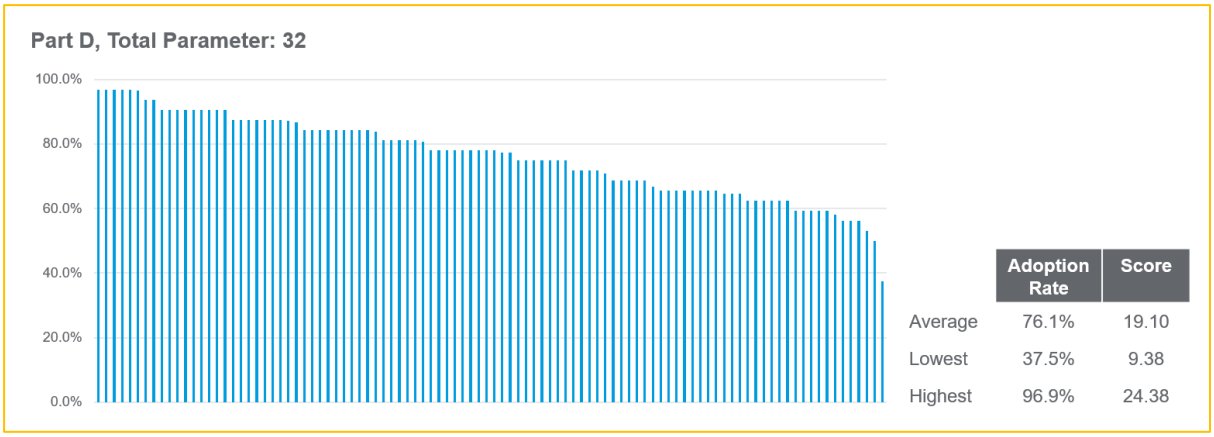
The key areas for improvement in Part C are as follows:

- Rights of stakeholders established by law or through mutual agreements are to be respected. Among the improvements needed, the greatest attention is to be given to the disclosure of a policy and practices that address supplier/contractor selection procedures; and the disclosure of a policy and practices that address how creditors' rights are safeguarded.
- Mechanisms for employee participation should be permitted to develop. Thus, the PLC should have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.

Part D: Disclosure and Transparency

Figure 12 shows that average adoption in Part D is 76.1%. Maximum attainable score is 25 and no PLC managed to obtain it.

Figure 12: Part D. Disclosure and Transparency, Adoption Rate, and Score



	Adoption Rate	Score
Average	76.1%	19.10
Lowest	37.5%	9.38
Highest	96.9%	24.38

Source: RSM Indonesia

Strengths

Key strong points in Part D include:

- Information on shareholdings reveals the identity of beneficial owners holding 5% shareholding or more
- Disclosure of details of the parent/holding company, subsidiaries, associates, joint ventures, and special purpose enterprises/vehicles
- Annual report discloses financial performance indicators.
- The use of quarterly reporting and websites as modes of communication
- Opinion about true and fairness/fair representation of the annual financial statement/reports affirmed by the board of directors/commissioners
- PLC has a website disclosing up-to-date financial statements/reports, a downloadable annual report

Areas for Improvement

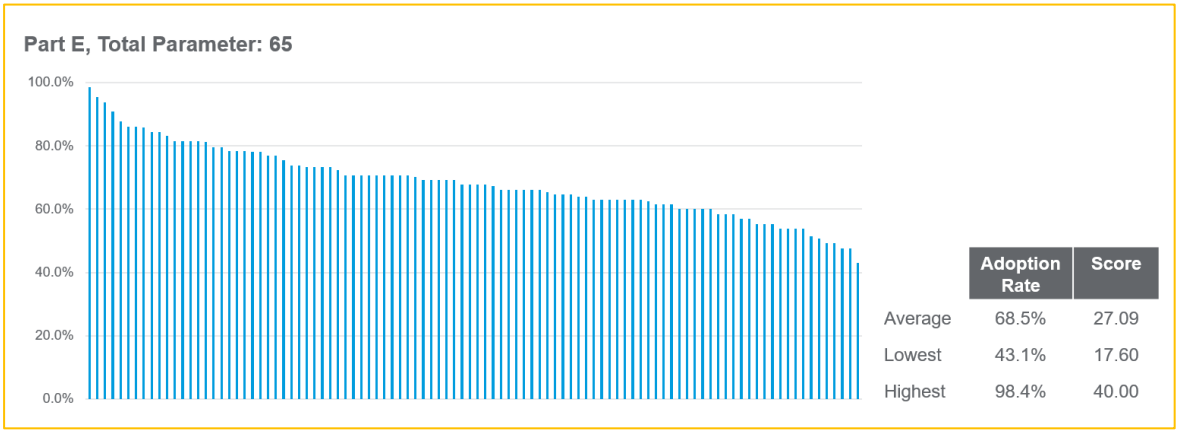
Key areas for improvement in Part D are as follows:

- Disclosure of total remuneration of each member of the board of directors/commissioners in the annual report
- Disclosure of policy covering the review and approval of material related-party transactions
- Disclosure of whether non-audit fee exceeds the audit fees which the same audit firm is engaged for both services
- The website shows analyst's briefing being conducted during the year as a mode of communication

Part E: Responsibilities of the Board

Figure 13 shows that average adoption rate is around 68.5%. Maximum attainable score is 40, and only one PLC managed to obtain it.

Figure 13: Part E. Responsibilities of the Board, Adoption Rate, and Score



	Adoption Rate	Score
Average	68.5%	27.09
Lowest	43.1%	17.60
Highest	98.4%	40.00

Source: RSM Indonesia

Strengths

Key strong points in Part E include:

- Roles and responsibilities of the boards and directors/commissioners are clearly stated
- Disclosure of details of the code of ethics or conduct
- There are separate internal audit functions and the head is clearly identified
- Establishment of a sound internal control procedures/risk management framework with periodic review the effectiveness of that framework
- Disclosure of key risks that the PLC is materially exposed to
- Different people appointed in the roles of chair and CEO
- At least one nonexecutive director/commissioner has prior working experience in the major sector the company is operating in.

Areas for Improvement

The key areas for improvement in Part E are as follows:

- A minimum quorum of at least two-thirds for board decisions
- Board papers for board of directors/commissioners' meetings provided to the board at least five business days in advance of the board meeting
- Conduct of an annual performance assessment of the individual directors/commissioners and disclosure of the criteria and process followed for the assessment
- Board of directors/commissioners conducts an annual performance assessment of the CEO/managing director/president

Bonus and Penalty

Level 2 is the bonus and penalty section. Scores from this section are added to the scores in Level 1 to obtain the total score. A positive net score will increase the total score and a negative net score reduce it. Bonus points are intended to motivate companies to adopt corporate governance practices beyond the minimum expected practice for ASEAN PLCs (Level 1). Penalty points are intended to eliminate violations of laws and regulations, inconsistency of stated policies, and other poor corporate governance practices.

Bonus

Strengths

Key strong points in this section are as follows:

- Practice of secure electronic voting in absentia at the general meetings of shareholders
- Adoption of an internationally recognized reporting framework for sustainability

- Policy and disclosure of measurable objectives for implementing PLC board diversity and report on progress in achieving its objectives

Areas for Improvement

The key areas for improvement in this section are as follows:
- Release notice of AGM at least 28 days before the date of the meeting
- Disclose details of CEO's remuneration
- Nominating committee to be comprised entirely of independent commissioners
- Nominating committee undertakes identification of the quality of directors aligned with the company's strategic directions.
- Use of professional search firms or other external sources to search for candidates to the board of directors/commissioners
- Independent commissioners make up more than 50% of the board of commissioners for a company with an independent chair

Penalty

Strengths

Key strong points in this section are as follows:
- PLCs did not fail or neglect to offer equal treatment for share repurchases to all shareholders
- No evidence of barriers that prevent shareholders from communicating or consulting with other shareholders
- No conviction of insider trading involving directors/commissioners, management, and employees in the previous three years to manage the risk of insider trading and abusive self-dealing

Areas for Improvement

Key areas for improvement in this section are as follows:
- PLC had independent directors/commissioners who had served for more than nine years or two terms of five years each (whichever is higher) in the same capacity
- Independent nonexecutive directors/commissioners receive options, performance shares or bonuses
- Chairman of the board, audit committee chairman, and CEO attended the most recent AGM

Conclusions and Recommendations

Indonesia’s average country score increased by 9.36% from 70.80 in 2019 to 77.43 in 2021. The highest score increased 4.06%, from 113.84 to 118.46, pushing one Indonesian company into the Top 20 ASEAN PLCs. The lowest score also increased, by 23.63%, from 37.58 to 46.46.

However, Indonesia’s companies that have attained a score of 97.5 or above (ASEAN Asset Class) decreased 10%, from 10 PLCs in 2019 to nine in 2021.

The top three improvements in the 2021 assessment were:

- Proxy documents for AGM purposes were made easily available.
- Disclosure of direct and indirect (deemed) shareholdings of senior management.
- Disclosure of practice secure electronic voting in absentia at the general meetings of shareholders.

The result of the assessment shows that the “tone of the top” rather than the size of the company influences the level of good governance practice and disclosure more. In addition, the availability of stricter regulations plays a significant role in the adoption of good governance practices, as higher scores among PLCs in the financial sector show, predominantly in banking. Applying the same level of expectation to all sectors, not only to the financial sector, could thus help improve corporate governance practice and disclosure in Indonesia. In 2021, OJK issued OJK Circular Letter No. 16/SEOJK.04/2021 concerning Form and Content of Annual Report Issuer or

Public Company to improve the provisions for disclosure of information in the Annual Report of Issuers or Public Companies, according to the ACGS criteria.

Table 13: Indonesian Top 50 Publicly Listed Companies
(in alphabetical order)

No	Company Name
1	PT AKR CORPORINDO TBK
2	PT ANEKA TAMBANG TBK
3	PT ASTRA INTERNATIONAL TBK
4	PT BANK BTPN SYARIAH TBK
5	PT BANK BTPN TBK
6	PT BANK CENTRAL ASIA TBK
7	PT BANK CIMB NIAGA TBK
8	PT BANK DANAMON INDONESIA TBK
9	PT BANK JAGO TBK
10	PT BANK KB BUKOPIN TBK
11	PT BANK MANDIRI (PERSERO) TBK
12	PT BANK MAYBANK INDONESIA TBK
13	PT BANK NEGARA INDONESIA (PERSERO) TBK
14	PT BANK OCBC NISP TBK
15	PT BANK PAN INDONESIA TBK
16	PT BANK PEMBANGUNAN DAERAH JAWA BARAT DAN BANTEN TBK
17	PT BANK PEMBANGUNAN DAERAH JAWA TIMUR TBK
18	PT BANK PERMATA TBK
19	PT BANK RAKYAT INDONESIA (PERSERO) TBK
20	PT BANK RAKYAT INDONESIA AGRONIAGA TBK
21	PT BANK SYARIAH INDONESIA TBK
22	PT BANK TABUNGAN NEGARA (PERSERO) TBK
23	PT BFI FINANCE INDONESIA TBK
24	PT BUKIT ASAM TBK
25	PT BUMI SERPONG DAMAI TBK
26	PT CIKARANG LISTRINDO TBK
27	PT ELANG MAHKOTA TEKNOLOGI TBK
28	PT GOLDEN ENERGY MINES TBK
29	PT H.M. SAMPOERNA TBK
30	PT INDO TAMBANGRAYA MEGAH TBK
31	PT INDOCEMENT TUNGGAL PRAKARSA TBK
32	PT INDUSTRI JAMU DAN FARMASI SIDO MUNCUL TBK
33	PT JAPFA COMFEED INDONESIA TBK
34	PT JASA MARGA (PERSERO) TBK
35	PT KALBE FARMA TBK
36	PT KIMIA FARMA TBK
37	PT KRAKATAU STEEL (PERSERO) TBK
38	PT MITRA KELUARGA KARYASEHAT TBK
39	PT MULTI BINTANG INDONESIA TBK
40	PT PERUSAHAAN GAS NEGARA TBK
41	PT SEMEN INDONESIA (PERSERO) TBK
42	PT SURYA CITRA MEDIA TBK

43	PT TELKOM INDONESIA (PERSERO) TBK	
44	PT TIMAH TBK	★
45	PT UNILEVER INDONESIA TBK	★
46	PT UNITED TRACTORS TBK	
47	PT VALE INDONESIA TBK	
48	PT WASKITA KARYA (PERSERO) TBK	
49	PT WIJAYA KARYA (PERSERO) TBK	
50	PT XL AXIATA TBK	

★ ASEAN Top 20
★ ASEAN Asset Class
★ Country Top 3

Source: RSM Indonesia

MALAYSIA

Corporate Governance Landscape and Developments

Malaysian capital market regulators undertook various measures to strengthen the corporate governance and sustainability framework, and advance good governance, and sustainability culture and practices among listed companies, taking into consideration the changes in business structures and the importance of sustainability considerations.

In April 2021, the Securities Commission Malaysia issued the revised Malaysian Code on Corporate Governance, which introduced new best practices and further guidance to strengthen the corporate governance culture of listed companies. Bursa Malaysia (the frontline regulator) followed with the release of the fourth edition of the Corporate Governance Guide to provide listed companies with comprehensive and practical guidance on recommended practices under the revised code.

In November 2021, the Securities Commission Malaysia launched its new priorities via the Corporate Governance Strategic Priorities 2021–2023 to promote, among others, environmental, social, and governance (ESG) fitness and leadership of boards. Eleven targeted initiatives were outlined such as the introduction of onboarding programs on sustainability for directors, enhancing the availability of corporate governance data through digital tools and, through collaboration with universities to deepen the conversation with youth about corporate governance and sustainability. The Securities Commission Malaysia also continued to promote adoption of good corporate governance through its Corporate Governance Monitor 2021 report, which presented progress in the adoption of the Malaysian Code on Corporate Governance and the quality of corporate governance disclosures.

Bursa Malaysia announced enhanced requirements in the Main Market and ACE Market Listing Requirements in January 2022 to further strengthen board independence, quality, and diversity. This included, among others, setting a limit on the tenure of an independent director to not more than a cumulative tenure of 12 years in a publicly listed company (PLC) and its group of corporations. Another key enhancement was for listed companies with market capitalization of two billion Malaysian ringgit as of 31 December 2021, to appoint at least one woman director on their boards by 1 September 2022. For the remaining PLCs, the requirement had to be complied with by 1 June 2023.

The listing requirements for the sustainability reporting framework for the Main Market and ACE Market were also enhanced, to be implemented in a phased manner culminating with the Task Force on Climate-related Financial Disclosures aligned disclosures by Main Market PLCs by the stipulated timeline. The enhanced framework will put the listed companies in a good position to adopt international reporting frameworks and standards moving forward.

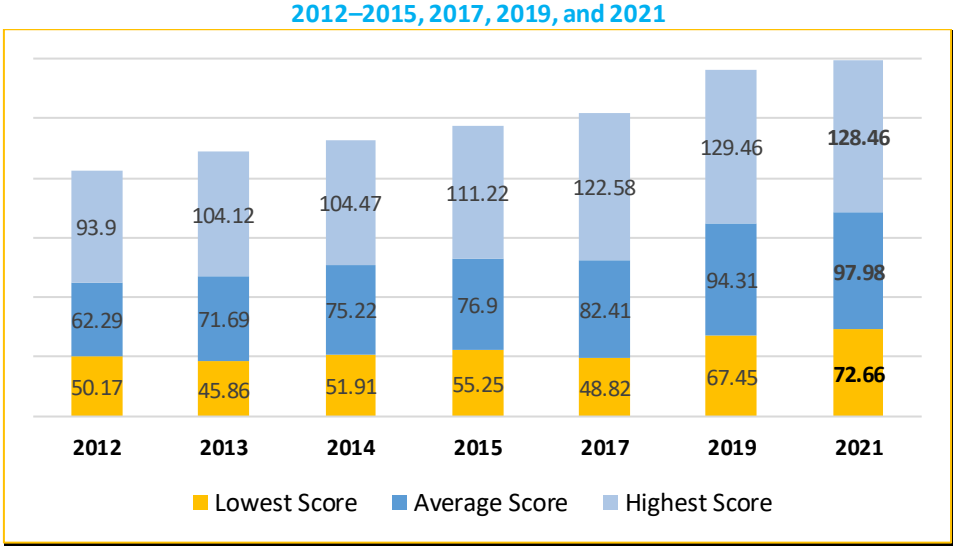
The Minority Shareholders Watch Group (MSWG), as the domestic ranking body for the ASEAN Corporate Governance Scorecard (ACGS) assessment, continues to facilitate PLCs to improve their corporate governance and sustainability standards through the ACGS assessment. The group also monitors close to 400 PLCs under its corporate monitoring platform and was able to utilize the annual general meeting (AGM) platform and engagements beyond the AGM to convey issues important to minority shareholders, including expectations of corporate governance and sustainability best practices. The group also extends the ACGS assessment to all Malaysian PLCs: in 2021, 864 companies were assessed.

OVERALL ANALYSIS

Overall Performance

The 2021 assessment was undertaken on the top 100 Malaysian PLCs based on market capitalization as of 31 May 2021. Figure 14 shows the overall performance of the top 100 from 2012 to 2021. Average corporate governance score steadily improved from 2012, from 62.29 points then to 97.98 points in 2021. In 2021, the average corporate governance score for the top 100 Malaysian PLCs increased by 3.67 points since the last regional assessment in 2019, with a maximum score of 128.46 points and a minimum score of 72.66 points compared to 129.46 points and 67.45 points, respectively, in 2019.

Figure 14 - Malaysia Overall Corporate Governance Score of Top 100 Publicly Listed Companies, 2012–2015, 2017, 2019, and 2021



Source: Minority Shareholders Watch Group, Malaysia.

Performance by Score Range

Table 14 shows average corporate governance score distribution of the top 100 PLCs from 2012 to 2021. Companies that scored 90 points and above increased steadily from only one in 2012 to 33 in 2017 and jumped to 70 in 2021. More Malaysian companies also demonstrated very high standards of corporate governance practices, with the number of top performers scoring 100 points and above increasing to 48 in 2021 from 34 in 2019. Encouragingly, no companies scored below 70 points in 2021, while in 2019 the lowest company score was in the 60–69.9 points band.

Table 14: Malaysia – Performance by Score Range

Score Range	Number of Companies						
	2012	**2013**	**2014**	**2015**	**2017**	**2019**	**2021**
≥100	-	-	-	-	-	34	48
90–99.9	1	11	17	19	33	27	22
80–89.9	5	15	14	19	17	22	18
70–79.9	13	26	31	23	23	16	12
60–69.9	30	2	30	32	18	1	-
50–59.9	43	23	8	7	9	-	-
<50	8	1	-	-	-	-	-
Total Companies	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Minority Shareholders Watch Group, Malaysia.

Performance by Industry Sector

In 2021, 10 of 12 industry sectors improved average corporate governance score as shown in Table 15. The top three were financial services, telecommunications and media, and energy sectors, with average corporate governance scores above 100 points. The technology sector had the lowest average corporate governance score for 2021, but its average score improved considerably over 2019.

Table 15: Malaysia—Performance by Industry Sector

Industry Sector	Average Corporate Governance Score	
	2021	2019
Construction	99.89	101.81
Consumer Products and Services	97.68	88.46
Energy	101.36	89.87
Financial Services	109.42	103.78
Healthcare	97.62	93.76
Industrial Products and Services	93.22	92.77
Plantation	95.93	93.26
Property	94.66	96.31
Technology	88.33	82.08
Telecommunications and Media	105.40	104.00
Transportation and Logistics	98.48	90.62
Utilities	93.51	91.21

Source: Minority Shareholders Watch Group, Malaysia.

Performance by Components

Further analysis of Level 1 scores showed improvement in Part B and Part C in 2021, while remaining parts attained scores similar to the scores in 2019. Table 16 shows distribution of average corporate governance scores (Level 1) for the top 100 PLCs since 2012.

Table 16: Malaysia—Distribution of Average Scores for Top 100 Publicly Listed Companies, 2012–2015, 2017, 2019, and 2021

Score (Points)	Year	Part A	Part B	Part C	Part D	Part E
Average Score	**2021**	**8.67**	**9.33**	**13.58**	**19.66**	**32.12**
	2019	8.75	8.94	12.83	19.67	32.14
	2017	8.47	8.92	11.57	18.80	29.83
	2015	6.19	13.03	6.68	18.86	28.86
	2014	5.95	13.60	6.40	18.60	27.96
	2013	5.18	12.81	5.88	17.23	25.19
	2012	5.11	13.38	5.86	16.55	21.54
Highest Score	**2021**	**10.00**	**10.00**	**15.00**	**25.00**	**39.46**
	2019	10.00	10.00	15.00	25.00	39.46
	2017	10.00	10.00	15.00	23.75	39.46
	2015	9.60	15.00	10.00	23.78	37.84
	2014	9.20	15.00	10.00	23.78	37.87
	2013	8.80	15.00	10.00	23.13	35.79
	2012	7.31	15.00	10.00	22.02	33.92
Maximum Possible Score	2017–2021	10.00	10.00	15.00	25.00	40.00
	2012–2015	10.00	15.00	10.00	25.00	40.00

Source: Minority Shareholders Watch Group, Malaysia.

Part A: Rights of Shareholders

In 2021, the top 100 PLCs attained an average corporate governance score of 8.67 points out of a maximum 10.00. There were 12 default items for the companies in this category.

All Malaysian PLCs practiced poll voting for all resolutions, with independent scrutineers appointed to validate the votes. Voting results were made publicly available on the Bursa Malaysia website by the following working day, with the results clearly tabulated for all resolutions tabled at the AGM. All companies also provided shareholders the opportunity to approve non-executive directors' remuneration at the AGM.

More PLCs disclosed the voting procedure used before the start of the AGM than in 2019. The number of companies disclosing AGM minutes also increased, with the majority recording the questions raised by shareholders and the responses in the minutes, as well as the list of board of directors' and CEO attendance at the AGM. These practices bode well for shareholder rights, and it is hoped that these areas will continue to be strengthened.

Timely payment of dividends within 30 days of the date of declaration or approval remains a key area for improvement for Malaysian PLCs. Better disclosure of the practices implemented to engage shareholders, including institutional shareholders beyond just the AGM platform, is also required. In addition, Malaysian companies are encouraged to provide a notice period of at least 21 days for extraordinary general meetings as good practice.

Strengths

- All resolutions voted via poll voting, with independent scrutineers appointed to validate the votes
- Voting results clearly tabulated for all resolutions tabled at the AGM
- Shareholders had the opportunity to approve non-executive directors' remuneration at the AGM
- More PLCs disclosed voting procedures before the start of the AGM
- The majority of PLCs recorded shareholder questions and the responses in the AGM minutes, as well as the list of board of directors and CEO attendance at the AGM

Areas for Improvement

- Dividends to be paid in a timely manner
- Notice period of 21 days for extraordinary general meeting
- Practices implemented to engage shareholders, including institutional shareholders beyond the AGM platform

Part B: Equitable Treatment of Shareholders

This section comprises 15 items, seven of which were default response items for Malaysian PLCs. The average score increased by 4.4% to 9.33 points from 8.94 points in 2019.

The Malaysian regulatory framework supports equitable treatment of shareholders, as evidenced by the one-share-one-vote principle. The majority of PLCs had one class of shares, namely ordinary shares. For the remaining companies with more than one class of shares, the voting rights of such shares were clearly disclosed in the annual report.

In the notice of AGM, all PLCs did not have bundling of items in resolutions for AGMs. Full profiles of directors seeking election and/or re-election were clearly disclosed by all companies. All PLCs also clearly identified in the AGM notice the auditors seeking re-appointment.

Rules prohibiting insider trading and disclosure of directors' conflicts of interest in related-party transactions were default response items, as there were laws, rules, or regulations in Malaysia dealing with such items. While disclosures about whether related-party transactions were conducted in a fair manner and at arm's length improved over 2019, the number of companies which made such disclosures was still very low. Many PLCs did

not provide clear disclosures, or disclosed terms such as related-party transactions being conducted on negotiated basis or mutually agreed terms. Such disclosure lacks transparency and clarity, and would not be deemed fair and at arm's length.

Strengths

- All PLCs disclosed the voting rights attached to shares
- All PLCs did not have bundling of items in resolutions for AGMs
- Notice of AGMs and proxy documents easily available
- All PLCs clearly disclosed profiles of directors seeking election and/or re-election
- All PLCs clearly identified in the AGM resolution the auditors seeking re-appointment
- Adequate rules and policies dealing with insider trading, abusive self-dealing, and related-party transactions by directors
- Decision on related-party transactions which required shareholders' approval were made by disinterested shareholders

Areas for Improvement

- Clear statement that the related-party transactions were conducted in such a way to ensure that they are fair and at arm's length

Part C: Role of Stakeholders

This section comprises 13 items, with no default items for Malaysian PLCs. The average score showed a commendable 5.8% increase to 13.58 points from 12.83 points in 2019.

The 2021 assessment revealed that all PLCs either had a separate section in the annual report which disclosed their efforts on environment, economic, and social issues or a standalone sustainability report.

Malaysian PLCs clearly disclosed their efforts to ensure an environmentally friendly value chain and the extent of the company's efforts to interact with communities. A significant improvement in 2021 was that all such companies disclosed their anti-corruption program and procedures. Policies and practices on safeguarding creditors' rights, employees' health, safety and welfare, as well as staff training and development program were also well disclosed. Companies also provided more information on whistleblowing policy and the protection from retaliation for people who reveal unethical behavior.

Companies could further improve disclosures of policies and practices to address customers' welfare and supplier/contractor selection procedures. Mechanisms for employee participation such as reward or compensation policies for employees linked to long-term corporate performance should be developed and disclosed. In addition, companies should make clear to stakeholders the contact details of channels for voicing concerns, whether on the website or in the annual report.

Strengths

- All PLCs disclosed sustainability statements in the annual report/standalone sustainability report
- Clear disclosures of policies and practices relating to:
  - environment-friendly value chain
  - interaction with communities
  - safeguarding creditors' rights
  - health, safety, and welfare policy for employees
  - staff training and development programs
- Whistle-blowing policy well established, including procedures for complaints and protection of whistleblowers from retaliation when they reveal illegal or unethical behavior

Areas for Improvement

- Policies and practices relating to customers' welfare
- Policies and practices relating to supplier and/or contractor selection
- Reward or compensation policies for employees linked to long-term corporate performance
- Contact details on the communication channels through which stakeholders can voice their concerns

Part D: Disclosure and Transparency

This section comprises 32 items, with no default items for Malaysian PLCs. The average corporate governance score for such companies in 2021 was similar to the average corporate governance score attained in 2019 for this section.

All assessed companies were transparent about ownership structure. All PLCs disclosed a statement confirming full compliance with the Malaysian Code on Corporate Governance, and in instances where there was noncompliance with certain parameters, the company provided explanations for such departure. All PLCs also disclosed the total remuneration of each board member.

In annual report quality, all PLCs disclosed financial performance indicators, and more companies disclosed nonfinancial performance indicators. Disclosures of corporate objectives could be improved. The majority of the companies uploaded AGM minutes on their websites, with slightly over half uploading the company's constitution on their website.

Disclosure of shareholdings of senior management and trading in shares by senior management remains challenging. Disclosure of dividend policy could also be improved. In related-party transactions, still many companies were deemed to not be clearly disclosing the name, relationship, nature, and value of each material and/or significant transactions. The assessment in 2021 also showed a drop in the number of companies conducting media briefings or press conferences.

Strengths

- All PLCs disclosed the identity of the beneficial owners holding 5% shareholding or more
- All such companies disclosed the direct and indirect shareholdings of substantial shareholders and directors
- All PLCs disclosed the compliance statement to the Malaysian Code on Corporate Governance
- All PLCs disclosed remuneration of individual directors
- All PLCs disclosed the audit and non-audit fees
- Disclosure of financial and non-financial performance indicators

Areas for Improvement

- Disclosure of direct and indirect shareholdings of senior management
- Disclosure of details of trading in the company's shares by senior management
- Disclosure of dividend policy in annual report
- Disclosure of name, relationship, nature, and value for each material and/or significant related-party transactions
- Disclosure of constitution in the corporate website
- Disclosure of conduct of media briefings and press conferences

Part E: Responsibilities of the Board

This section comprises 65 items, with 9 default items for Malaysian PLCs. The average corporate governance score for this section in 2021 was similar to the average score attained in 2019.

In terms of board duties and responsibilities, more companies disclosed the process undertaken by the board to review, monitor, and oversee the implementation of corporate strategy compared to 2019. An increasing

number of companies disclosed the details of the code of ethics, with directors, senior management, and employees required to comply with the code. More companies also disclosed processes in place to monitor the implementation of the code of ethics.

In board structure and composition, more companies adopted the best practice of a nine-year term limit for independent directors. Disclosures for the nominating, remuneration, and audit committees remain strong and could be enhanced in disclosing meeting attendance and frequency of the nominating and remuneration committees. Such committees should convene at least two meetings a year to better fulfil their roles and responsibilities.

Disclosures relating to board processes also improved, save for the practice of non-executive directors meeting separately without any executives present which was only disclosed by five PLCs in the 2021 assessment.

Director remuneration remains a challenging area, with less than half disclosing remuneration policies or practices covering the use of short term and long term incentives and performance measures for their executive directors and CEO. In addition, disclosure of measurable standards to align the performance-based remuneration of executive directors and senior executives with long-term interests of the company did not show much improvement, with only 13% making such disclosures in 2021.

In relation to board structure, three-quarters of the companies had different people assuming the roles of chair and CEO, with 42% of boards led by an independent chairperson. The separation of the roles of chair and CEO is important in avoiding concentration of power, increasing accountability, and improving the board's capacity for decision making independent of management.

Only 18% provided disclosures related to succession planning of the CEO and key management. It is also very important for companies to disclose whether an annual performance assessment was conducted for the CEO—only 40% indicated that such assessment was conducted. The board should also undertake a formal and rigorous annual evaluation of its own performance and that of its committees as well as individual directors. The assessment this year reflected that a fair number made such assessments. Nevertheless, room for improvement exists in disclosure of the process and criteria used for the boards, board committees, and individual directors' assessments.

Strengths

- Disclosure of board charter, and roles and responsibilities of the board
- Disclosure of the types of decisions requiring board approval
- Disclosure of board's role in reviewing their annual corporate strategies
- Audit committee has the primary responsibility for recommendation on the appointment and removal of the external auditor and the appointment and removal of the internal auditor
- Disclosure of the internal control procedures and/or risk management systems
- Establishment of nominating and remuneration committees

Areas for Improvement

- Board composition to comprise at least 50% independent directors
- Adoption of nine-year term limit for independent directors
- Disclosure of the remuneration policies and/or practices for executive directors and CEOs, as well as disclosure of the fee structure for non-executive directors
- Disclosure of measurable standards which aligned the executive directors' remuneration with the long-term interests of the company
- Disclosure of succession planning of the CEO and key management
- Disclosure of annual performance assessment for CEO
- Disclosure of the process and criteria used for board, board committees, and individual director's assessments

Bonus and Penalty

Bonus and penalty items are meant to enhance scorecard robustness in assessing the extent to which companies apply the spirit of good governance. Malaysian PLCs continue to show improvement when it comes to adopting good corporate governance practices that go beyond items in Level 1.

A notable improvement was the number of PLCs practicing secure electronic voting in absentia: surged to 97% compared to only 1% in 2019. The number that released notice of AGMs at least 28 days before the meeting date also increased, as did the number that adopted an internationally recognized framework for sustainability. Companies could improve further by releasing annual audited reports within 60 days of the financial year-end.

Malaysian PLCs should strive to improve practices in areas such as having at least one female independent director on the board. This includes disclosing its policy and measurable objectives in implementing board diversity and reporting on its progress. Companies are encouraged to have a nominating committee comprised entirely of independent directors, and that the committee undertake identification of the quality of directors aligned with company's strategic directions and using professional search firms or other external sources when searching for board candidates.

Other areas for improvement include disclosures of board risk oversight relating to governance process around IT issues including description, cybersecurity and disaster recovery. The number of companies adopting the good practice of having a separate board level risk committee has also increased but could be improved.

Companies largely received penalty points for having independent directors who had served the board for more than nine years. Also, in some instances, the board chair had also been the CEO of the company in the previous three years.

Not all PLCs disclosed the list of board members' attendance at the AGM, including the CEO. Hence the Chairman, CEO and audit committee chair's attendance at the most recent AGM could not be determined based on the AGM minutes.

Eight companies received penalty points due to independent directors being granted share options. This practice is generally discouraged and thus was not adopted by the majority of the top 100 PLCs.

Strengths

- Companies practiced secure electronic voting in absentia
- Issuance of notice period of at least 28 days for the AGM
- Adoption of an internationally recognized reporting framework on sustainability
- Nominating committees comprised entirely of independent directors
- Nominating committee undertaking identification of the quality of directors aligned with the company's strategic direction

Areas for Improvement

- Companies to release the annual audited report within 60 days of the financial year-end
- Companies to use professional search firms or other external sources when searching for board candidates
- Disclosures of board risk oversight relating to governance process around IT issues including description, cybersecurity, and disaster recovery
- Companies to have a separate board level risk committee
- Companies to adopt a tenure limit of nine years for independent directors
- Disclosure of chair, CEO, and audit committee chair's attendance at the most recent AGM

CONCLUSIONS AND RECOMMENDATIONS

Overall, Malaysian PLCs continued to demonstrate their commitment to strengthening corporate governance practices, as reflected by the improvement in the average corporate governance score in 2021 as well as the increase in the number of PLCs recognized in the ASEAN Asset Class category from 37 in 2019 to 54 in 2021. This is no small feat considering the tumultuous times faced by such companies during the COVID-19 pandemic.

The consistent improvement in average corporate governance score suggests that more and more companies are aligning corporate governance best practices with international and regional best practices, beyond the requirements of national legislation as measured by the scorecard. While this report applauds PLCs for these achievements, companies cannot rest on their laurels. Companies need to focus on areas for improvement and actionable takeaways outlined in this report to further strengthen governance foundations and mechanisms. Companies need to be agile as they consider how their own policies live up to evolving capital market and investor expectations. For example, connections between corporate governance and sustainability strategies will need to be addressed, given the increased attention globally to sustainability considerations.

The challenge remains to encourage lower ranked companies to adopt corporate governance best practices beyond what is stipulated under listing requirements and the national corporate governance code and at the same time adapting to evolving corporate governance frameworks. This will benefit not only the domestic capital market, but also will contribute greatly towards raising the corporate governance standards and practices of ASEAN listed companies across the region.

The list of Top 50 Malaysian PLCs in the 2021 assessment is set out in Table 17.

Table 17: Malaysia—Top 50 Publicly Listed Companies in 2021
(in alphabetical order)

No	Company Name			
1	AEON CREDIT SERVICE (M) BERHAD		★	
2	AFFIN BANK BERHAD		★	
3	ALLIANCE BANK MALAYSIA BERHAD	★	★	★
4	ALLIANZ MALAYSIA BERHAD		★	
5	AMMB HOLDINGS BERHAD		★	
6	ASTRO MALAYSIA HOLDINGS BERHAD		★	
7	AXIATA GROUP BERHAD		★	
8	BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD		★	
9	BUMI ARMADA BERHAD		★	
10	BURSA MALAYSIA BERHAD	★	★	★
11	CIMB GROUP HOLDINGS BERHAD	★	★	★
12	DIGI.COM BERHAD		★	
13	DRB-HICOM BERHAD		★	
14	DUOPHARMA BIOTECH BERHAD		★	
15	FGV HOLDINGS BERHAD		★	
16	FRASER & NEAVE HOLDINGS BHD		★	
17	GENTING PLANTATIONS BERHAD		★	
18	GREATECH TECHNOLOGY BERHAD		★	
19	HONG LEONG BANK BERHAD		★	
20	IHH HEALTHCARE BERHAD		★	
21	IJM CORPORATION BERHAD		★	
22	IOI CORPORATION BERHAD		★	
23	IOI PROPERTIES GROUP BERHAD		★	

24	LOTTE CHEMICAL TITAN HOLDING BERHAD	★
25	LPI CAPITAL BHD	★
26	MALAKOFF CORPORATION BERHAD	★
27	MALAYAN BANKING BERHAD	★
28	MALAYSIA AIRPORTS HOLDINGS BERHAD	★
29	MALAYSIA BUILDING SOCIETY BERHAD	★
30	MAXIS BERHAD	★
31	MISC BERHAD	★
32	MR D.I.Y. GROUP (M) BERHAD	★
33	NESTLE (MALAYSIA) BERHAD	★
34	PETRONAS CHEMICALS GROUP BERHAD	★
35	PETRONAS DAGANGAN BHD	★
36	PETRONAS GAS BERHAD	★
37	PRESS METAL ALUMINIUM HOLDINGS BERHAD	★
38	PUBLIC BANK BERHAD	★
39	QL RESOURCES BERHAD	★
40	RHB BANK BERHAD	★
41	S P SETIA BERHAD	★
42	SIME DARBY BERHAD	★
43	SIME DARBY PLANTATION BERHAD	★
44	SIME DARBY PROPERTY BERHAD	★
45	SUNWAY BERHAD	★
46	TELEKOM MALAYSIA BERHAD	★
47	TENAGA NASIONAL BERHAD	★
48	TOP GLOVE CORPORATION BHD	★
49	UMW HOLDINGS BERHAD	★
50	YINSON HOLDINGS BERHAD	★

★ASEAN Top 20
★ASEAN Asset Class
★Country Top 3
Note: Companies appear in alphabetical order.
Source: Minority Shareholders Watch Group, Malaysia.

PHILIPPINES

Background and Development of the Corporate Governance Framework

The Philippines officially launched its participation in the ASEAN Corporate Governance Scorecard (ACGS) on 11 September 2012. The Philippine Securities and Exchange Commission (SEC) has been working to improve corporate governance practices since the adoption of the scorecard. In 2013, the SEC, along with the Institute of Corporate Directors (ICD), launched an information campaign to familiarize publicly listed companies (PLCs), other government regulators, and investors with the objectives and mechanics of the scorecard. The SEC required all PLCs to submit and publish an Annual Corporate Governance Report, which is intended to consolidate all the governance policies and procedures of each PLC into one report for ease of reference. In December 2013, the SEC directed all key officers and members of the board of publicly listed companies to attend a training program on corporate governance at least once a year.

The SEC has recognized the need to update the primary codes that comprise the corporate governance framework in the Philippines. By the first half of 2014, the SEC had amended the Code of Corporate Governance to include "other stakeholders" in the company's responsibilities. To improve the quality of PLCs' websites, the SEC recommended a template for such companies to follow in organizing disclosures made online. Companies were also directed to post the minutes of all general or special meetings within five days of the actual date of the meeting.

In 2015, the SEC published the Philippine Corporate Governance Blueprint to serve as a five-year roadmap for building a strong corporate governance framework. The blueprint was developed through benchmarking against Organisation for Economic Co-operation and Development principles for international best practices and consultation with local PLCs, governance advocates, academe, and corporate governance stakeholders. In line with globally accepted regulatory principles, the guidelines contemplated under the blueprint would be geared not only toward compliance but also enabling companies to deliver performance that contributes to the country's economic and social progress. In this regard, certain identified strategic priorities have been pursued.

In November 2016, the SEC released the Code of Corporate Governance for PLCs, which was designed to raise corporate governance standards in Philippine corporations to a level at par with its regional and global counterparts. This Corporate Governance Code was developed using the Principles of Corporate Governance of the OECD and the ASEAN Corporate Governance Scorecard (ACGS) of the ASEAN Capital Market Forum (ACMF) as key references. Accordingly, PLCs were required to each submit a new manual on corporate governance. The code applies the "comply or explain" approach, combining voluntary compliance with mandatory disclosure. Companies covered by the corporate governance code must state in its annual corporate governance report whether it is compliant with the code's regulatory provisions, identify any areas of noncompliance, and explain the reasons for noncompliance.

Also in 2016, a bill was filed in Congress to revise the Corporation Code of the Philippines which was enacted in May 1980. While most of the provisions of this law were considered good, it had provisions that many consider antiquated and no longer compatible with current developments.

The SEC issued the Integrated Annual Corporate Governance Report in 2017, wherein the corporate governance recommendations of the SEC under the Code of Corporate Governance and the Philippine Stock Exchange (PSE) were harmonized. It must be submitted to the SEC and filed annually on the companies' website. It should also be signed by the company's chair of the board, CEO, or president, all independent directors, the compliance officer, and the corporate secretary.

The Republic Act No. 11232, or the Revised Corporation Code of the Philippines, was implemented on 23 February 2019. It amended the old corporation code and promoted significant changes in the legal framework in the operation of private corporations. It aims to improve ease of doing business, simplify corporate registration, strengthen corporate governance, and amend existing regulations.

Being the Philippines' domestic ranking body, the ICD Philippines, facilitated the scoring of all PLCs. The assessment involved selecting and validating the top 100 PLCs based on market capitalization and submitting their scores to the ASEAN Capital Markets Forum (ACMF).

Assessment Process

Annually, the ICD Philippines, as the country's domestic ranking body, requests the list of companies according to market capitalization from the Philippine Stock Exchange for assessment. The top 100 PLCs are identified, as they will be part of the companies for regional assessment.[1] Afterwards, the institute conducts the assessment. The regional assessment is conducted every two years (since 2015). Based on domestic findings, the top 35 highest-scoring companies from each country will be independently assessed by ASEAN domestic ranking bodies (National University of Singapore, Minority Shareholders Watch Group in Malaysia; Institute of Corporate Directors in the Philippines; RSM Indonesia; Thailand Institute of Director; and Vietnam National University/Vietnam Institute of Directors). The companies are randomly assigned to each country by the ACMF Secretariat.[2]

There will be deliberation and reconciliation of scores between Philippine and other domestic ranking bodies until they arrive at the results for publication and announcement.

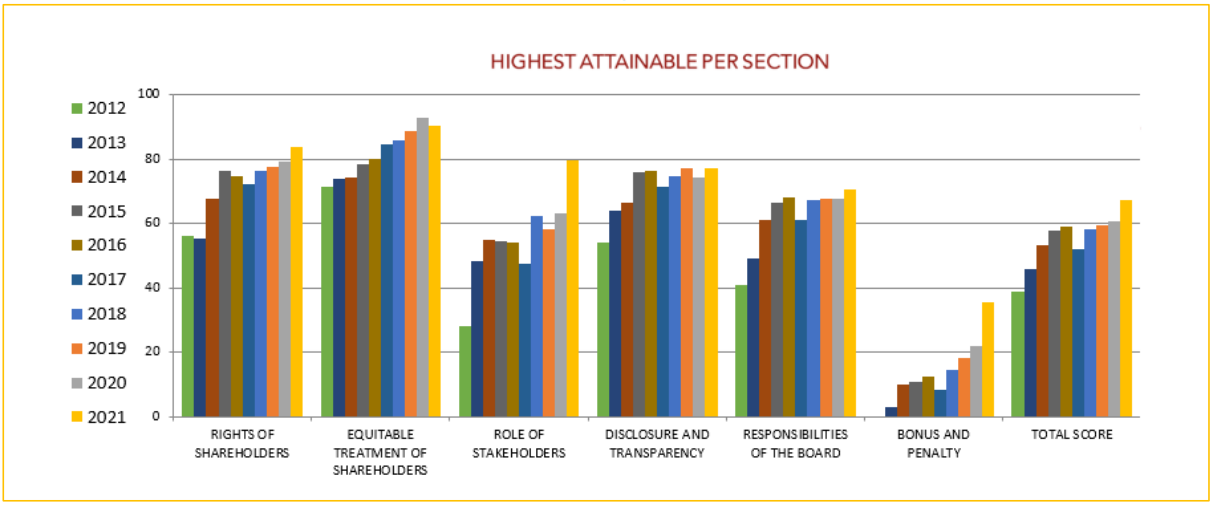
Note that even though the regional assessment happens only every two years, the ICD conducts a domestic assessment every year.

Assessment Findings

Top 100 Publicly Listed Companies According to Market Capitalization

The 2021 ACGS assessment was done on each of the top 100 Philippine PLCs as selected based on market capitalization as of 31 March 2021. Figure 15 shows improvements in total average scores across the years.

Figure 15: Philippine Top 100 Publicly Listed Companies According to Market Capitalization Total Average Score



[1] Note: Only the top 100 publicly listed companies will be subject to regional assessment.

[2] The Philippines SEC is the current ACMF Working Group D Secretariat.

Year	Rights of shareholders	Equitable treatment of Shareholders	Role of Stakeholders	Disclosure and Transparency	Responsibilities of the Board	Bonus and Penalty	Total score
2012	5.61	10.71	2.81	13.58	16.35	-0.14	48.91
2013	5.55	11.06	4.85	16.03	19.71	0.78	58.00
2014	6.79	11.17	5.48	16.57	24.41	2.60	67.02
2015	7.62	11.74	5.45	18.96	26.51	2.79	73.09
2016[a]	7.48	12.03	5.41	19.12	27.23	3.24	74.51
2017	7.24	8.45	7.13	17.83	24.40	2.57	67.61
2018[a]	7.63	8.57	9.35	18.67	26.88	4.37	75.47
2019	**7.75**	**8.88**	**8.72**	**19.29**	**27.10**	**5.51**	**77.24**
2020[a]	7.91	9.28	9.46	18.55	27.15	6.59	78.95
2021	**8.39**	**9.02**	**11.93**	**19.33**	**28.23**	**10.65**	**87.55**

[a] 2016, 2018, 2020 are domestic assessments.
Note: 2019 and 2021 are the most recent regional assessments. Usual comparison of their performance can be expected. Its results have more value than the domestic assessments.
Source: ICD Philippines

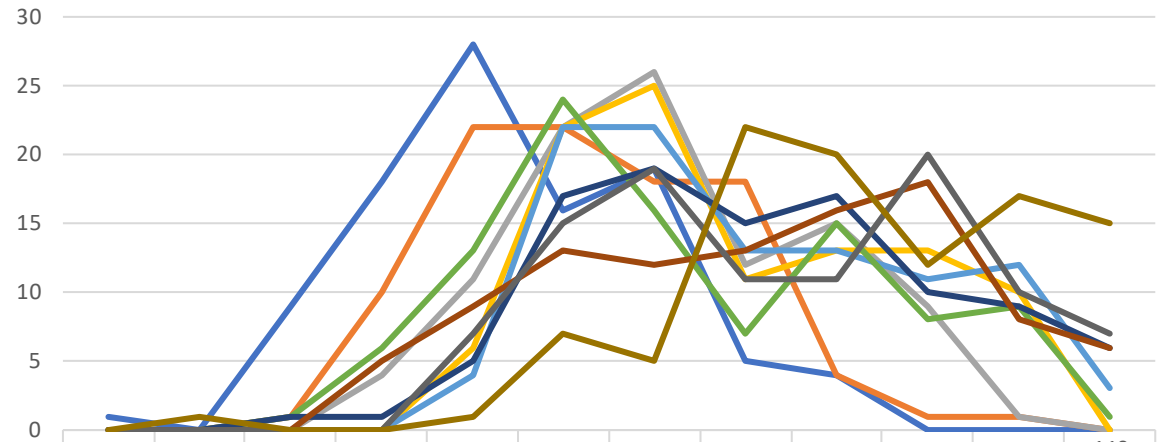
Since the launch of the scorecard in the Philippines, companies have gradually adopted the recommended best corporate governance practices and have started to improve disclosures and adhere to corporate governance-related regulations implemented.

The performance of the top 100 PLCs increased by 8.60 points in the 2021 assessment, over the 2020 results, when regional assessment was not conducted. Meanwhile, when it was compared with the 2019 results, with both of those years having regional peer-review processes, the country's performance increased by 10.31 points.

Figure 15 shows improvements in all categories of the scorecard, especially on the role of stakeholders (+2.47 points 2020 vs. 2021 results, +3.21 points 2019 vs. 2021 results) and the bonus section (+4.06 points 2020 vs. 2021 results, +5.14 points 2019 vs. 2021 results).

The score distribution in Figure 16 tells us that some companies performed better despite the tough requirements under the ACGS. More companies are now trying to step up and adopt the recommended corporate governance practices to improve their ACGS performance.

Figure 16: Philippine Top 100 Publicly Listed Companies According to Market Capitalization Score Distribution



	1-9.99	10-19.99	20-29.99	30-39.99	40-49.99	50-59.99	60-69.99	70-79.99	80-89.99	90-99.99	100-109.99	110 and higher
2012	1	0	9	18	28	16	19	5	4	0	0	0
2013	0	0	1	10	22	22	18	18	4	1	1	0
2014	0	0	0	4	11	22	26	12	15	9	1	0
2015	0	0	0	0	6	22	25	11	13	13	10	0
2016	0	0	0	0	4	22	22	13	13	11	12	3
2017	0	0	1	6	13	24	16	7	15	8	9	1
2018	0	0	1	1	5	17	19	15	17	10	9	6
2019	0	0	0	5	9	13	12	13	16	18	8	6
2020	0	0	0	0	7	15	19	11	11	20	10	7
2021	0	1	0	0	1	7	5	22	20	12	17	15

Source: Institute of Corporate Directors.

Most of the top 100 PLCs according to market capitalization scored over 70 points in the 2021 ACGS assessment. There were 64 companies that scored over 80 points, in which 32 companies scored over 100 points. Only a few companies left scored below 60 points.

Results of the top 35 Philippine companies subjected to peer-review process

The list of top 35 Philippine PLCs which scored the highest during domestic assessment was submitted to the SEC Philippines as the secretariat. These companies were assigned randomly to ASEAN peer-assessors that have conducted independent assessments for these companies. If a company result has more than three points in discrepancies in scores between the domestic and peer-reviewed findings, the two domestic ranking bodies would have to deliberate and reconcile the differences in the findings. If there were items that could not be resolved at their level, the final score would come from the assigned section expert.

Table 18: ACGS Sections and Corresponding Section Experts

ACGS Sections	Assigned Section Expert
Part A (Rights of Shareholders)	RSM Indonesia
Part B (Equitable Treatment of Shareholders)	ICD Philippines

Part C (Role of Stakeholders)	Vietnam Institute of Directors
Part D (Disclosure and Transparency)	Minority Shareholders Watch Group
Part E (Responsibilities of the Board)	Thai Institute of Directors
Bonus	Singapore Institute of Directors-National University of Singapore Centre for Governance and Sustainability
Penalty	

ACGS = ASEAN Corporate Governance Scorecard.
Source: Institute of Corporate Directors

The Philippine PLCs improved their average score by 11.70 points in 2021 over 2019. While most companies improved from 2019, some saw scores decrease slightly. The peer-review process period has been extended for some time already. Most of the companies already updated their disclosures on their websites. Some disclosures about the companies' 2020 operations were not available anymore during the peer-review process. The country's most improved company in the regional assessment was Cebu Air, Inc., which increased by 34.78 points, followed by Universal Robina Corporation, up by 34.01 points, and AyalaLand Logistics Holdings Corporation, up by 33.31 points.

Key findings during peer-review process

- Philippine PLCs' strength is in the "rights and equitable treatment of shareholders."
- Adoption of sustainability reports helped improve the scores of the companies.
- Some companies were penalized for having independent directors (ID) serving for more than nine years and serving on more than five boards in PLCs.
- ASEAN domestic ranking bodies have expressed confusion over the numerous documents Philippine listed companies provided for reporting, noting that they found inconsistencies among the statements within these documents.
- Some information was not available anymore after companies had updated their websites already.

Other observations during the peer-review process

The observations highlighted in Table 19 are the most common areas for improvement among the ASEAN PLCs.

Table 19: Common Areas for Improvement Across ASEAN publicly listed companies

	ACGS Recommendations	Top 35 Philippine PLCs	Top 35 ASEAN PLCs
1	Having 50% of independent directors in the board	5	23
2	Policy of 2/3 quorum in board meetings	25	14
3	Nine-year term limit policy for IDs (Policy and Practice)	22	26
4	Board seat limit of five	23	27
5	Board diversity policy (Policy, measurable objective, and report on progress)	17	5
6	Separate board-level risk committee	29	26
7	Reward/compensation policy for employees beyond short term financial measures	23	24
8	Appointment of lead independent director	31	22
9	Having clawback provision	10	13
10	Non-executive directors (NEDs) meeting in a year without the CEO	29	20

ACGS: ASEAN Corporate Governance Scorecard, ASEAN: Association of Southeast Asian Nations, PLC: publicly list company.
Source: Institute of Corporate Directors

Those enumerated above were the usual items that the PLCs found challenging to conform with. The table would

want to show how our top 35 Philippine companies subjected to the peer-review process can be compared with 35 ASEAN PLCs assigned to ICD Philippines. The number of companies compared might not represent all the ASEAN PLCs due to the limitation in time, but the Philippine companies can already have a sense of what are the usual strengths and areas for improvement of their peers.

Based on the information gathered, the Philippine PLCs were at par with ASEAN peers in adoption of policy and practicing the nine-year term limit for the IDs, limiting the number of board directorships in listed companies to five, having a separate board-level risk committee, giving stock option plans to the employees, and appointment of a lead independent director.

Meanwhile, ASEAN peers were conforming to having at least 50% of IDs on the board. Complying with this area can affect a lot of items in the scorecard, especially Part E (responsibilities of the board) which asks for the nomination, remuneration, and audit committees to be comprised of majority of IDs and to be chaired by IDs. Aside from that, if the board's nomination committee is comprised of entirely IDs, this will give the company an additional two points in its total score.

Philippine PLCs are more aggressive than such companies in ASEAN in diversifying their boards, setting their targets, and reporting progress. More Philippine companies conduct meetings attended by all non-executive directors without a CEO present than their ASEAN counterparts. Most of the Philippine companies use this as a venue to discuss CEO performance in the previous year.

Even if some ASEAN PLCs score much better than Philippine companies, they also have challenges in establishing a policy of having a two-thirds quorum during board meetings. A majority policy (50%+1) is still the most common. ASEAN companies usually have the board's diversity policy. However, it lacks measurable objectives and reporting of progress on targets set. Having a clawback provision is still an area for improvement for the region.

Overall Analysis of Corporate Governance Disclosures

Level 1

Part A: Rights of Shareholders

The right of shareholders to participate in decisions concerning fundamental corporate changes are embedded in the 2019 Revised Corporation Code of the Philippines. Under the code, companies allow their shareholders to elect directors individually. PLCs Definitive Information Statements (DIS-20), which also serve as their notice of annual shareholders meeting, were released 21 days before meetings. They were also made available on the PSE's website. The quality of notice and minutes of annual shareholders meetings have improved over the years.

Strengths

- Explanation for agenda items requiring shareholders' approval were provided.
- Voting procedures were disclosed.
- The number of companies providing opportunity to shareholders to ask questions and raise issues during the annual shareholders meeting increased significantly: from 65 PLCs in 2019 to 85 in 2021.
- Almost all companies are now voting by poll; and 76 Philippine PLCs were disclosing their approving, dissenting, and abstaining vote results in the annual shareholders meeting.
- Seventy-seven companies encouraged all directors to be present during the annual shareholders' meeting.

Areas for Improvement

- Only 55 of the top 100 PLCs according to market capitalization pay dividends to their shareholders within 30 days of declaration and approval.
- The companies have yet to implement activities engaging shareholders, including institutional shareholders, beyond just attending the annual shareholders' meeting.
- It is recommended that companies appoint an independent party to evaluate the fairness of transaction prices in mergers, acquisitions, and/or takeovers requiring shareholders' approval.

Part B: Equitable Treatment of Shareholders

The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign. To ensure this equitable treatment, directors are required to abstain from participating in discussions when they are in conflict. The Revised Corporation Code of the Philippines also prohibits directors, officers, or employees from benefitting from knowledge not available to the public. Companies observe the principle of "one common share one vote."

Strengths

- A total of 76 Philippine PLCs provided the complete profile of their candidates to the board for re/election.
- A total of 85 companies had a committee of entirely independent and nonexecutive directors reviewing material related party transactions to determine whether they were in the best interest of the company and its shareholders.
- A total of 80 companies required their directors to report on their dealings in company shares within three business days.

Areas for Improvement

- Having a specific statement that material related party transactions were conducted on a fair and at arm's length or normal commercial terms in the previous year

Part C: Role of Stakeholders in Corporate Governance

Philippine PLCs improved hugely in this category. Companies' Integrated Annual Corporate Governance Reports and the SEC's recommendations to adopt an internationally recognized reporting framework were found very useful in searching for the companies' policies and activities relating to other stakeholders.

Strengths

- A total of 88 PLCs have sustainability reports, up by 58 than in 2019. In relation to this, more companies now have disclosures on how to relate with their customers, suppliers, environment, community, and employees.
- Most companies disclosed a whistleblowing policy that included a provision ensuring the protection of the reporting party from retaliation. In relation to this, many companies now have dedicated contact details addressing stakeholders' concerns and/or complaints.

Areas for Improvement

- Policies and activities relating to creditors should be reviewed and strengthened.
- Performance-enhancing mechanisms should be adopted, such as an employee stock ownership plan.

Part D: Disclosure and Transparency

Disclosure is one of the two major demands of modern corporate governance. Corporate governance presumes that fuller and more transparent disclosure is a major effective deterrent against malpractice. The chapter on disclosure identifies the items PLCs must disclose to the public to better secure good corporate governance practices. When the submission of the Integrated Annual Corporate Governance Report was implemented, it helped such companies organize the information, making it easier for stakeholders to access the latest information.

Disclosure of remuneration matters remains a main challenge for PLCs under this category. The assessment found that for most of the companies, it was not clear whether they had conducted analysis and media briefings. Disclosures also did not show the summary of trading of directors and officers on company shares.

Strengths

- The companies' websites have downloadable annual and quarterly reports, notice and minutes of annual shareholders meetings, and articles of incorporation and by-laws.
- Direct and indirect shareholdings of substantial shareholders, directors, and officers were disclosed.
- Aside from the financial performance indicators, many companies disclosed their non-financial performance

indicators.
- More companies provided complete profiles of their directors in their annual reports.
- The statement of the company's full compliance with the code of corporate governance can be found in the Integrated Annual Corporate Governance Report.
- Many companies have adopted related party transaction policy.

Areas for Improvement
- The annual report can be improved by including corporate objectives, nonfinancial performance indicators, and dividend policy.
- Disclosure of transactions by directors and officers on company shares should be made easily accessible.
- The name, nature, and value of related parties should all be disclosed in the Audited Financial Statement.
- The ASEAN peer reviewers observed that Philippine PLCs lacked actual proof of conduct for analysts and media briefings in the previous year.
- Due to the challenges during the pandemic, the assessment noted that a few companies were not able to submit their annual report and audited financial statements at least 120 days from the financial year-end.
- Disclosures on remuneration policies and practices should be improved.

Part E: Responsibilities of the Board
The second major demand of modern corporate governance is for the board of directors to actively take on the role—the duties and responsibilities—that the laws, rules, and regulations vest upon them. The board has the original task, which carries with it the fiduciary duty, of supervising the management of the affairs of the PLC. The first concern that must be fully addressed is the formulation of a corporate governance policy and within it the definition of board responsibilities. Many such companies in the Philippines are consistently improving their policies and procedures to become more efficient and effective.

Strengths
- More companies are now disclosing that their boards lead the annual review of corporate strategy. Process to review, monitor, and oversee its implementation were also included in the disclosure.
- A total of 87 PLCs have made their code of business conduct available on their websites.
- Companies are gradually adopting the nine-year term limit policy for their independent directors.
- Board committees were established to support boards in the effective performance of functions. Their charters were disclosed.
- The assessment has noted that 79 companies had at least one independent director member of the audit committee with an accounting background or expertise, up from 30 companies in 2019.
- Most boards were supported by a corporate secretary with a legal background.
- Criteria and process in appointing new directors were disclosed.
- Internal audit functions were in place.
- A total of 72 companies ensured their boards attended at least 75% of all the scheduled meetings in the previous year.
- Director development activities were implemented, such as onboarding programs and continuing professional development.

Areas for Improvement
- Companies should ensure that directors serve on no more than five boards.
- Board committees should be comprised of the majority of independent directors.
- Non-executive directors should meet at least once a year without the presence of executive directors.
- Companies should have a statement from the board or audit committee if they find their internal controls and risk management systems in the previous year adequate and effective.
- Companies should establish measurable standards to align the performance-based remuneration of executive directors and senior executives with the long-term interests of the company. Adoption of a clawback provision or deferred bonuses for executive directors.
- An annual performance appraisal of the board, individual directors, and board committees should be conducted. This should include the process and criteria for conducting these assessments.

Level 2

Bonus and Penalty

Many PLCs released their information statements at least 28 days before the annual shareholders meeting. Pursuant to Section 20 of Republic Act No. 8799, or the Securities Regulation Code, the information statement was used to notify shareholders of any matter that needed to be acted upon during the meeting or other meetings of the shareholders. It was also observed that most companies do not meet the recommended practice on the number of independent board members.

Strengths

- Due to the limitation in holding physical meetings during the pandemic, the number of PLCs conducting annual shareholders meetings in absentia and securing electronic voting increased to 82 from only nine in 2019.
- The shift in business during the pandemic led more companies to embrace the value of having the board's governance process on information technology issues, including disruption, cybersecurity, and disaster recovery.
- The assessment noted that 88 PLCs adopted an internationally recognized reporting framework for sustainability.
- The board's nomination of corporate governance committee undertakes identification of the quality of directors aligned with the company's strategic directions. More companies are now disclosing their board's skills matrix in their reports. Many have pursued a more diverse board in gender, age, background, etc., while others have considered using external professional search firms in their candidates to the board.
- Philippine companies became more aggressive in promoting gender diversity on the board, with 49 companies having female independent directors.
- Many companies have a separate board-level risk committee.

Areas for Improvement

- Only a few PLCs were able to release the audited financial statements at least 60 days after the financial year-end.
- Some independent directors had been serving the company for more than nine years from the date of first appointment.
- There were directors serving on more than five boards of PLCs.
- PLCs still have reservations in disclosing CEO remuneration details.

Conclusions and Recommendations

The improvements in the country's overall performance in the last regional assessment can be attributed to the SEC's efforts through their relevant corporate governance memorandum circulars (i.e., submission of the Integrated Annual Corporate Governance Report, attachment of sustainability report in annual report, etc.), companies' willingness to improve, having more corporate governance champions on boards, and corporate governance organizations broadening the scope of the recommendations. It has always been a challenge for Philippine PLCs to improve performance, especially in Part C (role of stakeholders). But as time passed, and due to the challenges experienced during the pandemic, more companies realized their impacts on the economy, environment, and society and towards sustainability in the long run.

Based on the assessments over the years, the ACGS has helped a lot of companies identify areas in corporate governance that they need to improve on. This attention has evolved from merely looking into the companies' policies to checking the actual conduct and specifics of their procedures. The scorecard has been used for a decade and more stakeholders are becoming more aware of it. A review of the items can be considered to align more with new developments in corporate governance. Results might be more valuable if these are beneficial to investors and promote Philippine companies better as an asset class. Having more research studies across the region based on the ACGS findings, in collaboration with international organizations, is also good to explore. These will serve as credible source references to encourage companies to adapt to global best practice.

Philippine Publicly Listed Companies Asset Class Awardees

These were the companies in the top 100 Philippine PLCs according to market capitalization that scored over 97.5 points in the 2021 ACGS Assessment. The benchmark is 75% of the maximum attainable points in the assessment (a total of 130 points). A total of 32 companies met the recommended benchmark. All these companies scored over 100 points. (Table 20)

Table 20: Philippine Asset Class Awardees

No	Company Name	★	★	★
1	AYALA LAND, INC.	★	★	★
2	GLOBE TELECOM, INC.	★	★	★
3	CHINA BANKING CORPORATION	★	★	★
4	SM PRIME HOLDINGS, INC.	★	★	
5	SM INVESTMENTS CORPORATION	★	★	
6	BDO UNIBANK, INC.		★	
7	BELLE CORPORATION		★	
8	AYALA CORPORATION		★	
9	BANK OF THE PHILIPPINE ISLANDS		★	
10	FIRST GEN CORPORATION		★	
11	MANILA WATER COMPANY, INC.		★	
12	PHILIPPINE NATIONAL BANK		★	
13	THE PHILIPPINE STOCK EXCHANGE, INC.		★	
14	RIZAL COMMERCIAL BANKING CORPORATION		★	
15	ABOITIZ POWER CORPORATION		★	
16	PLDT INC.		★	
17	AYALALAND LOGISTICS HOLDINGS CORP.		★	
18	LT GROUP, INC.		★	
19	INTEGRATED MICRO-ELECTRONICS, INC.		★	
20	ABOITIZ EQUITY VENTURES, INC.		★	
21	SAN MIGUEL FOOD AND BEVERAGE, INC.		★	
22	AC ENERGY CORPORATION		★	
23	METROPOLITAN BANK & TRUST COMPANY		★	
24	SECURITY BANK CORPORATION		★	
25	FIRST PHILIPPINE HOLDINGS CORPORATION		★	
26	PHILEX MINING CORPORATION		★	
27	2GO GROUP, INC.		★	
28	CEBU HOLDINGS, INC.		★	
29	MANILA ELECTRIC COMPANY		★	
30	SEMIRARA MINING AND POWER CORPORATION		★	
31	METRO PACIFIC INVESTMENTS CORPORATION		★	
32	GT CAPITAL HOLDINGS, INC.		★	

★ ASEAN Top 20
★ ASEAN Asset Class
★ Country Top 3

Source: Institute of Corporate Directors

SINGAPORE

Background and Development of the Corporate Governance Framework

Singapore has a balanced corporate governance framework, designed to support business growth and innovation for a diverse group of companies while safeguarding the rights of investors. As a leading international financial and trading hub, Singapore requires a credible system that nonetheless does not deter foreign investors, multinational companies, or local companies with excessively onerous or complex requirements.

The central corporate governance legislation in Singapore is the Companies Act, supplemented with additional rules in the common law. Further legislation is found in the Securities and Futures Act, which focuses on rules for capital markets. Complementing these are listing rules set by the Singapore Exchange (SGX) and given statutory force by the act. Compliance is monitored by Singapore Exchange Regulation, and breaches may be met with penalties ranging from public reprimands and fines to delisting. The third pillar of Singapore's corporate governance framework is the Code of Corporate Governance issued by the Monetary Authority of Singapore. In keeping with Singapore's diverse corporate landscape, the code avoids a prescriptive one-size-fits-all approach. Instead, it lays out best practices to which all SGX-listed companies are to disclose their adherence on a "comply or explain" basis.

The code's most recent revision shows efforts to streamline corporate governance regulation. Important and baseline requirements have been moved from the code to SGX listing rules, while those which duplicated listing rules have been removed. The code focuses on core tenets of corporate governance, aiming to help companies move away from compliance as a "box-ticking" exercise to a more thoughtful application. As such, it now comprises 13 principles—down from 16—generally accepted as the foundation of good corporate governance. Fifty-one provisions, intended to help companies comply with principles, replaced 82 former guidelines and compliance with the principles is now mandatory, although the comply-or-explain regime still applies to provisions. The monetary authority also introduced a voluntary Practice Guidance to complement the code, providing guidance and examples of best practices in applying the principles and provisions.

The revisions in the 2018 Code of Corporate Governance address issues such as director independence, board diversity, internal controls and assurance systems, and stakeholder engagement. Most of these took effect from January 2019; all Singapore entities in the ASEAN Corporate Governance Scorecard (2021) assessment are therefore covered by the new code. Notably, however, some of the rules allow a three-year transitional period and so fall beyond the timeframe of this assessment.

Recent regulations receiving greater attention include:

- *A nine-year term limit for independent directors*. Definition of independent directors is more rigorous, and regulations require that they comprise at least one-third of the board. In addition, from 1 January 2022, an extension of an appointment beyond nine years must be approved by a two-tier shareholder's vote. This listing rule was subsequently tightened to impose a hard limit of a nine-year term effective from 2023, albeit with a transitional period to facilitate smooth compliance.
- *Board diversity*. Board diversity has gained more prominence, with a provision that the company's board diversity policy, and implementation progress, should be disclosed in the annual report. This is complemented by a listing rule, taking effect 1 January 2022, requiring companies to maintain a board diversity policy with specified aspects of diversity. The policy, as well as diversity plans, targets and progress must be disclosed.

- *Remuneration disclosure*. A new principle requires disclosure of the link between remuneration, performance and value creation for the board and key management personnel. An amended provision stipulates the disclosure of remuneration of employees who are substantial shareholders, or immediate family members of directors, the CEO or substantial shareholders. Disclosure is only required if remuneration exceeds S$100,000 and can be done in bands no wider than S$100,000. This is a loosening of the earlier requirement of disclosure bands of up to S$50,000. Companies will soon face stricter requirements, with a recent listing rule mandating exact remuneration disclosure of directors and CEOs from financial years ending on or after 31 December 2024.
- *Stakeholder engagement*. Consistent with the global trend away from a shareholder-centric corporate governance approach to one that considers a wider range of stakeholders, the code now has provisions regarding the identification and disclosure of material stakeholder groups. Companies should also disclose efforts in engaging and managing relationships with stakeholders. Supplementing this is an amendment of the sustainability reporting listing rules, requiring companies to include climate-related disclosures consistent with recommendations of the Task Force on Climate-related Financial Disclosures,[3] effective 2022. Companies are also required to disclose their governance structure for sustainability practice and to internally review their sustainability reporting process.

One feature of Singapore's corporate governance regulatory approach is consultation with stakeholder groups. A primary means of doing this is through the Corporate Governance Advisory Committee. The committee comprises industry representatives, industry bodies such as the Singapore Institute of Directors and the Securities Investors Association Singapore, and academics. Initially an ad hoc body established to periodically review the code and recommend updates, the committee was made permanent in 2019 to advocate good corporate governance practices in Singapore. Its remit includes monitoring local and overseas corporate governance trends and consulting with stakeholders on proposed changes to the code or practice guidance. Such activities enable the committee to provide regulatory authorities with relevant information and feedback that helps minimize mismatch between requirements and the implications of their implementation, facilitating a more well-rounded regulation.

Another example of this consultative approach is the recent introduction of special purpose acquisition companies on the SGX Mainboard. These companies are a significant presence in global capital markets, but until recently have gained little traction in Asia. In preparation for allowing the acquisition companies to be listed in Singapore, SGX sought market feedback by releasing a proposed listing framework for public consultation. A summary of feedback received was subsequently published, along with resulting modifications to the proposal. The finalized listing framework for the acquisition companies, effective September 2021, generally follows the United States model with some variations to provide greater investor protection.

Singapore's corporate governance regulatory efforts have generally proven effective. This is reflected in its commendable ratings in international rankings such as the Asian Corporate Governance Association's Corporate Governance Watch and allows companies to be better positioned to weather the uncertainties and challenges of the current corporate environment.

Key Findings

The ACGS 2021 assessment covers the top 100 entities by market capitalization listed on the Singapore Exchange as of 31 March 2021; this includes business trusts/real estate investment trusts, unlike in 2019 when such trusts were excluded. The 100 entities comprise 71 public listed companies (PLCs) and 29 business trusts/real estate investment trusts, and had a combined market capitalization of S$585.9 billion, accounting for 62.1% of SGX's total market capitalization of S$943.8 billion.

Singapore scores improved significantly in 2021, with an average total score of 101.1 points out of a maximum of 130 points (Table 21), almost 13 points higher than the average score in 2019, itself an improvement of almost 10 points over the previous assessment. Progress is especially evident at the lower end of the spectrum. While the maximum score was only slightly higher than for 2019 (121.8 points vs. 119.7 points for 2019), the minimum score increased by almost 20 points to reach 85.5 points in 2021. This is encouraging, suggesting that entities most in need of improving their corporate governance practices and disclosures are doing so. The average scores

[3] Task Force on Climate-related Financial Disclosures.

of PLCs and business trusts/real estate investment trust are quite similar, at 100.7 points and 102.2 points, respectively.

Table 21: Singapore—Average Total Scores

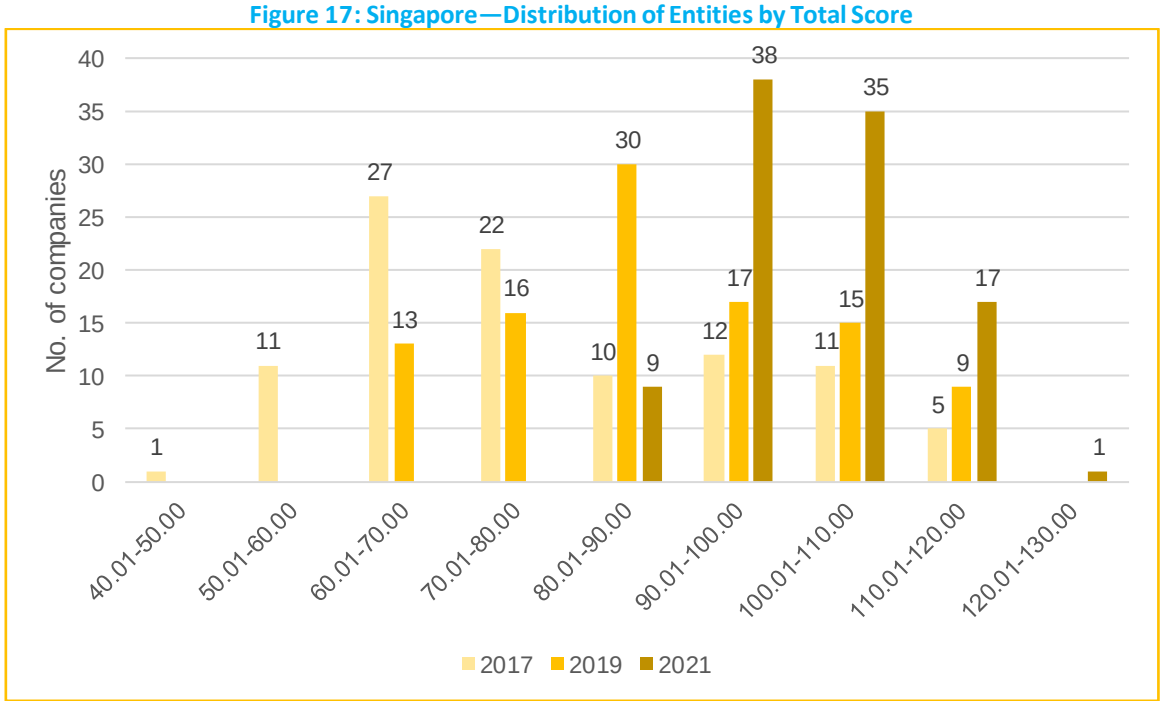
Year	Max Total Score	Total Score Range	Average Total Score
2015	126	49.0–116.0	78.1
2017	130	46.4–120.0	78.5
2019	130	66.0–119.7	88.3
2021	130	85.5–121.8	101.1

Source: Singapore Institute of Directors and Centre for Governance and Sustainability, NUS Business School.

Figure 17 shows a continued rightward shift in total scores. Notably, in the 2021 assessment, no entities had scores in the lower ranges (i.e., below 80 points), and one company breached 120 points for the first time. Improvement is seen across-the-board, with over half of assessed entities having scores exceeding 100 points in ACGS 2021, compared to one-quarter in 2019 and 16% in 2017. This is reflected in the 62 entities qualifying for the ASEAN Asset Class award, more than double the number of such entities in the previous assessment.

The 10 highest-scoring entities, in alphabetical order, are Capitaland Ltd, ComfortDelGro Corporation Ltd, Far East Hospitality Trust, Keppel Corporation Ltd, Netlink NBN Trust, Sembcorp Industries Ltd, Singapore Post Ltd, Singapore Press Holdings Ltd, Singapore Telecommunications Ltd, and United Overseas Bank Ltd.

Figure 17: Singapore—Distribution of Entities by Total Score



Source: Singapore Institute of Directors and Centre for Governance and Sustainability, NUS Business School.

Average Scores for Level 1

The improvement in total scores is also reflected in the Level 1 scores. Average Level 1 scores have generally increased since 2012, reaching 88.2 points in 2021 (Table 22). The size of the increase has been around seven or eight points for each assessment round, with two exceptions. In 2014, average Level 1 scores only increased by about two points, while they fell slightly in the 2017 assessment.

Table 22: Singapore—Level 1 Scores

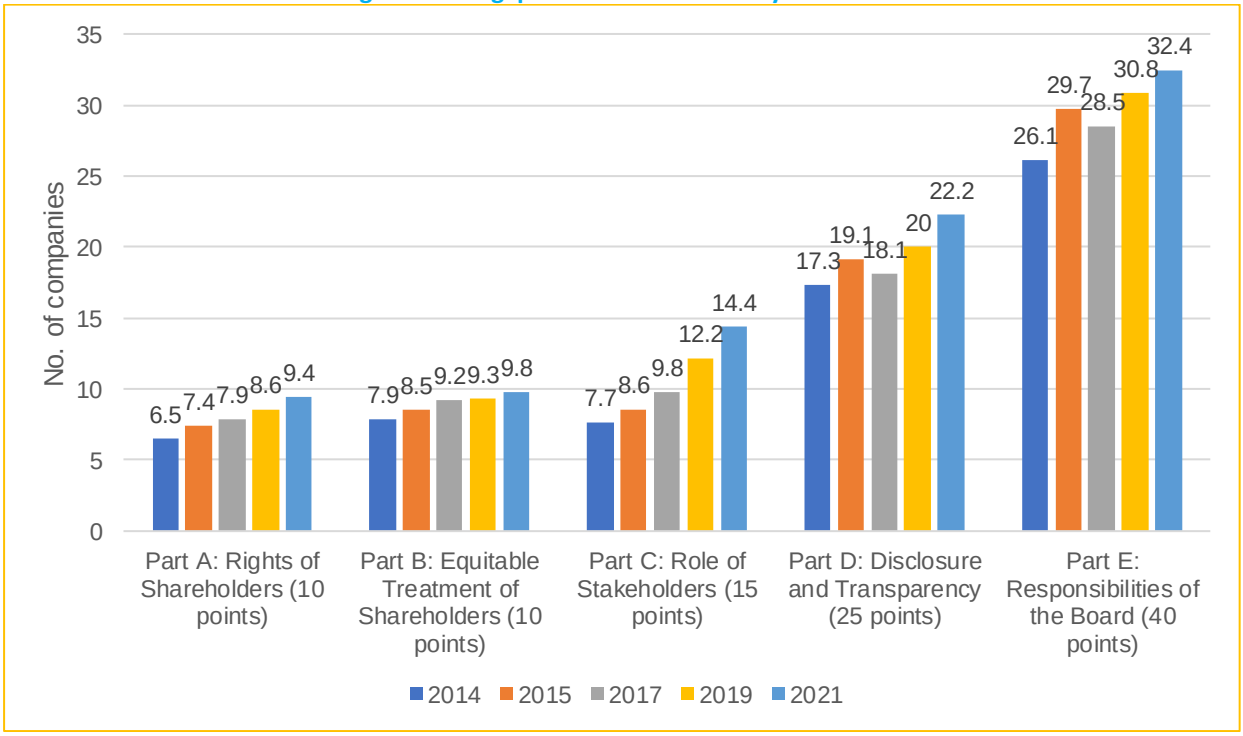
Year	Average Score for level 1 (out of 100)
2012	56.5
2013	65.1
2014	67.0
2015	74.6
2017	73.5
2019	80.9
2021	88.2

Source: Singapore Institute of Directors and Centre for Governance and Sustainability, NUS Business School.

Scores by Component

Figure 18 shows that 2021 continues the general trend of increased average scores for each of the Level 1 sections. Also consistent with recent years, aspects showing larger improvement in absolute scores are stakeholder relationships (Part C), transparency of disclosures (Part D), and board responsibilities (Part E). Each of these had average scores increasing by around two points in 2021, compared to less than one point for the remaining sections.

Figure 18: Singapore—Level 1 Scores by Section



Note: Scores for sections B and C have been normalized to account for a change in their weightings from 2019 due to a revision of the ASEAN Corporate Governance Scorecard methodology.
Source: Singapore Institute of Directors and Centre for Governance and Sustainability, NUS Business School.

Part A: Rights of Shareholders

Singapore generally performed well in disclosures on observance of shareholders' rights, with the average score increasing from 8.6 points to 9.4 points (out of 10 maximum). All or virtually all entities received positive assessments for most of the items assessed in this section.

Strengths

- All entities allowed voting in absentia.
- All entities voted by poll for all resolutions at the most recent annual general meeting (AGM).

- All entities made publicly available, by the next working day, the results of the votes taken during the most recent annual or extraordinary general meeting for all resolutions.
- All entities disclosed voting procedures used before the start of meeting.
- Almost all entities disclosed practices used to encourage shareholder engagement beyond the AGM.

Areas for Improvement

- More entities should provide at least 21-day notice for all annual and extraordinary general meetings.
- More entities could have paid dividends in a timely manner.

Part B: Equitable Treatment of Shareholders

Singapore also performed strongly on equitable treatment of shareholders, with a score of 9.8 points out of 10. Issues assessed pertained to matters such as voting rights, insider trading, and related party transactions. As with Part A, the areas of potential improvement generally remain the same as in ACGS 2019.

Strengths

- All entities require their directors/commissioners to report their dealings in company shares within three business days.
- All entities reported that they had a policy requiring directors/commissioners to disclose their interest in transactions and any other conflicts of interest.
- Almost all entities had a policy requiring a committee of independent directors/commissioners to review material related party transactions to determine whether they were in the best interests of the company and shareholders.
- Almost all the entities avoided bundling of items in resolutions for AGMs.
- Almost all the entities made their proxy documents easily available.

Areas for Improvement

- More entities should disclose whether their related party transactions are conducted in such a way as to ensure that they are fair and at arm's length.
- More entities should disclose the full profiles of directors seeking election/re-election in their AGM notices.

Part C: Roles of Stakeholders

Singapore improved most on disclosures regarding stakeholders. The average score for this section increased from 12.2 points to 14.4 points (equivalent to 81.3% to 96.0%, once normalized to 100%). These improvements are partially due to a greater focus on sustainability reflected in recent listing rules and the 2018 Corporate Governance Code.

Strengths

- All entities disclosed their policies and practices that address how creditors' rights are safeguarded.
- Almost all entities published a separate report/section discussing their efforts on environmental/economic and social issues.
- Almost all entities had a comprehensive whistleblowing policy.
- Almost all entities explicitly disclosed their policies and practices on employee health, safety, and welfare.

Areas for Improvement

- More entities should disclose their supplier/contractor selection and criteria.
- More entities should have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.

Part D: Disclosure and Transparency

This section assesses disclosures required to boost investor confidence, such as ownership structure and related-party transactions, and disclosure quality in annual reports and other communication media. Singapore generally shows weaker performance in this section, with an average score of 22.2 points (out of a maximum of 25, or 88.8%). By comparison, Parts A to C have average scores of at least around 95%. Scores for this section

may well have been higher, but for the fact that the assessed entities are no longer required to conduct quarterly reporting. SGX amended its listing rule in early 2020, such that quarterly reporting is now only compulsory for entities associated with higher risks, while requirements for continuous disclosure have been strengthened across-the-board.

Strengths

- All entities released audited annual financial reports within 120 days of the financial year-end.
- All entities disclosed the direct and indirect (deemed) shareholdings of directors.
- All entities' board of directors/commissioners and/or relevant officers provided affirmation for the true and fair representation of the annual financial reports.
- All entities provided financial performance indicators in their annual reports, and almost all provided nonfinancial performance indicators.
- Almost all entities confirmed full compliance with the Code of Corporate Governance in their annual reports, and identified and explained reasons for each issue of noncompliance.
- Almost all entities disclosed their policies regarding the review and approval of material related-party transactions.

Areas for Improvement

- More entities could consider providing a link to their constitution on their websites.
- More entities should disclose their dividend policy in annual reports.
- More entities should disclose the direct and indirect (deemed) shareholdings of senior management.
- More entities should publish AGM minutes on their corporate websites and on a timely basis.

Part E: Responsibilities of the Board of Directors

Due to the central role of boards in corporate governance, this section receives the highest weighting in the ACGS framework (40 points). It is also the section where Singapore shows most room for improvement, with an average score of 32.4 points, or 81.0%.

Strengths

- All entities had audit committees comprised entirely of nonexecutive directors/commissioners, with the chair and a majority comprising independent directors/commissioners.
- All entities disclosed that they had established a sound internal control procedure/risk management framework and periodically reviewed its effectiveness.
- All entities had a statement from the board of directors/commissioners or audit committee in their annual report/annual corporate governance report commenting on the adequacy of their internal controls/risk management systems.
- Almost all entities had at least one non-executive director/commissioner with prior working experience in the entity's major operating sector.
- Almost all entities disclosed the types of decisions requiring approval from the board of directors/commissioners.
- Almost all entities stated that they had conducted an annual performance assessment of the board directors/commissioners and disclosed the criteria and process followed.

Areas for Improvement

- More entities should have an annual performance assessment of their CEO conducted by their board of directors/commissioners.
- More entities should disclose the board's process of succession planning for the CEO and key management.
- More entities should consider limiting independent/nonexecutive directors to holding no more than five concurrent board seats.
- More entities should ensure that board papers for board of directors/commissioners meetings are provided to the board at least five business days in advance of the meeting.
- More entities should have their board of directors/commissioners meeting at least six times a year.

Bonus and Penalty

The Level 2 section of the ACGS framework comprises bonus and penalty questions. Bonus points award entities which adopt emerging best practices beyond the standard required in Level 1; penalty points are incurred for breaches of regulations and of good corporate governance practices.

Singapore improved markedly in Level 2 scores. Bonus scores increased to an average of 14.7 points out of a maximum of 30 points, up from 11.3 points in 2019 (Table 23). Penalty scores dropped quite starkly, from 3.9 points to 1.8 points, dipping below three points for the first time—and disrupting a trend of increasing penalties—since 2015.

Table 23: Singapore—Average Bonus and Penalty Scores

Year	Average Bonus Score	Average Penalty Score	Average Level 2 Score
2015	6.7	3.2	3.5
2017	8.5	3.6	4.9
2019	11.3	3.9	7.4
2021	14.7	1.8	12.9

Source: Singapore Institute of Directors and Centre for Governance and Sustainability, NUS Business School.

Strengths

- Almost all entities adopted an internationally recognized reporting framework for sustainability.
- Most entities disclosed details of their CEO's remuneration.
- For around 70% of the penalty questions, none of the entities incurred penalties.

Areas for Improvement

- More entities could consider having nominating committees comprising entirely of independent directors/commissioners.
- More entities could consider having a separate board-level risk committee.
- More entities could consider releasing their audited annual financial report/statement within 60 days of their financial year-end.
- More entities could consider releasing their AGM notice, as announced to the exchange, at least 28 days before the meeting.
- More entities could consider practicing secure electronic voting in absentia at shareholders' general meetings (real-time electronic voting).

Conclusions and Recommendations

The ACGS 2021 assessment reveals encouraging improvement in Singapore's performance. The average total score increased, as did the average scores for Level 1 and Level 2 separately, and the average scores for each of the five parts of Level 1. Consequently, 62 Singapore entities were classified as ASEAN Asset Class (i.e., scoring at least 97.5 points); this was an increase of 138% over 2019, compared to a 70% increase for all ASEAN entities as a group. The total number of Singapore entities in the ASEAN top 20, however, slipped to four entities from five in 2019, as scores for other ASEAN entities have also risen in this latest assessment.

The strongest performance was seen in upholding the rights and equitable treatment of shareholders, as well as addressing issues related to stakeholders. The latter showed the largest improvement, reflecting a maturing of corporate sustainability reporting in response to regulatory requirements and investor interest.

These results are all the more encouraging for regulators and investors given that this assessment covers the pandemic years (2020 or 2021). It appears that while dealing with COVID-19 challenges, Singapore entities not only maintained, but also improved their corporate governance disclosures, as well as the underlying processes and practices. This may have helped them to navigate the pandemic, given that robust corporate governance enhances corporate ability to withstand unforeseen shocks.

Room for improvement remains, particularly in addressing board responsibilities and disclosure and transparency. Specifically, more entities should limit independent/non-executive directors/commissioners to holding five concurrent board seats, and have their nominating committee comprised entirely of independent directors/commissioners. They should also have the board disclose its process for management succession planning and conduct annual CEO performance assessments. For transparency, entities should disclose the shareholdings of senior management and make their constitution available on their website.

Addressing such issues, and those identified in recent and upcoming regulation, will help entities strengthen corporate governance. They would do well in recognizing that corporate governance enhances corporate resilience, facilitating leadership efforts to keep organizations moving in the desired direction while maintaining long-term business sustainability. Thus, in addition to fulfilling regulatory compliance, they will be better positioned to face challenges.

The list of Top 50 Singapore PLCs in the 2021 assessment is set out in Table 24.

Table 24: Top 50 Entities in 2021
(Based on Public Disclosures Available as of July 2021)

No.	Company Name			
1	NETLINK NBN TRUST	★	★	★
2	UNITED OVERSEAS BANK LIMITED	★	★	★
3	COMFORTDELGRO CORPORATION LIMITED	★	★	★
4	SINGAPORE PRESS HOLDINGS LIMITED	★	★	
5	CAPITALAND LIMITED		★	
6	KEPPEL CORPORATION LIMITED		★	
7	SINGAPORE TELECOMMUNICATIONS LIMITED		★	
8	FAR EAST HOSPITALITY TRUST		★	
9	SINGAPORE POST LIMITED		★	
10	SEMBCORP INDUSTRIES LTD		★	
11	DBS GROUP HOLDINGS LTD		★	
12	SINGAPORE EXCHANGE LIMITED		★	
13	OVERSEA-CHINESE BANKING CORPORATION LIMITED		★	
14	CITY DEVELOPMENTS LIMITED		★	
15	GREAT EASTERN HOLDINGS LIMITED		★	
16	FRASERS LOGISTICS & COMMERCIAL TRUST		★	
17	SATS LTD.		★	
18	FRASERS PROPERTY LIMITED		★	
19	JARDINE CYCLE & CARRIAGE LIMITED		★	
20	KEPPEL INFRASTRUCTURE TRUST		★	
21	FRASERS CENTREPOINT TRUST		★	
22	SIA ENGINEERING COMPANY LIMITED		★	
23	CAPITALAND INTEGRATED COMMERCIAL TRUST		★	
24	CAPITALAND ASCENDAS REIT (ASCENDAS REAL ESTATE INVESTMENT TRUST)		★	
25	CDL HOSPITALITY TRUSTS		★	
26	SBS TRANSIT LTD		★	
27	SINGAPORE TECHNOLOGIES ENGINEERING LTD		★	
28	KEPPEL DC REIT		★	
29	STARHUB LTD.		★	
30	OLAM GROUP LIMITED		★	

	(FORMERLY KNOWN AS OLAM INTERNATIONAL LIMITED)	
31	FRASER AND NEAVE, LIMITED.	★
32	SINGAPORE AIRLINES LIMITED	★
33	HONG LEONG ASIA LTD.	★
34	FIRST SPONSOR GROUP LIMITED	★
35	GUOCOLAND LIMITED	★
36	AEM HOLDINGS LTD.	★
37	DEL MONTE PACIFIC LIMITED	★
38	SEMBCORP MARINE LTD	★
39	CHINA EVERBRIGHT WATER LIMITED	★
40	SASSEUR REIT	★
41	SPH REIT	★
42	PARKWAYLIFE REIT	★
43	CHINA AVIATION OIL (SINGAPORE) CORPORATION LTD	★
44	YANLORD LAND GROUP LIMITED	★
45	VICOM LTD	★
46	CAPITALAND INDIA TRUST (ASCENDAS INDIA TRUST)	★
47	FRASERS HOSPITALITY TRUST	★
48	LENDLEASE GLOBAL COMMERCIAL REIT	★
49	UOL GROUP LIMITED	★
50	IFAST CORPORATION LTD.	★

★ ASEAN Top 20
★ ASEAN Asset Class
★ Country Top 3

*ASEAN Asset Class refers to the class of entities in the Association of Southeast Asian Nations (ASEAN) that achieved a minimum score of 97.5 points (75% of the total 130 points achievable) in the ASEAN Corporate Governance Scorecard in 2021.

Source: Singapore Institute of Directors and Centre for Governance and Sustainability, NUS Business School.

THAILAND

Development of Corporate Governance Framework

The growth of the nation's socioeconomic system depends in large part on the capital market. Investors currently anticipate businesses to concentrate on operating with more environmental considerations, social responsibility, and corporate governance (ESG). To define and establish an ecosystem for sustainable capital markets in accordance with the 20-year national strategic plan, the Securities and Exchange Commission (SEC), as a regulatory body aiming to develop efficient and reliable capital markets, has adopted an international standard as well as the nation's corporate governance policy. The SEC's efforts to promote sound corporate governance for Thai listed companies for 2020–2022 can be summed up as follows:

- Promote the adoption of the 2017 Corporate Governance Code for Listed Companies, a code of conduct for the Board of Directors that will be applied in accordance with each company's context.
- Encourage listed companies to contextually integrate ESG into their business strategies. Corporate performance is disclosed to shareholders, investors, and the general public through the recently amended disclosure known as 56–1 One Report, which is a combined form of annual registration statement (56–1) and annual report (56–2) effective from 2022 onward. The new registered disclosure intends to improve the disclosure of ESG data, including, but not limited to, information on greenhouse gas emissions and respect for human rights.
- Improve the assessment criteria for the Corporate Governance Report of Thai Listed Companies in collaboration with the Thai Institute of Directors and the Stock Exchange of Thailand so that they are in line with the 56–1 One Report. The new criteria will be used for assessment in 2023.
- Promote the issuance of financial and investment instruments that uphold sustainable development, such as green bonds, social bonds, and sustainability bonds, and designate as issues that require investment advisers to train on ESG to advise investors. Financial analysts should also perform analysis that considers ESG factors so that investors may recognize risks on both the financial and nonfinancial fronts.

The SEC designated the Thai Institute of Directors the domestic ranking body to develop and review assessment criteria in the ASEAN Corporate Governance Scorecard (ACGS) and communicate the information to Thai listed companies. The listed companies enthusiastically welcomed the ACGS training and seminars, which provided them the tools to implement good governance principles. As a consequence, Thailand's average ACGS score has developed.

Overall Analysis

Overall and Category Performance

In 2021, Thai listed companies received an average score of 102.27 points, up by 5.67 points from 2019. (Table 25). The maximum score is 121.92 points, up from 118.90 points in 2019.

Thai listed companies improved average scores across all categories (Table 26). Average scores in the rights of shareholders and the equitable treatment of shareholders categories increased as annual general meeting of shareholders' activities became more effective. Substance has improved, over form, for the role of stakeholders category, leading to a higher score. Additionally, many businesses prepared sustainability reports that balance ESG aspects in business operations. To raise the overall score in the disclosure and transparency category, companies made company objectives and long-term goals more informative. For board responsibilities, the

duties of the board in assessing, monitoring, and supervising the implementation of the corporate strategy, as well as the board meetings and attendance throughout the year, contributed to an improvement in the average score.

Table 25: Thailand—Overall Performance

Year	2012	2013	2014	2015	2017	2019	2021
ASEAN Total Score (points)	**117**	**142**	**128**	**126**	**130**	**130**	**130**
Maximum	85.95	104.17	104.60	104.60	115.37	118.90	121.92
Average	67.70	75.39	84.53	87.53	85.73	96.60	102.27
Minimum	43.45	46.03	62.68	62.68	30.63	69.38	64.59

Source: Thai Institute of Directors

Table 26: Thailand—Performance by Categories

Part	Year	Rights of Shareholders	Equitable Treatment of Shareholders [a]	Role of Stakeholders [a]	Disclosure and Transparency	Board Responsibilities
Average Score (Level 1)	2012	8.33	14.48	5.12	17.39	22.67
	2013	8.62	14.24	5.64	17.17	22.60
	2014	9.19	14.51	7.38	19.06	28.35
	2015	9.06	14.75	8.09	20.07	29.68
	2017	8.93	9.79	11.84	20.69	28.91
	2019	9.61	9.94	13.66	22.53	32.08
	2021	**9.74**	**9.98**	**14.24**	**23.40**	**33.35**

[a] The original scores on the equitable treatment of shareholders and role of stakeholders in 2012–2015 are weighted at 15% and 10%, respectively. The revised scores for 2017–2019 are 10% and 15%, respectively, for the equitable treatment of shareholders and role of stakeholders.
Source: Thai Institute of Directors

Performance by Score Range

Corporate governance practices have improved. Of the 100 sample companies, the majority of Thai listed companies (71%) had a score of 100 or above in 2021 (Table 27), more than doubling the 2019 score.

Table 27: Thailand—Performance by Score Range

Range of Score	Number of Companies						
	2012	2013	2014	2015	2017	2019	2021
100 and upper	-	4	5	15	18	34	71
90–99	-	13	29	30	19	39	18
80–89	11	16	32	24	35	22	9
70–79	34	30	31	24	13	4	1
60–69	37	27	3	7	10	1	1
50–59	14	8	-	-	3	-	-
40–49	4	2	-	-	1	-	-
30–39	-	-	-	-	1	-	-
Total Companies	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Thai Institute of Directors

Performance by Industry Group

Average scores for Thai listed companies improved across all industrial areas in 2021 (Table 28). Energy and utilities, industries, and technology and telecommunications were the top 3 sectors. Consumer goods, financial,

and healthcare all had average scores below 100, but these sectors have improved over time. Thus, the next challenge is to enhance corporate governance practices in these three industries.

Table 28: Thailand—Performance by Industry Group

Industry Group	2012	2013	2014	2015	2017	2019	2021
Energy and Utilities	70.55	81.08	86.23	91.47	87.63	101.45	108.01
Industries	66.71	67.21	79.56	85.51	85.16	98.90	103.83
Technology and Telecommunication	72.77	82.99	91.22	98.30	94.19	100.63	102.88
Consumer services	68.24	74.00	83.42	84.25	83.76	95.78	102.40
Property	-	71.86	81.47	83.65	88.43	92.10	101.17
Consumer goods	66.45	68.72	82.31	82.53	85.27	92.08	98.82
Financials	69.35	85.54	90.97	90.87	88.90	96.57	98.69
Healthcare	61.52	61.11	75.43	73.00	56.81	89.74	92.18

Source: Thai Institute of Directors

Performance by Market Capitalization

This report classifies listed companies into four size groups. The first group includes companies with a large market capitalization of Thai baht (B) 600,000–1,000,000 million; the second, B100,000–B599,999 million; and the third, B60,000–B99,999 million. The smallest sized group contains companies with a market capitalization of B10,000–B59,999 million.

Table 29 displays market-capitalization-based corporate governance performance. Average scores are in general greater the bigger the market capitalization. Average scores for all market capitalization categories improved for Thai listed companies in 2021.

Table 29: Performance by Market Capitalization

Range of Market Capitalization (Million Baht)	2012	2013	2014	2015	2017	2019	2021
600,000–1,000,000 and above	74.97	93.4	97.45	101.35	106.99	105.76	113.43
100,000–599,999	74.63	79.33	89.15	92.50	92.66	101.85	105.22
60,000–99,999	70.77	80.08	85.10	91.55	82.84	96.04	103.96
10,000–59,999	66.81	71.80	82.25	84.06	81.37	93.53	98.26
Lower than 10,000	60.30	-	-	-	-	-	-

Source: Thai Institute of Directors

Analyses by Governance Categories

Part A: Rights of Shareholders

The rights of shareholders principle aims to determine if a corporation respects shareholders' rights in its business affairs. A well-governed firm must ensure such rights are well facilitated. The ability of shareholders to

exercise their ownership rights, such as the right to dividends, take part in the annual general meeting (AGM), and elect the directors, should be accommodated.

In 2021, the rights of shareholders category's average score increased to 9.74 points from 9.61 points in 2019. Thai listed companies demonstrated best practices by releasing voting and tabulation processes prior to the AGM proceedings, as well as a disclosure of the vote by poll for all AGM resolutions, and by properly documenting the shareholders' questions and answers for each agenda item. These governance measures suggest that listed companies were mindful of shareholders' rights at the AGM. Additionally, the following areas improved in 2021:

- Thai listed companies explicitly declared all benefits-in-kind received by directors (in addition to regular retainer fees, meeting allowance, and bonuses) for the approval of shareholders at the AGM.
- Thai listed companies made it apparent that an independent party had been chosen to verify the votes at both the AGM and the e-AGM.
- Thai listed companies made their policy and practices on encouraging shareholders to interact with the company apparent outside of AGMs. Examples include roadshow activities, opportunity days/analyst meetings, and company visits.

Room for improvement exists even if the percentages of companies receiving scores in these areas are higher than in 2019. For example, Thai listed companies need to urge CEOs and all board members to attend AGMs.

Strengths

- All forms of director remuneration were proposed for shareholders' approval in the AGM.
- Companies disclosed appointment of an independent party (scrutineers/inspectors) to count and validate the votes at the AGM.
- Companies disclosed their practices to encourage shareholders to engage with the company beyond AGM.

Areas for Improvement

- All board members and the CEO (if he is not a board member) should attend the most recent AGM.

Part B: Equitable Treatment of Shareholders

The Equitable Treatment of Shareholders addresses whether minority (non-controlling) shareholders are treated fairly and equally alongside the controlling shareholders. For instance, the AGM procedure needs to make it simple enough for all shareholders to take part in the meeting. Also, outside shareholders should be protected from possible actions, such as tunneling by the controlling shareholders acting directly or indirectly through the use of material non-public information and related-party transactions.

In 2021, the average score on equal treatment of shareholders was 9.98, up from 9.94 in 2019. The notification to call the AGM was of high quality, particularly in identifying auditors up for appointment or reappointment and making the proxy forms readily available or attached to the notice of the AGM. Thai listed companies also provided more disclosures about candidate directors, including the date of their initial appointment and any directorships they may have in other Thai listed firms. The percentage of companies receiving a score for this criterion increased steadily, from 94 points in 2019 to 99 points in 2021.

Thai listed companies received the same score on whether their related-party transactions were conducted in a fair manner and at arm's length transaction, having 99 points in both years, indicating room for improvement.

Strengths

- Companies disclose information about the date of first appointment and directorship(s) in other publicly listed companies of individuals seeking director election or re-election in the notice of AGM.
- Companies disclose the profiles of auditors seeking appointment or reappointment in the notice of AGM.

- Proxy forms are easily accessible or attached to the notice of AGM or are downloadable from the company website.

Areas for Improvement

- Companies should disclose that related-party transactions are conducted in such a way to ensure that they are fair and at arm's length.

Part C: Role of Stakeholders

The role of stakeholders' principle concentrates on issues of corporate responsibility to all stakeholders. The goal is to encourage corporate responsibility through the company's activities in relation to the environment, consumers, business partners, competitors, employees, communities, creditors, and other stakeholders. This category examines the company's policies and practices pertaining to the acknowledgement and treatment of their related stakeholders.

In 2021, the role of stakeholders received an average score of 14.24 points, up 13.66 points from 2019. The disclosure practices—including the supplier and contractor selection methods, the company's policy and procedures for protecting creditors rights, information on employee welfare, and information on training and development programs (i.e., statistics, average training hours, the number of employees who participate in programs, course costs, and course names)—have all improved year over year. Additionally, Thai listed companies offered greater details on the whistleblowing policy and protection against retribution for those who report unethical activity. Notably, Thai listed companies placed more emphasis on publishing sustainability reports that incorporate the ESG concept.

For improvement, authorities could encourage the disclosure of pay policies for employees tied to both short-term (e.g., financial year's profit, salary, provident fund, or medical treatment charge) and long-term corporate performance (e.g., employee stock ownership plan, employee joint investment program, and balanced scorecard assessment).

Strengths

- Good disclosure of policies and practices relating to:
  - Supplier selection
  - Creditors' rights safeguarded
  - Employees' health, safety, and welfare
- Companies publish relevant information on training and development programs for its employee.
- Companies have a separate report/ section that discusses their efforts on environment/ economy and social issues.
- Companies have a comprehensive whistleblowing policy in place.
- Companies have a policy or procedures to protect an employee or individual who reveals illegal/unethical behavior from retaliation.

Areas for Improvement

- More entities should have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.

Part D: Disclosure and Transparency

The disclosure and transparency principle looks at the accuracy, completeness, and timeliness of corporate information disclosure. Companies should disclose material corporate information in a timely and cost-effective manner through a variety of channels to reach all interested and relevant parties. Important items to report include the ownership structure of the company, related-party activities, and financial and nonfinancial information.

Scores increased from 22.53 points in 2019 to 23.40 points in 2021 in this category. In general, Thai listed firms were more transparent about the ownership of shares by directors and senior management as well as about policy and practices to related-party transactions.

The strength in this category included transparency of the direct and indirect shareholdings of significant and/or large shareholders, directors, and senior management. The disclosure of corporate goals, nonfinancial performance measures (e.g., market share and customer satisfaction), and dividend policy were also inspiring. In addition, more Thai listed companies disclosed information about related-party transactions and the board's policy on reviewing and approving significant related-party transactions.

For improvement, areas of interest include the disclosure of reasons for noncompliance concerns, of shareholdings at the start and end of the year, and of the company's constitution on its website. Scores in analyst briefings and press conferences were slightly lower, due to COVID-19.

Strengths

- Direct and indirect shareholdings of substantial shareholders, directors, and senior management were disclosed.
- Quality of annual reports disclosure on:
  - Corporate objectives
  - Nonfinancial performance indicators, such as market share
  - Dividend policy
- Companies disclose policy covering the review and approval of material related-party transactions.

Areas for Improvement

- The annual report should contain a statement confirming the company's full compliance with the code of corporate governance and where there is noncompliance, identify and explain reasons for each such issue.
- The annual report should disclose trading in the company’s shares by insiders.
- The evidence of analyst’s briefing and actual media briefings/press conferences should be disclosed.
- The company’s constitution (company's by-laws, memorandum and articles of association) should be disclosed on the company’s website.

Part E: Responsibilities of the Board

The responsibilities of the board focus on the duties, responsibilities, and accountabilities of the board of directors to the shareholders and other stakeholders. The board of directors must uphold high ethical standards for the company to properly consider the interests of all stakeholders. The board's primary duties include setting business strategy, keeping tabs on management effectiveness, and avoiding conflicts of interest.

This category assesses, among other things, the process for nominating directors, orienting new board members, evaluating the effectiveness of the board, the formulation of the corporate strategy, the monitoring of company operations, and the commitment to transparent business practices.

The average score increased from 32.08 points in 2019 to 33.35 points in 2021. A growing number of Thai listed companies placed increased importance on the disclosure of the types of decisions requiring board of directors' approval. Companies provided a code of ethics or conduct, together with efficient implementation and monitoring of the code, to which all directors, senior management, and workers are obligated to adhere. For board meetings, the board of directors met at least six times a year, with a minimum attendance requirement of 75% for each director. Thai listed companies also received higher marks for clearly outlining important risk management strategies for managing both financial and nonfinancial risks, disclosing the chair’s duties and responsibilities, and disclosing the CEO and key management succession plan.

For challenging issues, the disclosure of the procedures for reviewing, monitoring, and supervising the implementation of the business plan is one of them. Furthermore, at least half of the board of directors should be made up of independent directors. The board of directors should establish the independent director term restriction of nine years, the limit of five board seats for an independent director, the necessity quorum of at

least two-thirds for board decisions, and the meeting of nonexecutive directors without any executives present. For the audit committee, its responsibility for making recommendations on the hiring and dismissal of the external auditor should be made clear. For company secretaries, they must keep abreast of relevant programs every year. The CEO's compensation plan, the chair's independence, and the CEO's annual evaluation were other areas for improvement.

Strengths

- Disclosure of the details of the code of ethics or conduct.
- Companies disclose that all directors, senior management and employees are required to comply with the code. Also, companies disclose the implementation and the monitoring of the code of ethics or conduct.
- The board of directors meets at least six times during the year.
- Each of the directors attends at least 75% of all the board meetings held during the year.
- The key risks to which the company is materially exposed to (i.e. i.e., financial, operational including IT, environmental, social, economic) are disclosed clearly.
- Disclosure of the roles and responsibilities of the chairman.
- Disclosure of the process on the succession plans of the CEO/ managing director/president and key management.

Areas for Improvement

- Companies should state that the board of directors monitors and oversees the implementation of the corporate strategy.
- Independent directors should make up at least 50% of the board of directors.
- Companies should consider setting policies on:
    - A term limit of nine years for independent directors
    - A limit of five board seats that an individual independent/non-executive director may hold simultaneously
    - A minimum quorum requirement of at least two-thirds for board decisions
- The non-executive directors of the company should meet separately at least once a year without any executives present. Also, the purpose of the meeting and issues discussed must be stated.
- The chairman of the board should be an independent director.
- The audit committee should have responsibility for recommendation on the appointment, and removal of the external auditor.
- The company secretary should be trained in legal, accountancy or company secretarial practices and has kept abreast of relevant developments.
- Companies should disclose the remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices in both short-term and long-term incentives and performance measures for CEO.
- The board of directors should conduct an annual performance assessment of the CEO.

Bonus and Penalty

The bonus and penalty criteria are discussed separately in this section. Bonus items recognize companies that go beyond the minimum corporate governance practices required in Level 1. In contrast, a penalty is recorded for companies with governance practices or violations that are beyond the pale of the good corporate governance paradigm.

In general, Thai listed companies exhibited good practices in releasing the notice of AGM at least 28 days prior to the meeting date and distributed their audited annual financial statements within 60 days of the financial year-end. Almost all Thai listed companies show that the board chairperson, audit committee chairperson, and CEO attended the most recent AGM.

However, room for improvement remains. Thai listed companies need to consider adopting an internationally recognized sustainability reporting structure, for example, the Global Reporting Initiative (GRI). Also, companies should designate at least one female independent member to the board and have only independent directors serve on the nominating committee to earn the bonus point. The board of directors ought to go through a

procedure to choose directors who fit the company's strategic objectives. When looking for candidates for the board of directors, it is advised to employ professional search agencies or other outside sources. It is also suggested that a separate board-level risk committee be formed and that a governance policy be established for IT-related matters to improve the company's best practices.

Strengths

- The notice of the AGM, as announced to the stock exchange, is released at least 28 days before the date of the meeting.
- The audited annual financial report or statement is released within 60 days from the financial year-end.
- The chairman of the board, audit committee chairman and CEO attend the most recent AGM.

Areas for Improvement

- Companies should adopt an internationally recognized reporting framework for sustainability (i.e., GRI standard).
- Companies should have at least one female independent director.
- The nominating committee should comprise entirely of independent directors.
- Companies should disclose that the nomination committee undertakes the process of identifying the quality of directors aligned with the company's strategic directions.
- Companies should use professional search firms or other external sources of candidates when searching for candidates for the board of directors.
- The board should describe its governance process around IT issues including disruption, cybersecurity, disaster recovery, to ensure that all key risks are identified, managed, and reported to the board.
- Companies should have a separate board-level risk committee.

Conclusions and Recommendations

Corporate Governance Practices Have Constantly Improved

The preparation of sustainability reports using the Global Reporting Initiative framework with ESG considerations by Thai listed companies resulted in higher marks for the 2021 assessment. All industrial sectors are exhibiting a tendency toward sustainable development, which will be a major driver in sustainability in the years to come.

Thai listed companies placed higher importance on the nomination of at least one female independent director in the boardroom even if the score did not much improve. Thai listed companies received a significantly higher score for establishing the risk management committee, an item that remains a challenge for many Thai listed companies.

The list of Top 50 Thai publicly listed companies in the 2021 assessment is set out in Table 30.

Table 30: Thailand—Top 50 publicly listed companies in 2021
(in alphabetical order)

No.	Company Name		
1	ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED		★
2	AIRPORTS OF THAILAND PUBLIC COMPANY LIMITED	★	★
3	ASSET WORLD CORP PUBLIC COMPANY LIMITED		★
4	B.GRIMM POWER PUBLIC COMPANY LIMITED		★
5	BANGCHAK CORPORATION PUBLIC COMPANY LIMITED	★	★
6	BANK OF AYUDHYA PUBLIC COMPANY LIMITED		★
7	BANPU POWER PUBLIC COMPANY LIMITED		★
8	BCPG PUBLIC COMPANY LIMITED		★
9	BTS GROUP HOLDINGS PUBLIC COMPANY LIMITED		★
10	CENTRAL PATTANA PUBLIC COMPANY LIMITED		★

11	CENTRAL RETAIL CORPORATION PUBLIC COMPANY LIMITED		★	
12	CH. KARNCHANG PUBLIC COMPANY LIMITED		★	
13	CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED		★	
14	CK POWER PUBLIC COMPANY LIMITED		★	
15	CP ALL PUBLIC COMPANY LIMITED		★	
16	ELECTRICITY GENERATING PUBLIC COMPANY LIMITED		★	
17	ENERGY ABSOLUTE PUBLIC COMPANY LIMITED		★	
18	GUNKUL ENGINEERING PUBLIC COMPANY LIMITED		★	
19	HANA MICROELECTRONICS PUBLIC COMPANY LIMITED		★	
20	INDORAMA VENTURES PUBLIC COMPANY LIMITED		★	
21	INTOUCH HOLDINGS PUBLIC COMPANY LIMITED		★	
22	IRPC PUBLIC COMPANY LIMITED	★	★	
23	KASIKORNBANK PUBLIC COMPANY LIMITED		★	
24	KCE ELECTRONICS PUBLIC COMPANY LIMITED		★	
25	KIATNAKIN PHATRA BANK PUBLIC COMPANY LIMITED		★	
26	KRUNG THAI BANK PUBLIC COMPANY LIMITED		★	
27	MINOR INTERNATIONAL PUBLIC COMPANY LIMITED		★	
28	MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED		★	
29	PRECIOUS SHIPPING PUBLIC COMPANY LIMITED		★	
30	PRUKSA HOLDING PUBLIC COMPANY LIMITED		★	
31	PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED	★	★	
32	PTT GLOBAL CHEMICAL PUBLIC COMPANY LIMITED	★	★	★
33	PTT OIL AND RETAIL BUSINESS PUBLIC COMPANY LIMITED		★	
34	PTT PUBLIC COMPANY LIMITED	★	★	★
35	RATCH GROUP PUBLIC COMPANY LIMITED		★	
36	SCG PACKAGING PUBLIC COMPANY LIMITED		★	
37	SIAM MAKRO PUBLIC COMPANY LIMITED		★	
38	STAR PETROLEUM REFINING PUBLIC COMPANY LIMITED		★	
39	THAI OIL PUBLIC COMPANY LIMITED	★	★	★
40	THAI UNION GROUP PUBLIC COMPANY LIMITED		★	
41	THAI VEGETABLE OIL PUBLIC COMPANY LIMITED		★	
42	THE SIAM CEMENT PUBLIC COMPANY LIMITED		★	
43	SCB X PUBLIC COMPANY LIMITED (THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED)		★	
44	THORESEN THAI AGENCIES PUBLIC COMPANY LIMITED		★	
45	TMBTHANACHART BANK PUBLIC COMPANY LIMITED		★	
46	TOA PAINT (THAILAND) PUBLIC COMPANY LIMITED		★	
47	TOTAL ACCESS COMMUNICATION PUBLIC COMPANY LIMITED		★	
48	TQM ALPHA PUBLIC COMPANY LIMITED (TQM CORPORATION PUBLIC COMPANY LIMITED)		★	
49	TRUE CORPORATION PUBLIC COMPANY LIMITED		★	
50	WHA CORPORATION PUBLIC COMPANY LIMITED		★	

★ ASEAN Top 20

★ ASEAN Asset Class

★ Country Top 3

Source: Thai Institute of Directors

VIETNAM

Background of the Corporate Governance Framework

Viet Nam has made great effort and significant improvement in the past 10 years in finalizing the corporate governance legal framework, moving closer to international standards and best practices of corporate governance, with many newly promulgated legal documents on corporate governance.

When it comes to corporate governance, the 2014 Law on Enterprises has begun to change the legal framework for corporate governance, updated from international best practices, to ensure the safety and protection of the interests of investors, especially minority shareholders. As soon as the 2014 Enterprise Law took effect, the World Bank recognized Viet Nam as 87th out of 190 countries on shareholder and investor protection, up from 169th on its investor protection index.[4]

The 2020 Law on Enterprises was issued with a focus on improving the legal corporate governance framework to meet regional and international standards and improve the mechanism to effectively protect the legitimate rights and interests of investors, shareholders, and personnel. The 2019 Law on Securities also improved content on corporate governance, adding regulations on the governance of public companies and listed companies according to the principles of international practice, with upgraded governance standards. The promotion of practicing good corporate governance according to international best practices is strongly supported by efforts to improve legal aspects of the corporate governance framework. The first G20/Organisation for Economic Co-operation Principles of Corporate Governance in Vietnamese were published by the International Finance Corporation. In August 2019, the State Securities Commission worked with the International Finance Corporation to publish the first bilingual Vietnam Corporate Governance Code of Best Practices.

Sustainable development of the capital market is also an imperative mission of the regulatory agency. The Vietnamese capital market and institutional investors in Viet Nam have recently put more emphasis on sustainable investment. Disclosure of business operations involving the environment, social, and governance (ESG) dimensions and sustainability indicators linking to the company's financial performance is thus a priority.

The State Securities Commission nominated The Vietnam Institute of Director to be the domestic ranking body to conduct the ACGS assessment starting with the 2019 assessment year and for the years to come. The institute, established in 2018, is a professional organization which promotes corporate governance standards and best practices in the Vietnamese corporate sector. It aims to advance board professionalism, promote business ethics and transparency, create a pool of independent directors, build a network to connect corporate leaders and stakeholders, and help companies gain investor confidence.

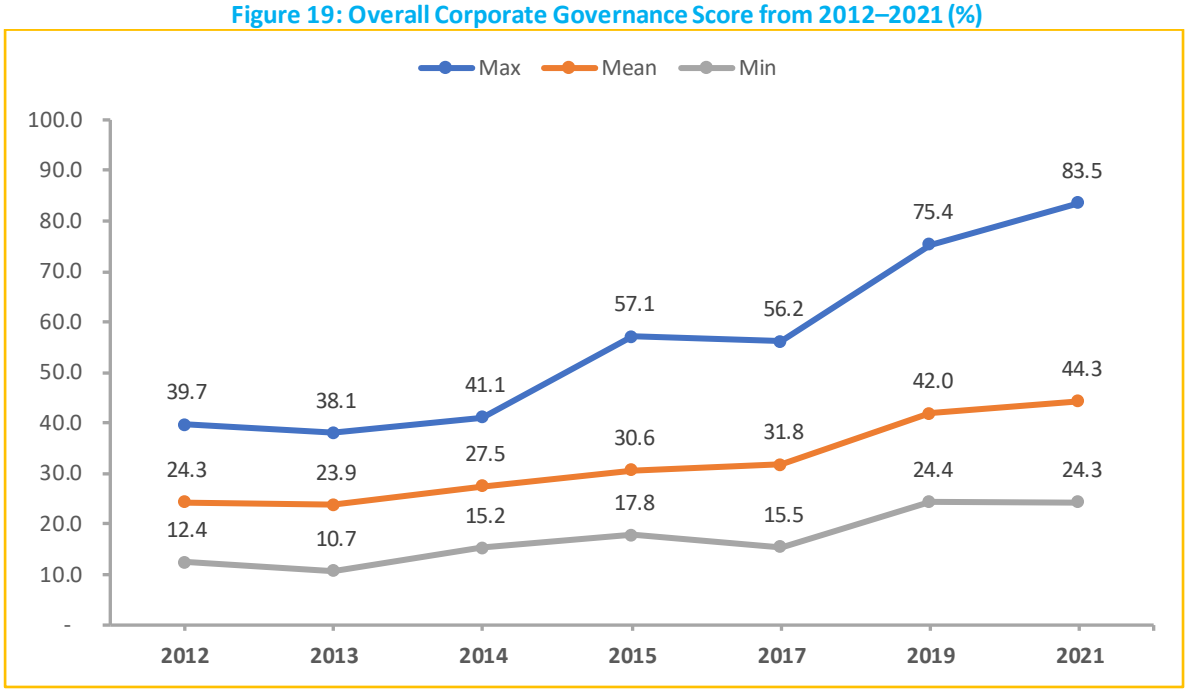
Overall Analysis

Overall Results

In 2021 the top 87 Vietnamese companies, meeting the requirements of investor documents published in English, were assessed, up from 82 in 2019. This accounted for 74% of total market capitalization of two Vietnamese stock exchanges and well represents the country's stock market. Figure 19 shows the overall performance of the top publicly listed companies (PLCs) from 2012 to 2021.

[4] In 2013, the World Bank ranked Viet Nam 169/190 countries on its investor protection index.

Figure 19: Overall Corporate Governance Score from 2012–2021 (%)

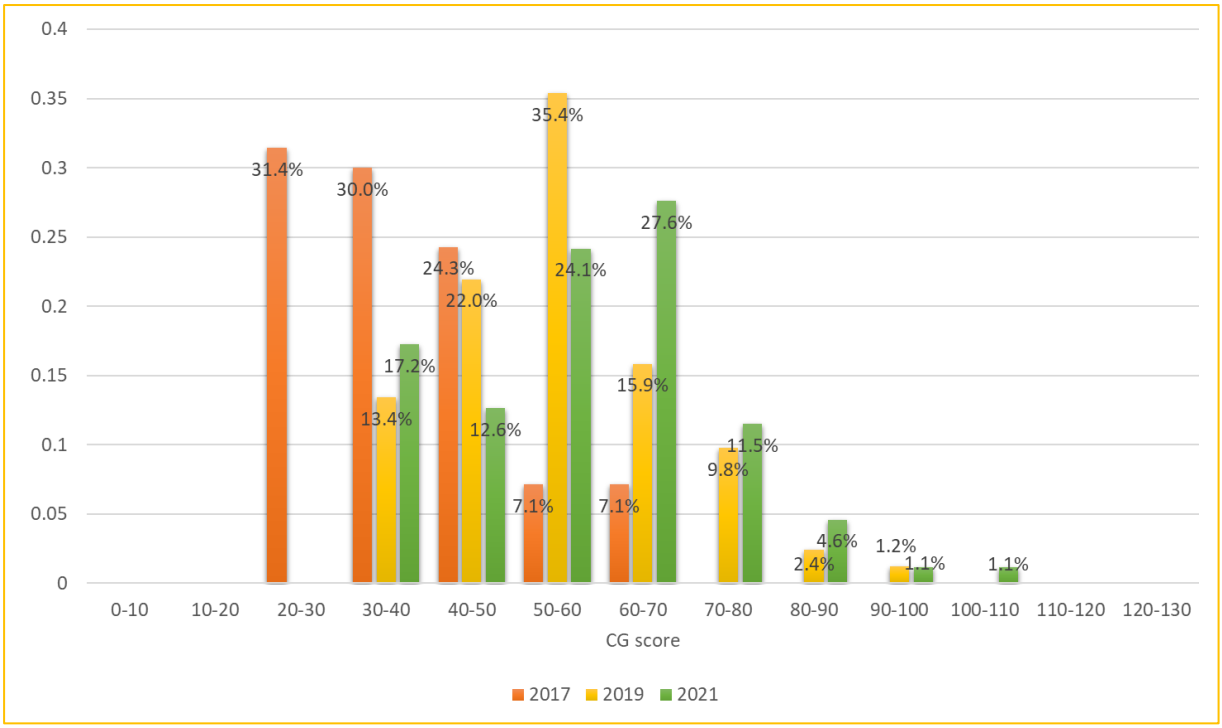


Source: Vietnam Institute of Directors.

In 2021, the corporate governance score of PLCs averaged 44.3%, up slightly from 41.7% in 2019. The maximum scores also improved significantly compared to 2019 and the previous years, showing clear and steady progress in corporate governance.

The improvement in scores is the result of the strengthening of legal regulations on corporate governance, with many new laws promulgated during 2019–2020 amid greater participation of PLCs in applying good governance practices in Viet Nam as well as the ASEAN region.

Figure 20: Distribution of Corporate Governance Score of Vietnamese Publicly Listed Companies from 2017–2021



Source: Vietnam Institute of Directors.

Most Vietnamese listed companies scored only 45 to 70 points, equivalent to 35% to 55% of the maximum score. Starting at the 60 to 70 point bar to the right of the chart, the green column (2021) gradually dominated the other two (2017 and 2019). Companies scored higher in 2021 than in 2019, with 27.6% of firms scoring 60 to 70 points on the 130-point scale and about 46% of firms above 60 points, compared to 30% in 2019. The best company, Vietnam Dairy Products Joint Stock Company (stock code VNM), scored above 97.5 points (or above the 75%-threshold score) and was awarded with "ASEAN Asset Class," likewise in 2019.

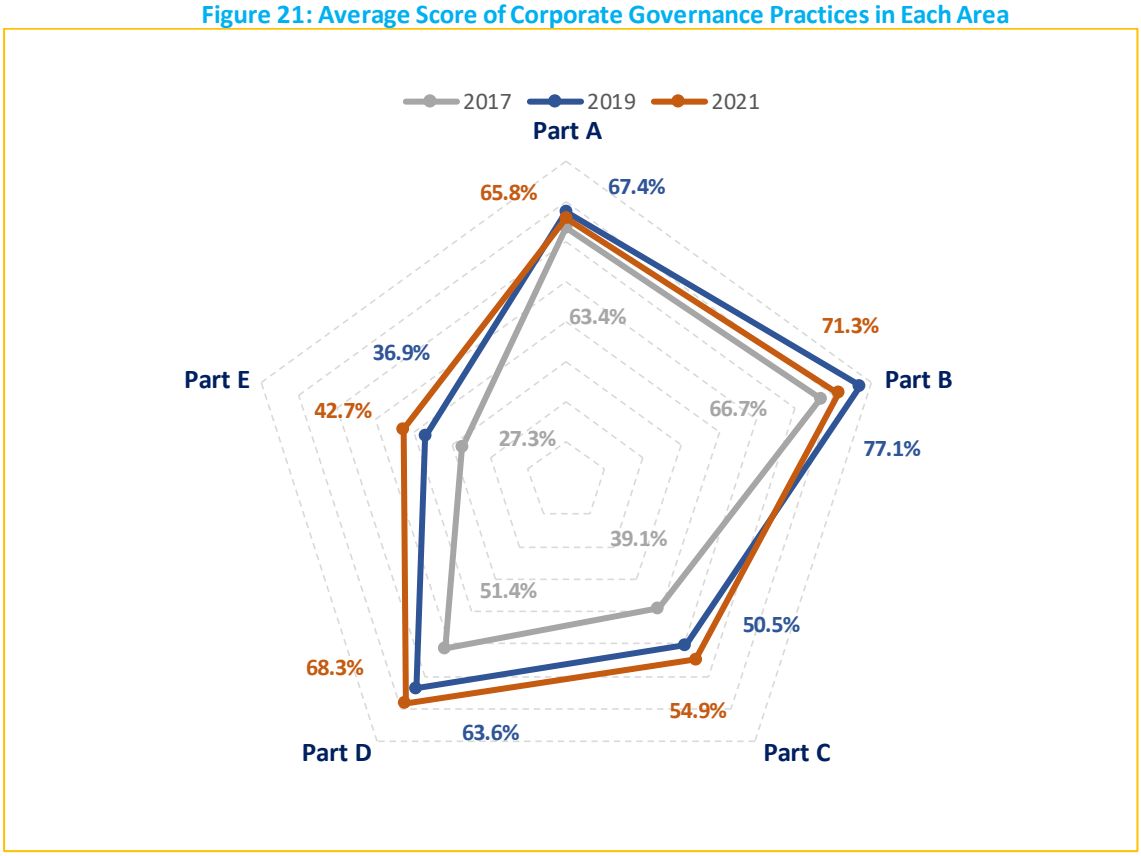
Table 31: Corporate Governance Score of Viet Nam Publicly Listed Companies over the 7 Assessment Years

Assessment Year	2012	2013	2014	2015	2017	2019	2021
Number of firms being reviewed	39	40	50	55	70	82	87
Maximum score of the scorecard	117	142	128	120	130	130	130
Maximum score of companies (in points)	46.5	54.1	52.6	68.5	73.1	98.0	108.6
Minimum score of companies (in points)	14.5	15.2	19.5	21.4	20.2	31.7	31.5
Median score (in points)	27.8	31.0	33.8	34.7	38.7	54.0	59.0
Mean score (in points)	28.4	33.9	35.1	36.8	41.3	54.6	57.6

Source: Vietnam Institute of Directors.

Table 31 details the corporate governance performance in a point scale for 2012–2019. Vietnamese company corporate governance performance advanced significantly from the 2019 assessment and maintained upward momentum in 2021, with a mean score of 57.6 points. Breakthrough efforts in 2021 among top companies saw a maximum score of 108.6 points, up by more than 10 points over 2019.

Figure 21: Average Score of Corporate Governance Practices in Each Area

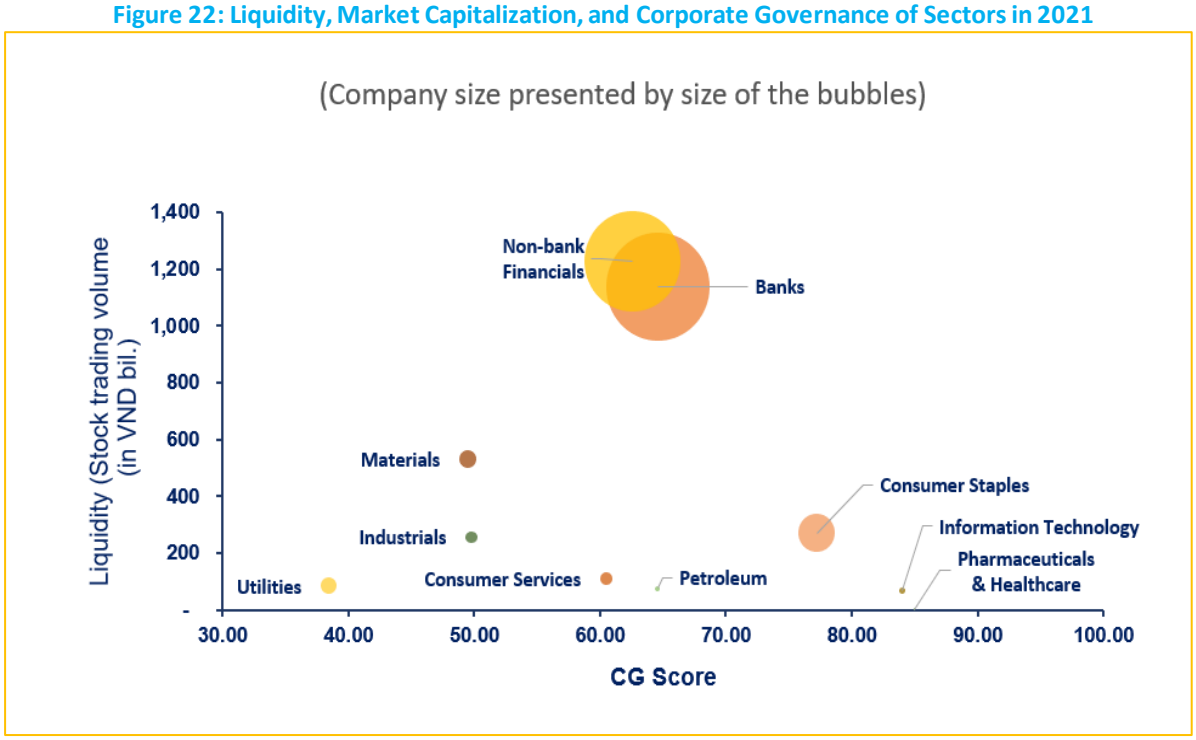


Source: Vietnam Institute of Directors.

Figure 21 shows average scores in each corporate governance area for 2012–2021 with continuous improvement in the roles of stakeholders in corporate governance (Part C), disclosure and transparency (Part D) and responsibilities of the board (Part E) over the years. The area of rights of shareholders (Part A) and the equitable treatment of shareholders (Part B) decreased, however, mainly because of challenges in organizing general meetings of shareholders in 2021 due to the distance isolation requirements during the COVID-19 pandemic. Challenges are apparent in most other areas, especially in Part C, Part D, and Part E, with performance lower than ASEAN standards.

Corporate Governance in Industries

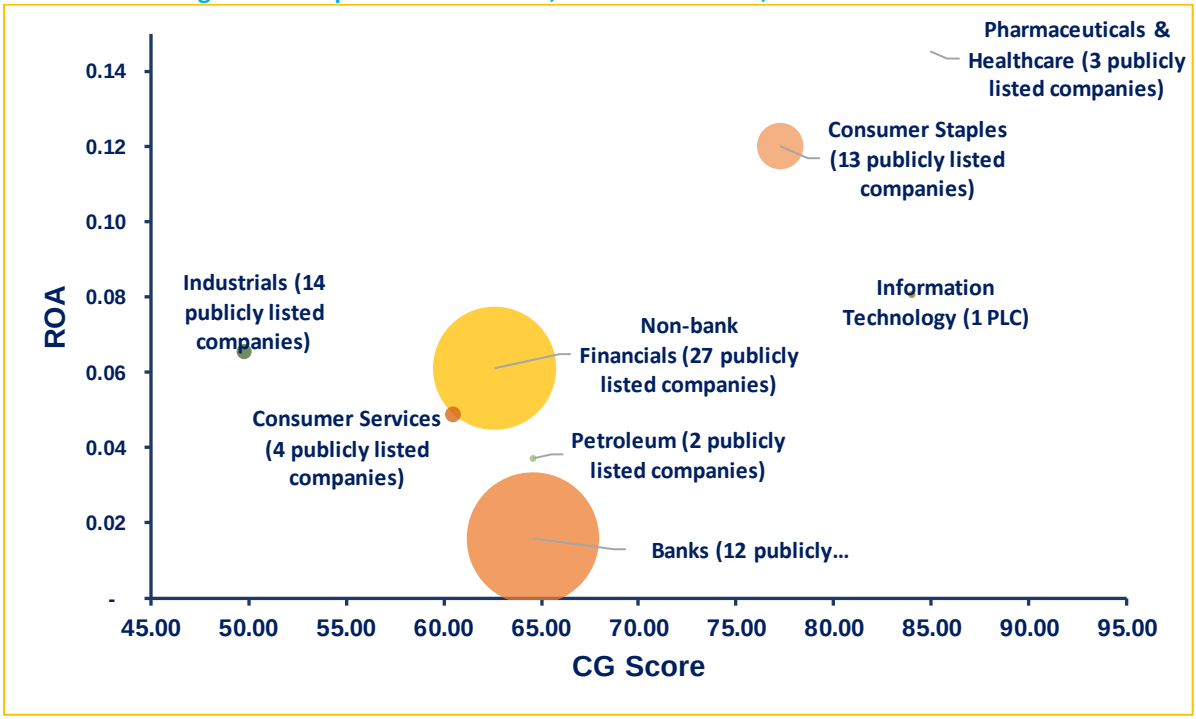
Figure 22: Liquidity, Market Capitalization, and Corporate Governance of Sectors in 2021



Source: Vietnam Institute of Directors.

Investors always pay special attention to companies in industries with large market capitalization, high liquidity, and most importantly, good governance. Figure 22 shows corporate governance score (on the x-axis) of each industry on liquidity (on the y-axis is the liquidity of stocks of the industry, measured by stock trading volume in 2021), with the size of the bubbles representing or the size of firms in the industry, measured by market capitalization in 2021. This figure presents the industries in Viet Nam with many companies performing corporate governance well and attractive to the investors, including consumer staples, pharmaceuticals and healthcare, finance, banking, and consumer services.

Figure 23: Corporate Governance, Firm Performance, and Firm Size in Sectors



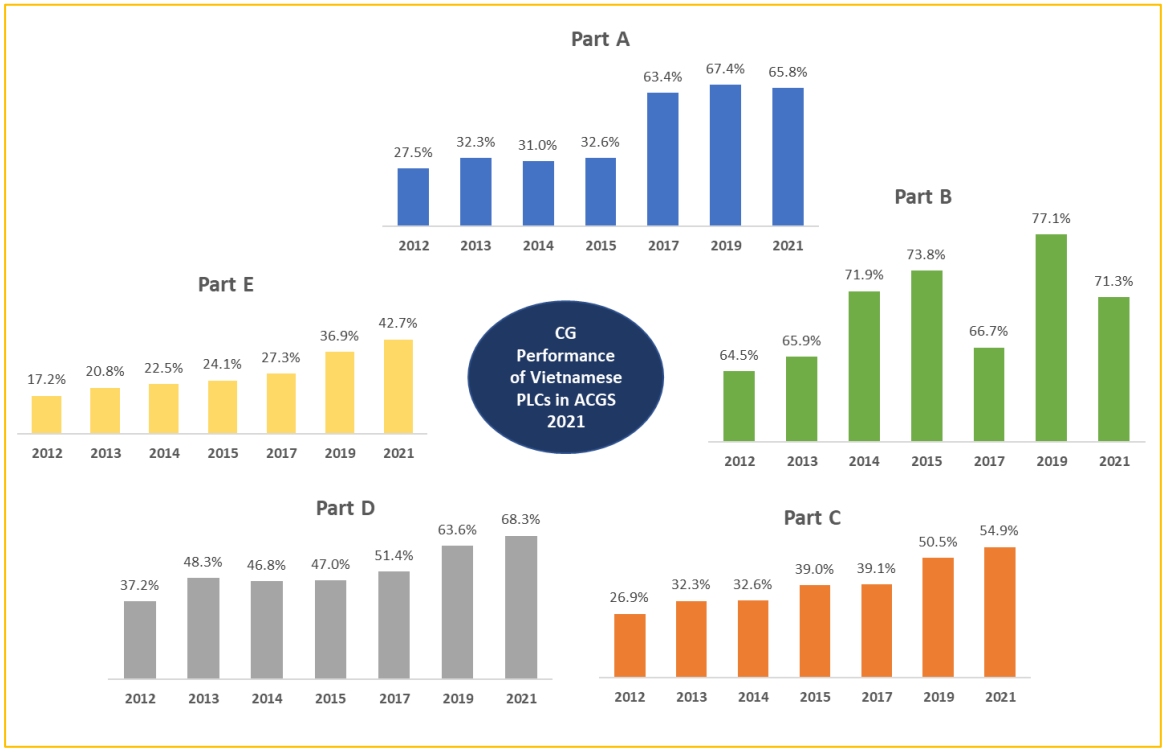
CG = corporate governance, ROA = return on assets, PLC = publicly listed company.
Note: Relative corporate size is indicated by bubble size. Source: Vietnam Institute of Directors.

Performance is an important metric in investment selection. Industries attractive to investors have effective business administration, high growth, good corporate governance, and adequate risk management. Figure 24 highlights industries that achieved operational efficiency and good corporate governance, which include pharmaceuticals and healthcare, information technology, and consumer staples.

The average corporate governance scores of many industries with good return on assets performance are concentrated at below 50% because there is a big difference among enterprises in the same industry. Individual companies in these industries can still shine by implementing regional and global good governance standards.

Performance of corporate governance in each area

Figure 24: Corporate Governance Performance of Vietnamese Publicly Listed Companies over the Assessment Years



ACGS = ASEAN Corporate Governance Scorecard, CG = corporate governance, PLC = publicly listed company.
Source: Vietnam Institute of Directors.

Figure 24 details scores in corporate governance each area for 2012–2021. Vietnamese PLCs have significantly improved corporate governance practices in all areas since 2017. In 2021, scores in Part C, Part D, and Part E were still improving, but scores in Part A and Part B decreased by about 1.6 percentage points and 5.8 percentage points from 2019, respectively.

Part A: Rights of Shareholders

The current corporate governance regulatory framework in Viet Nam ensures participation and protection of the rights of shareholders, with many updates of the Law on Enterprises 2020 in line with international corporate governance practices.

Figure 24 shows that Part A generally achieved year-over-year growth and Vietnamese firms complied well with enhanced regulatory requirements despite a slight decrease over the previous assessment.

Strengths

- Shareholders have the right to be involved in decisions concerning fundamental corporate changes as required by the regulatory framework.
- On the conduct of effective general meetings of shareholders:
    - To be provided with timely and sufficient information and explanation for each voting issue in the agenda. i.e., notice was provided at least 21 days in advance
    - To be informed about the voting results of each resolution/agenda item
    - The minutes of the general meetings of shareholders recorded that shareholders were given the opportunity to ask questions, and the questions and answers given were recorded.
- Shareholders have the opportunity to approve remuneration for the nonexecutive directors.
- Companies disclose practices to encourage shareholders, including institutional investors, to engage with the companies beyond the general meetings of shareholders.

Areas for improvement

- Dividends should be paid within 30 days and stock dividends to be paid within 60 days after being announced or approved by general meetings of shareholders.
- Appointment of independent scrutineers to validate the votes at the general meetings of shareholders.
- Disclosure on the attendance of all board members and the CEO to the general meetings of shareholders.
- Make publicly available by the next working day the result of the votes taken during the general meetings for all resolutions, in English.
- Disclosure of mergers, acquisitions, and sales of substantial portions of corporate assets that require shareholder's approval as well as disclosure of an independent party who evaluates the reasonableness and fairness of the transaction price.

Part B: Equitable treatment of shareholders

Although Part B in the 2021 assessment, in Figure 24, declined over 2019 to 71.3%, it remained the best performing area of Vietnamese PLCs among corporate governance areas. This result was achieved thanks to the support from the legal framework in enhanced regulations to ensure fair treatment of minority shareholders and non-controlling shareholders.

Strengths

- One-share-one-vote principle. All companies have one class of common shares—ordinary shares.
- Each resolution in the general shareholders meetings deals with only one item and there is no bundling of several items into the same resolution.
- Provision of the sufficient shareholder documents in English and Vietnamese at the same time.
- Most companies' proxy documents were available.
- Provision of the list of audit firms to be approved by shareholder meeting.

Areas for improvement

- Disclosure of the detailed curriculum vitae/biography of the board member candidates.
- A committee of independent directors should be established to review and approve the material or significant related-party transactions.
- Quality of information of value and nature of the related-party transactions and on whether it is assured that the transactions are fair and at market arm's length.

Part C: Roles of Stakeholders

In addition to the interests of shareholders, the corporate governance principles also aim to protect the interests of stakeholders such as employees, customers, suppliers, creditors, environment, and community, ensuring healthy development criteria and sustainability of business in particular and of society in general. This assessment examines whether companies take into account the interests of stakeholders, notably when making business decisions in the interest of the company's long-term success and performance.

The assessment results in 2021 showed that the average score of Vietnamese PLCs reached 8.2/15 points, accounting for 54.9%, an increase compared to 2019 with an average score of 7.6/15 points, accounting for 50.5%. This is also an area which requires more advanced assessment criteria, following the trend of disclosure on ESG practices towards sustainable development.

Strengths

- Good disclosure of policies and practices relating to:
    - Environment-friendly value chain
    - Interaction with communities
    - Health, safety, and welfare policy for employees
    - Employee training and development programs.
- Availability of separate report/section on environment/economy and social issues

Areas for improvement

- Poor disclosure of policies and practices relating to:
  - Supplier and contractor selection procedures
  - Safeguarding creditors' rights
  - Anti-corruption programs and procedures
- Having whistleblowing policy applicable to all stakeholders which clearly outlines how to report, process, respond to, and redress complaints
- Disclosure of process and policy to ensure information safety and confidentiality, and whistleblower protection, along with appropriate and reliable contact details

Part D: Disclosure and Transparency

This corporate governance area of the ASEAN Scorecard identifies the items that companies must disclose to the public to better secure observance of good corporate governance practices. As seen in Figure 24, the corporate governance score in this area was 68.3%, an improvement of 4.7% compared to 2019, as a result of more efforts by PLCs to improve their disclosure practices in the annual report with adequately incorporated fundamental information in the annual report, better quality of website, more transparency of ownership structure, and more informative nonfinancial indicators.

Strengths

- Identity of the beneficial owners of substantial shareholders
- Disclosure of ownership structure of large shareholders, internal shareholders, and corporate structures with shareholding interests
- Disclosure of name, relationship, nature, and value for each material related-party transactions and development of policy covering the review and approval of material related-party transactions to avoid conflicts of interest
- Better quality of annual reports:
  - Company objectives
  - Details on dividend policy
  - Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of all directors
  - Details of their meeting attendance
  - Company financial and nonfinancial indicators
- Provision of websites with separate sections for shareholder relations, providing detailed information and reports, such as financial reports and annual reports of the current year and previous years
- Disclosure of the contact details of the officer or office responsible for investor relations

Areas for improvement

- Commitment from tone of the top confirming the company's full compliance with the code of corporate governance and, where there is non-compliance, identify and explain reasons for each such issue.
- Disclosure of information on the total remuneration of each board member
- Fees paid to auditors for audit and other non-audit services should be made public to help verify the independent role of the audit firm
- Availability of documents in English on the company website, such as company charter and companies' internal regulations of corporate governance
- Limited use of different communication channels, such as analyst's briefings or press conferences

Part E: Responsibilities of the board of directors

The responsibilities of the board of directors focus on their duties, responsibilities, and accountability to shareholders and other stakeholders. By taking into account the interests of all stakeholders, the board of directors has a central role in setting up the corporate governance framework, overseeing corporate strategy implementation, monitoring the risk management system, supervising executive bodies, and ensuring stakeholders' benefits. An independent and competent board of directors who comply with high ethical standards to the business to effectively fulfill their responsibilities will help to increase the quality and effectiveness of the corporate governance system and ensure stakeholders' value in the long run.

As shown in Figure 24, the performance score in this area was 42.7%, equivalent to 17.1/40 points, an improvement of 5.8% compared to the 2019 performance. Although it was among the most improved areas of the corporate governance that Vietnamese companies have achieved in 2021, this remains as one of the big challenges for improvement for most of Vietnamese PLCs.

Strengths

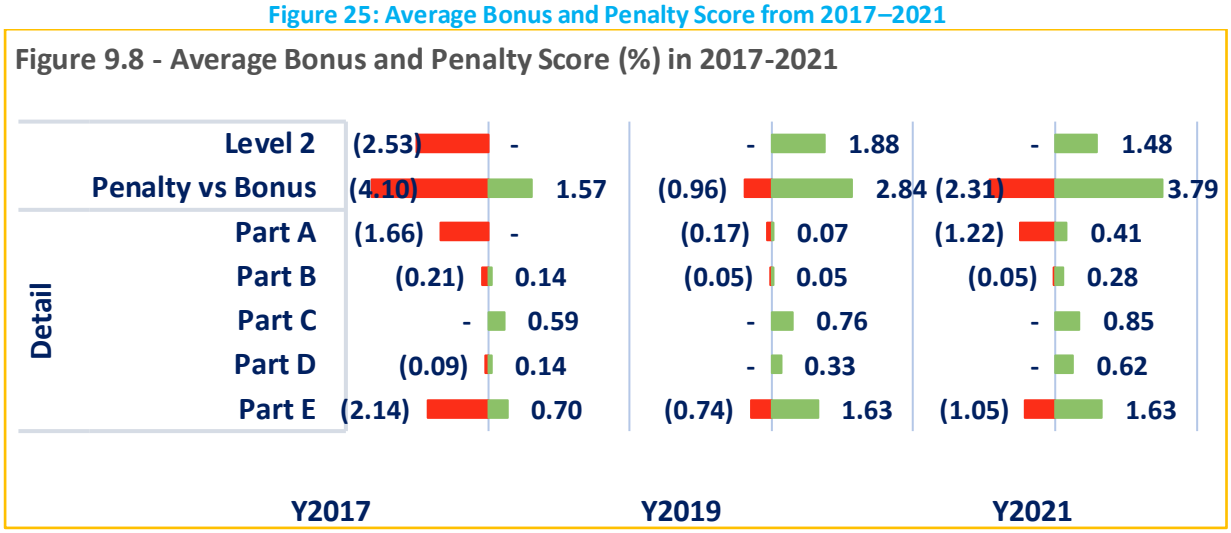
- Disclosure of the types of decisions requiring board of directors' approval
- Disclosure of leading role of the Board in developing and reviewing the company's strategy every year
- The sound internal control procedures/risk management framework along with periodical review of the effectiveness of that framework
- Disclosure of key risks and the system for monitoring and managing key risks
- Setting internal audit function in place
- Disclosure of attendance details of each director in Board meetings with attendance at least 75% of all meetings held during the year
- Disclosure of criteria and process used in appointing new directors

Areas for Improvement

- Process to review, monitor, and oversee the implementation of the corporate strategy
- Statement from the board of directors commenting on the adequacy of the company's internal controls/risk management systems
- Disclosure of more details on their code of ethics and conduct, and how they monitor compliance with this code
- Disclosure of corporate secretary profile with legal or accountancy background or company secretarial practices
- Board committees and composition:
  - Adoption of nine-year term limit for independent directors
  - Majority of independent directors in board, board committees, and especially independent chair of committee
  - Independent chair or lead/senior independent directors
  - Establishment of nomination and remuneration committees
  - Audit committee chaired by an independent director, comprised entirely of nonexecutive and with a majority of independent members and at least one member having accounting qualification or experience
- Board capacity development
  - Orientation programs for new directors in details
  - Policy to encourage directors to participate in regular or professional training programs and the details of training programs that each director participates in the assessment year, including the name, topic, time of the study, and the number of hours attended
  - Implementation of succession planning for the position of CEO/executive director/key manager
- Board performance assessment:
  - Non-executive directors hold at least one meeting a year without any executive director present
  - Scheduling board meeting before or at the beginning of the year
  - Measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interests of the company
  - Disclosure of the remuneration for non-executive directors, executive director and CEO
  - Annual performance assessment of the board of directors and the individual directors, which discloses the criteria and process followed for the assessment

Bonus and Penalty

Figure 25: Average Bonus and Penalty Score from 2017–2021



Source: Vietnam Institute of Directors.

Bonus and penalty are challenging areas for companies in Viet Nam. Bonus items are awarded to adopting good corporate governance practices that go beyond the requirements of the Level 1 of the ACGS. Likewise, penalty items are deducted points to detect and limit poor corporate governance activities.

Figure 25 shows that Vietnamese PLCs earned a Level 2 average score of 1.48 points compared to the highest attainable score of 30 points. Although the bonus average point of 2021 (3.79 points) increased by about 40% compared to 2019 (2.84 points), the penalty average point deducted a more significant amount, which is a 141% decline from 0.96 points in 2019 to 2.31 points in 2021. This big gap demonstrates that the total average point of Level 2 did not improve much and was even slightly lower than in 2019 (Table 32).

Table 32: Average Bonus and Penalty Score (in points) in 2017–2021

Year	Average Bonus Score	Average Penalty Score	Average Level 2 Score
2017	1.57	4.10	-2.53
2019	2.84	0.96	1.88
2021	3.79	2.31	1.48

Source: Vietnam Institute of Directors.

Strengths

- The signal is good that firms are active in adopting internationally recognized reporting frameworks for sustainability
- Disclosure of policy and measurable objectives for implementing its board diversity and report on progress in achieving its objectives
- Disclosure of the governance process around IT issues including disruption, cybersecurity, and disaster recovery

Areas for improvement

- Electronic voting in absentia at the general shareholders meetings
- Attendance of the chair of the board, audit committee chair, and CEO in the meeting
- Undertaking the process of identifying the quality of directors aligned with the company's strategic directions
- Using professional search firms or external sources of candidates for new candidates to the board of directors
- Provision of detailed information on CEO's remuneration

- Having at least one female independent director
- The nominating committee should entirely comprise independent directors.
- Establishment of separate board-level risk committee

Conclusions and Recommendations

Overall, Vietnamese listed companies have continued to strengthen good corporate governance over the years. There is a much more attention to the board of directors' leadership role and the rights of shareholders, especially minority shareholders. In stakeholders' relationships, Vietnamese listed companies appreciate the importance of sustainability and ESG, with greater transparency of policies and practices pertaining to the stakeholders in customers' welfare, supplier selection procedures, creditors' rights, and anti-corruption programs—together with clear disclosure of the company's code of ethics and the implementation compliance with the code.

Continuous Evaluation of the Board of Directors' Leadership Role

• Being open and inviting new members to the board of directors will bring in diverse and up-to-date thoughts.
• The board of directors should have an action plan focusing on important areas of governance improvement: Building a competent board of directors with knowledge and skills in law, finance, and control. Board diversity will be a crucial step in establishing a sound governance foundation.
• Regularly updated with training programs on new governance challenges to be well equipped to respond to any fluctuations and risks.

Implementing the Principles of Transparency:

• Greater transparency of information will enable firms to improve corporate governance performance, as well as provide a significant chance to be recognized in the international capital market.

Assessing Critical Control Points:

• Review and add good governance mechanisms to the company charter; consider strengthening the internal governance mechanism in corporate governance policies; develop a whistleblowing policy to help detect governance issues early; develop a code of conduct to help prevent abuses; and review the risk management framework to add new checkpoints for future problems in a turbulent business context.
• Related-party transactions can be useful if safeguards against exploitation are in place. Review the list of related parties on a regular basis, develop and implement a policy for analyzing the merits and validity of such transactions, review their approval process, and disclose the information.

For a Sustainable Development:

• Corporate reputation is a crucial value for the long-term success of businesses. Risk management mechanisms should be reviewed to prevent risks in stakeholders' relationships.
• Sustainable development and corporate reputation will be attained through effectively building long-term partnerships based on fairness and integrity.

The list of top 3 Viet Nam PLCs in the 2021 assessment is set out in Table 33.

Table 33: Top 3 Publicly Listed Companies in the ASEAN Corporate Governance Scorecard based on 2021 Total Score
(in alphabetical order by stock code)

Stock code	Company Name
DHG	DHG Pharmaceutical Joint Stock Company
FPT	FPT Corporation
VNM	Viet Nam Dairy Products Joint Stock Company

Source: Vietnam Institute of Directors.


ADB


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