



Corporate Governance Developments in the ASEAN Region

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ASEAN

Economic Community

— at a Glance —

ASEAN Economy

A Highly Competitive Economic Region

With a combined GDP of **US\$2.6 trillion** in 2014, ASEAN economy was the **7th largest in the world** and the **3rd largest in Asia**

ASEAN Population

A Region Fully Integrated Community

In 2014, ASEAN was the **3rd largest market in the world** with **622 million people** behind only China and India

ASEAN Trade

A More Integrated Market

Total trade increased by nearly **US\$1 trillion** between 2007 and 2014, with **intra-ASEAN** trade comprising **the largest share** of ASEAN's total trade by partner.

ASEAN FDI

A World Class Investment Destination

ASEAN attracted **US\$136 billion** in FDI in 2014, accounting for **11%** of global FDI inflows, up from only **5%** in 2007

ASEAN Connectivity

A More Connected Community

Annual tourist arrivals were up from **62 million** in 2007 to **105 million** in 2014, almost **half** of which were **intra-ASEAN**

The rate of Internet subscription **more than doubled** from **11.8 per 100 inhabitants** in 2007 to **28.6** in 2014



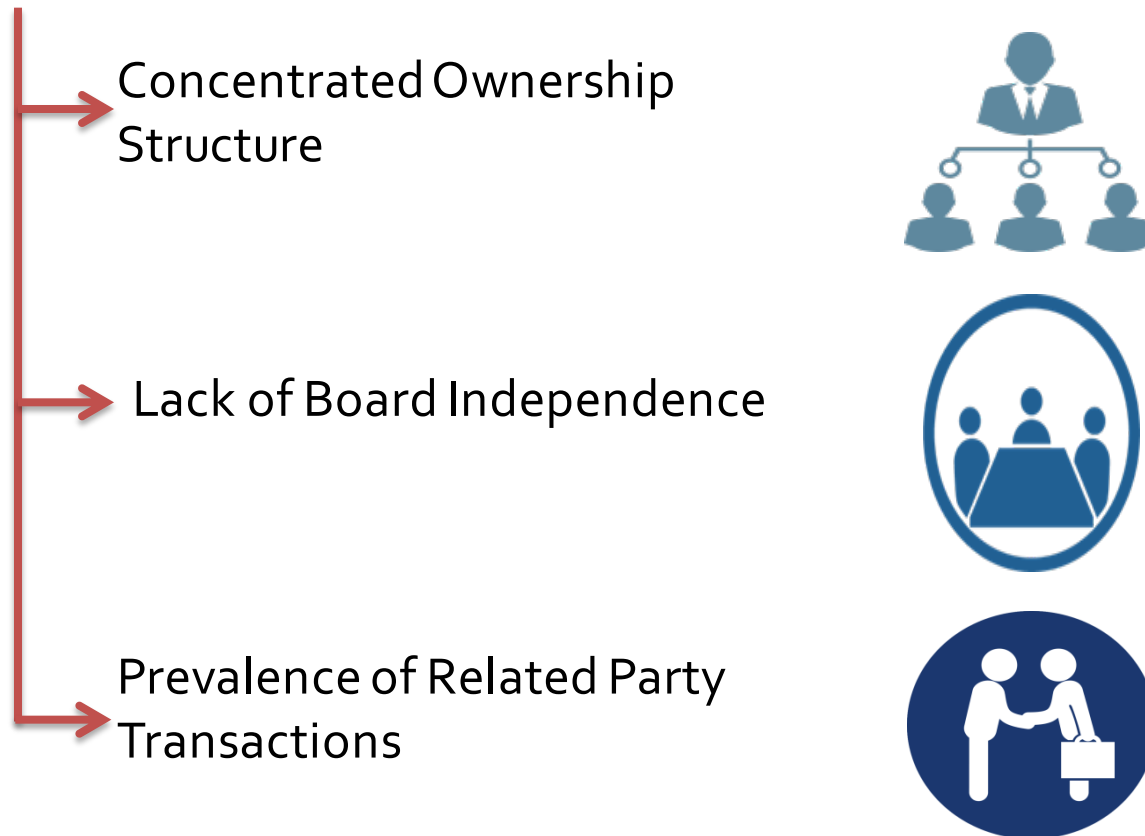
one vision
one identity
one community

The 1997 Asian
Financial Crisis
sparked the
adoption of
corporate
governance in
ASEAN



Causes of the Asian Financial Crisis

Challenges in Asia



First Wave: Regulator-Led Foundations

Country	Landmark CG Laws	CG Private Sector Partners
Indonesia	General Guidance on Good Corporate Governance (2001)	Indonesian Institute of Corporate Directors (2000)
Malaysia	Financial Reporting Act (1997); Development Financial Institutions Act (2002)	Minority Shareholder Watchdog Group (2000)
Philippines	Code of Corporate Governance (2002)	Institute of Corporate Directors (1999)
Singapore	Securities and Futures Act (2001)	Singapore Institute of Directors (1998)
Thailand	15 Principles of Good Corporate Governance (2002)	Thai Institute of Directors (1999)

OECD Principles of Corporate Governance (2004)

- Ensuring the Basis for an Effective Corporate Governance Framework
- The Rights of Shareholders and Key Ownership Functions
- The Equitable Treatment of Shareholders
- The Role of Stakeholders in Corporate Governance
- Disclosure and Transparency
- The Responsibilities of the Board

Second Wave: Convergence of CG Laws

Country	Recent CG Development
Indonesia	Indonesian Corporate Governance Roadmap (2013)
Malaysia	Corporate Governance Blueprint (2011) Bursa Malaysia Corporate Disclosure Guidelines (2013) Malaysian Code for Institutional Investors (2014)
Philippines	Philippine Corporate Governance Blueprint (2015) Code of CG for PLCs (2016)
Singapore	SGX Listing Requirements (amended in 2011) Singapore Code of Corporate Governance (revised 2012)
Thailand	Principles of Good Corporate Governance for Listed Companies 2006 (revised 2013) Sustainability Development Roadmap (2013)
Vietnam	Corporate Governance Code 2007 and Amendments (2012) Disclosure Rule (2012) Listing rules of the Ho Chi Minh and Hanoi stock exchanges

Introduction of Corporate Governance Scorecards

1990s – adoption of country CG codes

2004 onwards – development of scorecards

2011 – ASEAN Capital Markets Forum (ACMF)
initiates ASEAN CG Scorecard

Initiatives towards an ASEAN integrated market...

Cross-border fundraising

- ASEAN Disclosure Standards for equity and plain debt securities
- Expedited entry for secondary listings

Cross-border product distribution

- Mutual recognition of Collective Investment Schemes
- ASEAN Trading Link
- Settlement Link

Cross-border offering of services

- Common regulatory model for cross-border provision of supporting marketing services

Regional capital market development

- **Corporate governance ranking of ASEAN PLCs**
- Regional cooperation in Islamic capital markets
- Cross-border enforcement and dispute resolution
- Technical support for newer markets e.g.: Laos, Cambodia, Vietnam, Brunei

ACGS is an ASEAN Capital Markets Forum initiative:

1. Raising corporate governance standards of ASEAN PLCs
2. Promote ASEAN as an asset class spearheaded by its PLCs



The Scorecard is mainly based on OECD Principles of Corporate Governance...

...and takes into account other global and regional best practices and initiatives

Global & national best practices



OECD Principles of CG



ICGN Global CG Principles (Rev 2009)



WORLD BANK GROUP

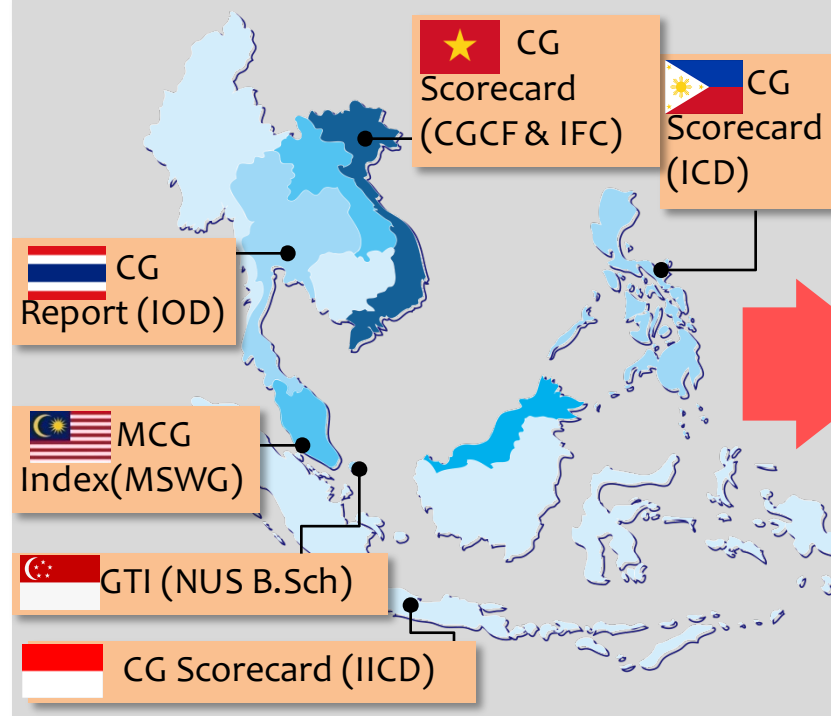
World Bank CG ROSC Assessment Template



ACGA-CLSC CG Questionnaire

IdeaNet Scorecard

Initiatives within ASEAN



Since the implementation of the ASEAN CG Scorecard, most countries have indicated their commitment to adopt the ASEAN CG Scorecard in place of their national initiatives

Focus of the ASEAN CG Scorecard



World Bank CG ROSC Assessment

WORLD BANK GROUP

Assesses the compliance of a **COUNTRY** with the OECD Principles of Corporate Governance :

- Corporate Governance Framework
- Shareholder Rights
- Equitable Treatment of Shareholders
- Role of Stakeholders
- Disclosure and Transparency
- Responsibilities of the Board



ASEAN Corporate Governance Scorecard

Assesses the compliance of a **PLC** with the OECD Principles of Corporate Governance

... based on **publicly available** and **accessible information**, sourced from:

- Annual reports
- Company websites
- Announcements of AGM
- Articles of association
- Minutes of AGM
- Corporate Responsibility / ESG Report










ACGA-CLSA Corporate Governance Watch



Assesses a **COUNTRY** in the following categories:

- CG rules and practices
- Enforcement
- Political and regulatory
- Accounting & Auditing (IGAAP)
- CG culture

Weightage of each part takes into account national initiatives

Sections of Scorecard	Weights per section of Scorecard						
							
A: Rights of shareholders	20%		20%		20%	15%	10% (25)
B: Equitable treatment of shareholders	15%	20%	20%	5%	15%	20%	15% (18)
C: Role of stakeholders	15%	0%	10%	0%	20%	5%	10% (21)
D: Disclosure and transparency	25%	40%	25%	20%	20%	30%	25% (41)
E: Responsibilities of the board	25%	40%	25%	75%	25%	30%	40% (74)
Total	100%	100%	100%	100%	100%	100%	100%

Each descriptor/item in Level 1 is allocated 1 point



Bonus (11)

Penalty (22)

- Bonus and penalty sections are added to:
- **reward** CG practices that are higher than the common standards adopted by ASEAN countries
 - **penalize** those that do not meet the common standards

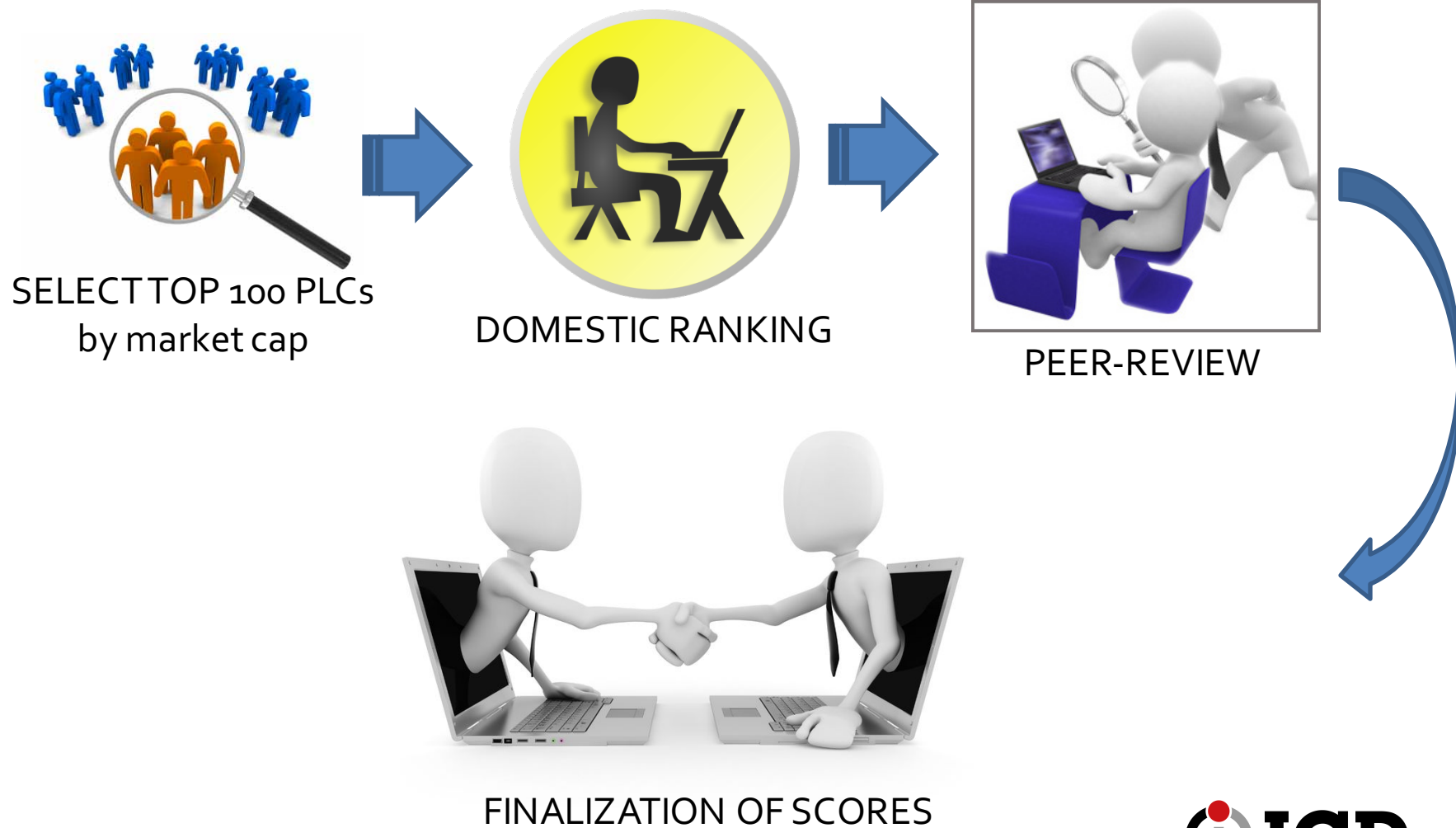
Max 26 pts

Max -53 pts

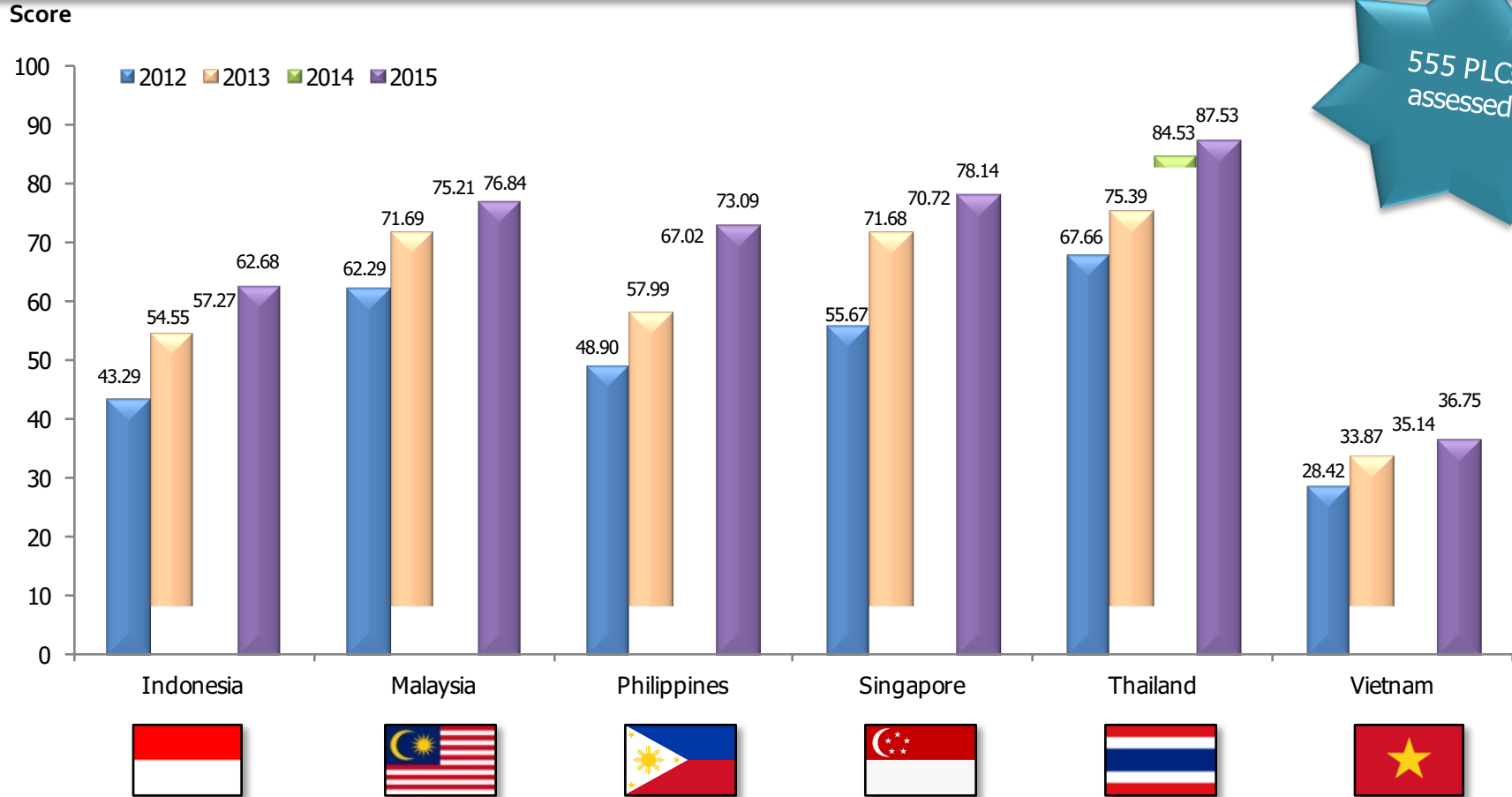
- Each **BONUS** item is allocated 2, 3 or 4 pts
- Each **PENALTY** attracts between -1 and -4 pts

Note: Number in () indicates no. of questions

Assessment Process

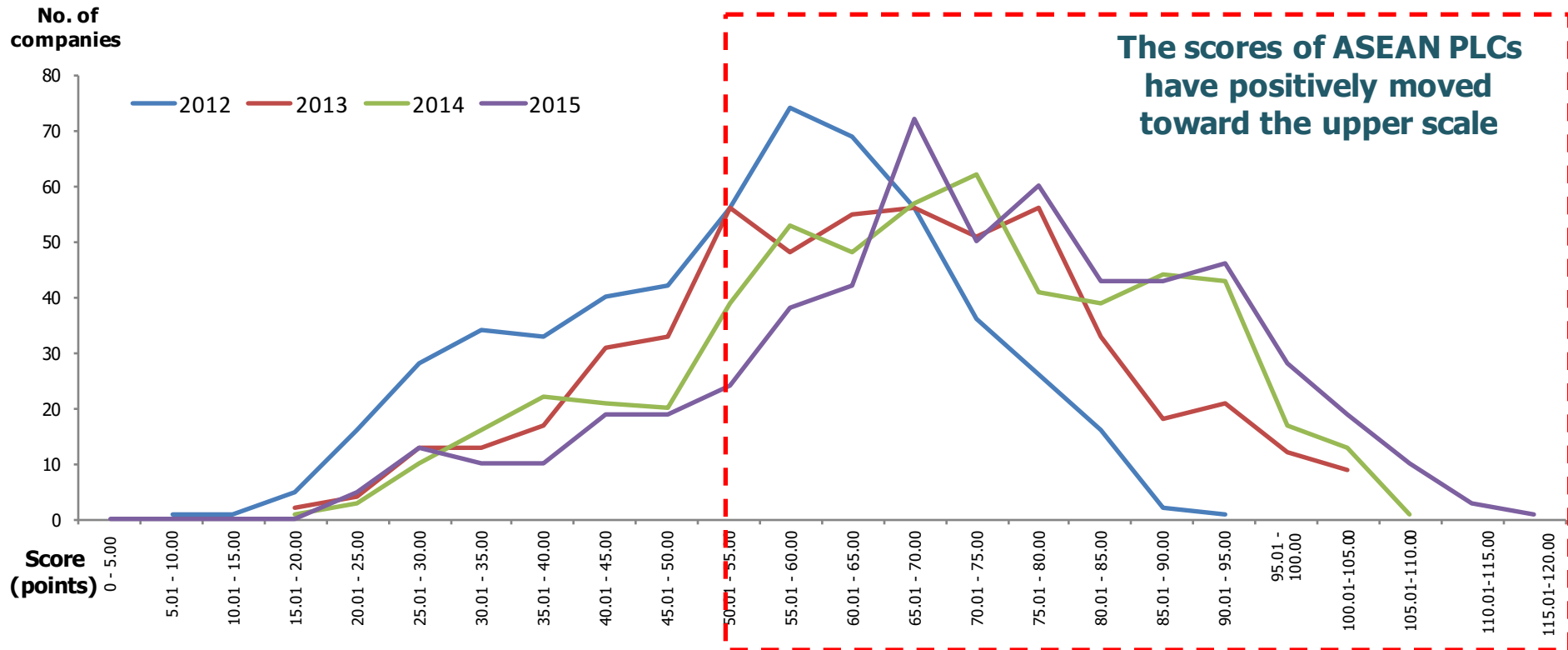


2015 ACGS Result - ASEAN



- Based on average scores, the best performing PLCs were from **TH** followed by **SG** and **MY**.
- Countries with most improved average scores since 2012 are **PH (49.5%)** and **IND (44.8%)**.

Comparison of 2012, 2013, 2014 and 2015



Breakdown by Levels...

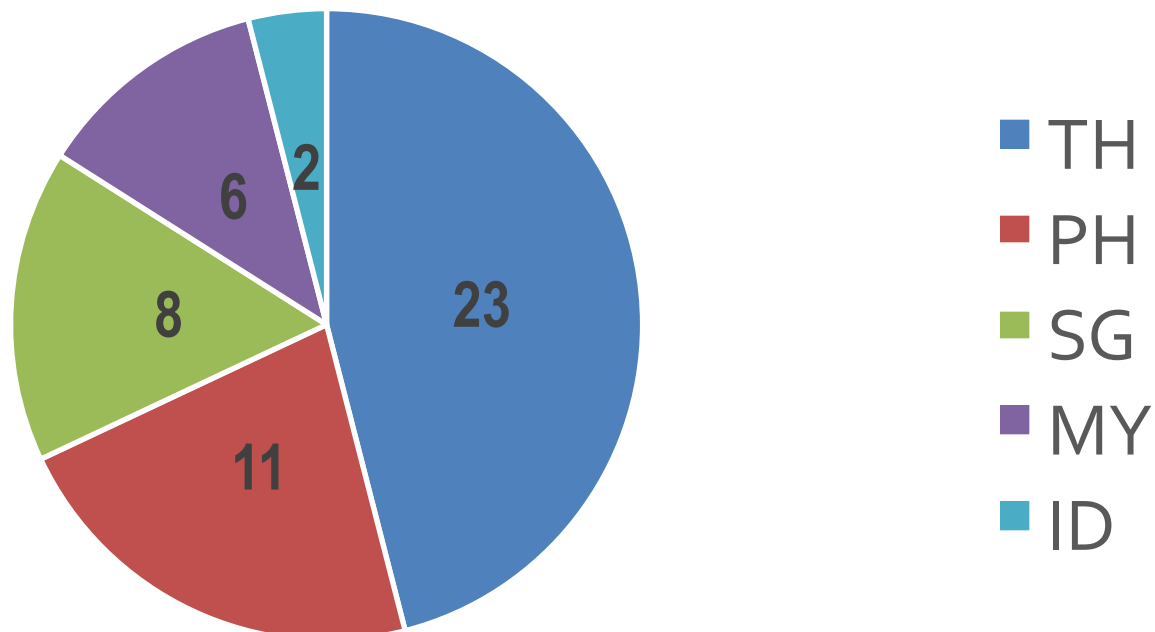
OVERALL	2012	2013	2014	2015
Mean	53.66	64.02	67.69	71.81
Median	55.79	64.55	68.29	72.69
Max attainable score	90	100	105.48	115.95
No. of PLCs	536	529	550	555

LEVEL 1	2012	2013	2014	2015
Mean	54.32	60.09	64.72	68.87
Median	56.91	61.50	65.56	70.16
LEVEL 2				
Mean	-0.66	3.92	2.98	2.94
Median	0	3.00	2.00	2.00

Mean for total scores increases by 5% in 2015 compared to 2014



2015 ASEAN Top 50 PLCs



No.	Country	TOP 5 ASEAN PLCs (in alphabetical order)
1	MY	BURSA MALAYSIA BERHAD
2	SG	DBS GROUP HOLDINGS LTD
3	TH	PTT GLOBAL CHEMICAL PUBLIC COMPANY LIMITED
4	TH	SAMART CORPORATION PUBLIC COMPANY LIMITED
5	SG	SINGAPORE TELECOMMUNICATIONS LIMITED



About Us

What We do

Online Services

Name verification
CTC of documents

Forms and Fees

Registration Application
Forms
Fees and

Reportorial Requirements

Laws, Rules

FAQs

Frequently asked

Today is August 9, 2016

TO : ALL PUBLICLY-LI
SUBJECT : SUBMISSION O
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THE ANNUAL F

TO : ALL PUBLICLY-LISTED COMPANIES
SUBJECT : RECOMMENDED BEST CORPORATE
GOVERNANCE PRACTICES

SEC ADVISORY



SEC /

sed in the ASEAN Corporate
to develop a strong corporate
highly recommends to all
In view of the best corporate governance practices espous
Governance Scorecard and in light of the Commission's vision
governance culture for Philippine companies, the Commission
publicly-listed companies (PLCs) to adopt the following practices:

SEC MEMORANDUM C
Series of 2013

TO :
SUBJECT :

In view of the forthcomi
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Commission and to the Philippine
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portion of the Annual Report.
more than five (5) concurrent

Otherwise, the company's
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Mandaluyong City, 12 March 2015.

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Contin

- 1. The Chairman of the Board and the Chief Executive Offic
individuals;
2. The Chairman of a publicly-listed company (PLC) :
company's CEO in the last three (3) years;
3. Independent and non-executive directors should not hold n
board seats in PLCs;
4. At least one (1) female independent director should be elec

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The SingTel Case: Board Diversity

- 7 male, 4 female
- 1 executive, 10 non-executive
- 8 independents, 3 non-independents
- 7 Chinese, 4 foreign
- 7 over 60 years old, 4 between 50 and 60 years old, 1 below 50
- At least 1 female on the Corp Gov & Nomination Committee

The SingTel Case: Board Development and Director Training

- Presentations by experts in telco technology, regulatory matters, economic/business environment
- Seminars and courses
- Overseas trips
- Key industry events

The SingTel Case: Director Commitment

- No more than 6 principal board appointments
- Directors must provide the CGNC with details of their other board commitments and an indication of time involved
- NEDs must consult with the Chairman or CGNC Chairman before accepting other appointments
- Cannot trade in shares of listed associates of SingTel

The SingTel Case: Role of the Chairman

- Executive but separate from CEO
- Leads the board and ensures its effectiveness
- Sets agenda in consultation with CEO
- Promotes dialogue between CEO and directors
- Works with CEO on talent management
- Together with board and management, establishes risk boundaries
- Ensures governance systems and processes are in place
- Communicates with large shareholders

The SingTel Case: Board Committees and Composition

- Audit: 4 IDs, 1 non-ID
- CG & Nomination: 3 IDs, 1 non-ID
- Executive Resource & Compensation: 4 IDs, 1 non-ID
- Finance & Investment: 3 IDs, 1 non-ID
- Risk: 2 IDs, 1 non-ID
- Technology Advisory Panel
- Optus Advisory Board

The SingTel Case: Disclosures

- Board and committee attendance for the year
- Quarterly results released 45 days after quarter close
- Remuneration paid to individual directors and CEO
- Remuneration paid to employees who are related to directors

The SingTel Case: Investor Relations

- group/one-on-one meetings
- Conference calls
- Email and website
- Investor conferences
- Roadshows
- surveys

The SingTel Case: Director Remuneration

- Chairman remuneration
 - 2/3 in cash with balance in shares
 - Car benefit
 - No committee fees or travel allowance
- NEDs compensation consists of
 - Basic retainer
 - Committee fee
 - Attendance fee for ad hoc meetings
 - Travel allowance for overseas directors

The SingTel Case: Executive Remuneration

Total remuneration = fixed + performance-related

Fixed = base + benefits + retirement

Performance-related = variable bonus + LT incentives

The SingTel Case: Executive Remuneration - Bonus

Value-sharing: deferred bonuses to align sustainable value creation

- “bank” is created for each executive annually
- 1/3 of bonus is paid in cash
- 2/3 carried forward and at risk/subject to clawback depending on the performance of SingTel

The SingTel Case: Executive Remuneration – Long Term Incentives

Restricted Share Awards: 2 year performance period

50% NPAT vs targets; 50% Free Cash Flow

Accomplishment	Vesting
Stretch	130%
Target	100%
Threshold	50%

The SingTel Case: Executive Remuneration – Long Term Incentives

Performance Awards: =3 year performance period

50% shareholder return vs MSCI Asia;
50% absolute shareholder return

Accomplishment	Vesting
Stretch	130%
Target	100%
Threshold	50%

Best practices being adopted:

- Disclosure of voting and vote tabulation procedures
- Appointment of an independent party to evaluate the fairness of transaction prices
- Disclosure of policies to encourage shareholders participation (including institutional investors)
- Disclosure of policies on related party transactions
- Communication of internal control and risk management systems
- Disclosure of safety, health, welfare, training and development programs for employee

Areas of Improvement

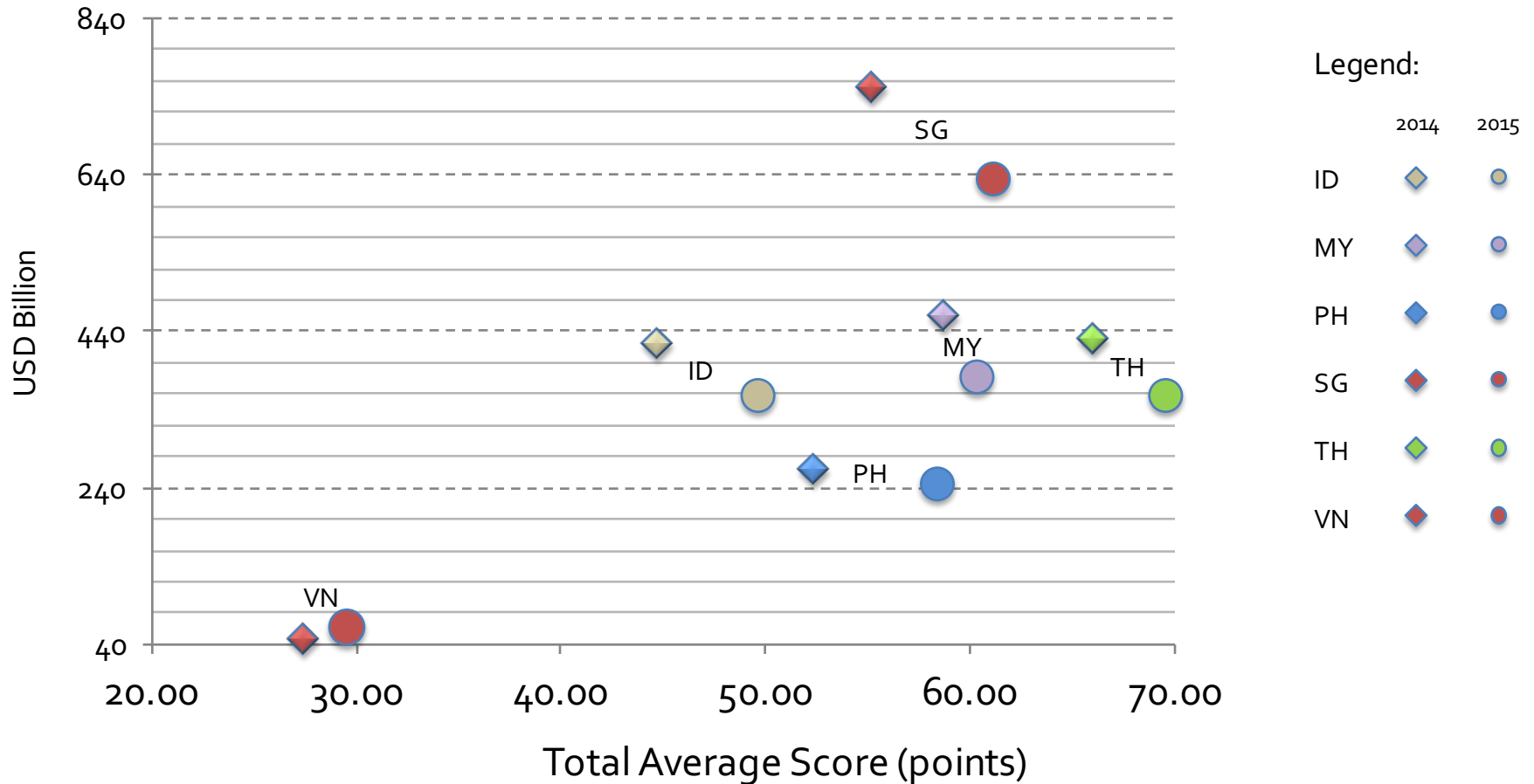
- Term limits for independent directors
- Limits to number of board seats
- Voting by poll
- Board performance evaluation
- Relationship with other stakeholders



“Has there been empirical evidence to show that corporate governance has a significant influence on the performance of a company? To date, we have not seen any study that supports in a concrete way that view.... I think there is some but not significant.”
– MVP, November 2015

Total Average CG Score vs. Capitalization

(Per Country, 2014-2015)



Updated G20/OECD Principles of Corporate Governance

I. Ensuring the basis for an effective CG Framework

- Quality of supervision & enforcement by regulatory agencies
- Role of stock markets in promoting corporate governance

II. The rights and equitable treatment of shareholders and key ownership functions

- Information technology at shareholder meetings
- Procedures for approval of RPTs
- Shareholder participation on executive remuneration

III. Institutional investors, stock markets and other intermediaries

- Fiduciary capacity of institutional investors
- Need to disclose and minimize conflict of interest that may compromise integrity of analysts, brokers, rating agencies, etc.

V. Disclosure and transparency

- Recognition of trends with respect to non-financial information that companies may volunteer in their management reports

VI. The responsibilities of the board

- Role of the board on risk management
- Recommends board training and evaluation

Third Wave: Investor-Led Reform?

- Stewardship Codes
- Environmental, Sustainability and Governance (ESG) Reporting

A close-up photograph of a hand holding a fountain pen, writing the words "Thank you!" in a cursive script. The ink is a vibrant red color, and the background is a soft, out-of-focus light pink. The pen is positioned at the end of the word "you!", with the nib pointing towards the right.

Thank you!

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Corporate Governance Framework - Indonesia

- Indonesian law on limited-liability companies (Undang-Undang No. 40 2007 Perseroan Terbatas)
- General Guidance on Good Corporate Governance developed by the National Committee on Governance Policy in 2001 (revised in 2006)
- Indonesian Corporate Governance Roadmap ("Roadmap") which was launched in early 2014 by the Indonesia Financial Services Authority (Otoritas Jasa Keuangan / "OJK")

Corporate Governance Framework - Malaysia

- Major Laws and Regulations Affecting Corporate Governance in Malaysia
 - Companies Act of 1965 and amendments in 2007
 - Banking and Financial Institutions Act of 1989
 - Development Financial Institutions Act of 2002
 - Financial Reporting Act of 1997
 - Bursa Malaysia Listing Requirements
 - Securities Commission Act 1993 and amendments in 2011
 - Capital Markets and Services Act of 2007
 - Malaysian Code on Corporate Governance of 2012

Corporate Governance Framework - Malaysia

- Corporate Governance Blueprint 2011
- Malaysian Code on Corporate Governance, 2012
- Bursa Malaysia Corporate Disclosure Guidelines 2013
- Malaysian Code for Institutional Investors (MCII) 2014

Corporate Governance Framework - Singapore

- Companies Act (revised 2014)
- Securities and Futures Act of 2001 (and subsequent amendments),
- Listing Requirements (amended in 2011)
- Singapore Code of Corporate Governance (revised 2012)

Corporate Governance Framework - Thailand

- Public Limited Companies Act
- Securities and Exchange Act
- Civil and Commercial Code
- Listing Rules of the Stock Exchange of Thailand
- 15 Principles of Good Corporate Governance 2002 (revised 2006, 2013)
- Sustainability Development Roadmap 2013

Corporate Governance Framework - Vietnam

- Law on Enterprises of 2005
- Law on Securities of 2006
- Corporate Governance Code 2007 and Amendments 2012
- Disclosure Rule 2012
- Listing rules of the Ho Chi Minh and Hanoi stock exchanges

Corporate Governance Framework - Philippines

- Corporation Code
- Securities Regulation Code
- PSE Listing Requirements
- BSP Circular No.749 Guidelines in Strengthening Corporate Governance in BSP Supervised Financial Institutions
- Code of Corporate Governance (revised 2016)
- Philippine Corporate Governance Blueprint 2015