



JOINT MEDIA RELEASE

Corporate Governance Watch 2014 **Dark Shades of Grey: Corporate Governance and Sustainability in Asia**

Hong Kong – Thursday 25 September 2014: CLSA Limited (CLSA), Asia's leading and longest-running independent brokerage and investment group in collaboration with Asian Corporate Governance Association (ACGA) today released Corporate Governance (CG) Watch 2014. The highly-anticipated CG Watch is the most comprehensive assessment in the region of Asian companies and countries' corporate governance performance, issues and trends.

CG Watch 2014 reveals that overall Asia Pacific performance ratings of the surveyed corporates have slipped yet again. Ex-Australia, ratings on the two top markets, Singapore and Hong Kong, have slipped due to internal conflicts of interest, weak leadership and opposition to reform from various quarters. Japan has leapt to third position, with more concrete efforts to improve governance. Malaysia, Taiwan and India have also moved up, but Indonesia and the Philippines remain at bottom.

Author of the CG Watch 2014 market analysis, **Secretary General of the ACGA Jamie Allen** says: Japan, Malaysia, Taiwan and India give more cause for hope, with all moving up in score. "If this commitment can be sustained, we believe it will do much to build investor confidence and genuine governance among local firms over the longer term," he added.

In the joint report, CLSA examines and rates **944 companies across 12 Asia-Pacific markets**, including Australia and Japan. In 2014, CLSA has revamped its Environmental and Social (E&S) assessment, replacing previous 'one-catch-all' set of questions to include 11 sector-specific surveys, to better reflect industry-specific issues. ACGA market rankings also incorporated three new questions on sustainability reporting standards and practices this year, underlining the rising importance of sustainability reporting and the fact that most markets have distinct rules for non-financial CG and CSR reporting.

Amar Gill, CLSA's Head of Asian Research says: "It is no longer 'business as usual' in Asia. The political reforms across Asia Pacific, such as Beijing's war on pollution, and many new environmental and labour laws underscores this. Nine out of eleven markets earn higher scores for enforcement in 2014, and regulators continue to increase efforts. Yet we are still finding a lack of commitment among more than two-thirds of companies in the region, evidenced by weak audit committees and limited support for CG within many corporates we examined in this report".

CLSA Head of Sustainable Research, Charles Yonts, who assesses E&S standards for firms scrutinised in the CG Watch report, agrees that "a host of new reform-minded governments in the region are pushing through sweeping changes. Nowhere is this more evident than in new environmental and labour laws, except perhaps in the actual enforcement of those laws".

While E&S scoring has not historically been a good indicator of financial or shareholder performance in the region, improving regulations strengthens markets, because it gives investors hope that their interests will be protected. According to Gill, "markets with better CG are valued at a higher PE. They also have a higher payout level, giving investors a slightly higher dividend yield".

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About CLSA Limited

CLSA Limited is Asia's leading and longest running independent brokerage and investment group. The company provides equity broking and execution services, capital markets & corporate finance and asset management services to global corporate and institutional clients.

Renowned for service excellence, product innovation and award-winning market intelligence, CLSA has been an unconflicted provider of research, sales and trading since 1986. CLSA has built its reputation on its unrivalled equity research and economic analysis, which is consistently ranked the best in Asia. With exchange memberships in every developed market in Asia and the USA, together with a dedicated team of experienced sales traders, CLSA is committed to delivering the best execution.

CLSA's execution desk offers clients the highest-quality service and access to markets in any way they wish to trade, via our sales traders, algos, DMA, or block trades. CLSA also offers F&O, P-notes, Portfolio Trading, OTC equity derivatives, QFII and CSAs to its diverse client base. The group's capital markets & corporate finance services include equity public offerings (primary and secondary), debt issuances and M&A advisory.

CLSA was ranked the Best Broker in Asia for Combined Research and Sales in the past 25 years (1990-2013) at the *Asiamoney* 25 year Poll-of-Polls announced in May 2014. *Institutional Investor's* All-Asia Research Poll has also ranked CLSA as the No.1 in Equity Strategy between 2003 and 2012 (except 2006 and 2010).

Headquartered in Hong Kong, CLSA has over 1,500 dedicated professionals located in 21 locations across Asia-Pacific, as well as Europe and the USA. CLSA's parent company is CITIC Securities, China's leading investment bank.

Additional information is available at www.clsa.com.

About ACGA

The Asian Corporate Governance Association (ACGA) is a non-profit membership association dedicated to promoting substantive improvements in corporate governance in Asia through independent research, advocacy and education. ACGA engages in a constructive dialogue with regulators, institutional investors and listed companies on key corporate governance issues and works towards making improvements.

ACGA is funded by a membership base of more than 100 highly-regarded organisations based in Asia and other parts of the world. For a full list of ACGA members, please see the "Members" page on www.acga-asia.org. Please also visit the website for more details on ACGA's activities and a database of information on corporate governance in Asia.

CLSA is one of the founding corporate sponsors of ACGA and continues to support the association's work

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