

THE PRI & ACGA PRESENT

**WEBINAR**  
**CORPORATE GOVERNANCE**  
**IN SOUTH EAST ASIA:**  
**WHAT INVESTORS NEED TO KNOW**

# Agenda

- **Opening & Housekeeping**
- **Presentation: Trends in Corporate Governance across South East Asia**
- **Panel Discussion**
- **Q & A**
- **Closing Remarks**

# Housekeeping

# Trends in Corporate Governance across South-East Asia

- Speaker: **Jamie Allen**, Secretary General, ACGA



# **ASIAN CORPORATE GOVERNANCE ASSOCIATION**

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CORPORATE GOVERNANCE IN SOUTHEAST ASIA:  
WHAT INVESTORS NEED TO KNOW  
JOINT ACGA – PRI WEBINAR, 27 MAY 2021



CG WATCH 2020

# Future promise

Aligning governance and ESG in Asia

Founding Sponsor of ACGA **CLSA**

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## Agenda

1. New market scores and rankings
2. How market rankings have changed
3. “CG ecosystem” strengths and weaknesses: by market
4. Selected category high-level themes

## 1. New market scores and rankings

Rank	Total (%)	Change vs 2018 (ppt*)	Macro market highlights
1. Australia	74.7	+3.9	Banking commission spurs enforcement, still no federal ICAC
=2. Hong Kong	63.5	+3.3	New audit regulator, enforcement remains strong, ICAC disappoints
=2. Singapore	63.2	+4.4	Enforcement firming, rules improve, company disclosure disappoints
4. Taiwan	62.2	+5.8	Big CG reform push on multiple fronts, rules still complicated
=5. Malaysia	59.5	+1.5	Political turmoil erodes government scores, other areas hold steady
=5. Japan	59.3	+5.5	Ahead on climate change reporting, behind on company CG disclosure
7. India	58.2	+3.8	New audit regulator, civil society surges, public governance disappoints
8. Thailand	56.6	+1.4	Political turmoil erodes government scores, rules strong, investors improve
9. Korea	52.9	+6.7	Public governance strengthens, CG disclosure improves, regulatory opacity
10. China	43.0	+2.2	Forging its own governance path, still waiting for ESG reporting guidelines
11. Philippines	39.0	+2.3	Stronger regulatory focus on CG, investors and civil society disappoint
12. Indonesia	33.6	-0.9	CG reform continues to struggle, some stronger rules, new e-voting system

Source: ACGA  
point

\*ppt = percentage

## 2. How market rankings have changed

2018 ranking	2020 ranking (rank change)
1. Australia	1. Australia
2. Hong Kong	=2. Hong Kong
3. Singapore	=2. Singapore (+1)
4. Malaysia	4. Taiwan (+1)
5. Taiwan	=5. Malaysia (-1)
6. Thailand	=5. Japan (+2)
=7. Japan	7. India
=7. India	8. Thailand (-2)
9. Korea	9. Korea
10. China	10. China
11. Philippines	11. Philippines
12. Indonesia	12. Indonesia

Source: ACGA

**Legend:**

Blue = Rising market

Red = Falling market



### 3. “CG ecosystem” strengths/weaknesses: Market category scores

	AU	CH	HK	IN	ID	JP	KR	MY	PH	SG	TW	TH	Regional Average
<b>1. Government &amp; public governance</b>	68	29	65	45	31	60	60	32	28	60	68	35	48
<b>2. Regulators</b>	65	52	69	53	24	62	53	53	27	63	66	51	53
- <i>Funding, capacity, reform</i>	62	42	62	51	31	58	45	53	27	56	62	47	50
- <i>Enforcement</i>	68	64	76	56	16	66	62	54	26	70	70	56	57
<b>3. CG rules</b>	82	63	75	69	35	58	56	77	45	75	66	76	65
<b>4. Listed companies</b>	79	51	59	65	38	44	48	66	55	60	63	60	57
<b>5. Investors</b>	66	18	34	44	19	60	44	43	21	39	38	38	39
<b>6. Auditors &amp; audit regulators</b>	86	43	81	54	59	77	70	86	60	81	76	76	71
<b>7. Civil society &amp; media</b>	80	22	60	78	38	62	36	44	36	64	62	49	53
<b>Total</b>	<b>74.7</b>	<b>43.0</b>	<b>63.5</b>	<b>58.2</b>	<b>33.6</b>	<b>59.3</b>	<b>52.9</b>	<b>59.5</b>	<b>39.0</b>	<b>63.2</b>	<b>62.2</b>	<b>56.6</b>	<b>55</b>

Sources: ACGA; and ACGA, ARE for listed companies

## 4. Selected category high-level themes

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### 1. GOVERNMENT & PUBLIC GOVERNANCE

- Anti-corruption enforcement under-powered in many markets.
- Perception that corruption has been getting worse in certain markets over the 2011-2020 period (PERC): Malaysia, Singapore.
- Perception that it is improving in Indonesia, Philippines and Thailand. However, Transparency International rates Thailand more negatively.
- Still no independent anti-corruption agency in the Philippines.
- KPK under pressure in Indonesia. MACC has had a mixed record since the change in PM in March 2020. NACC in Thailand has long had an uphill battle. (See Sino-Thai Engineering case.)
- CPIB in Singapore has a good reputation, but a relatively small budget and disclosure of its enforcement work is limited.

## 4. Selected category high-level themes

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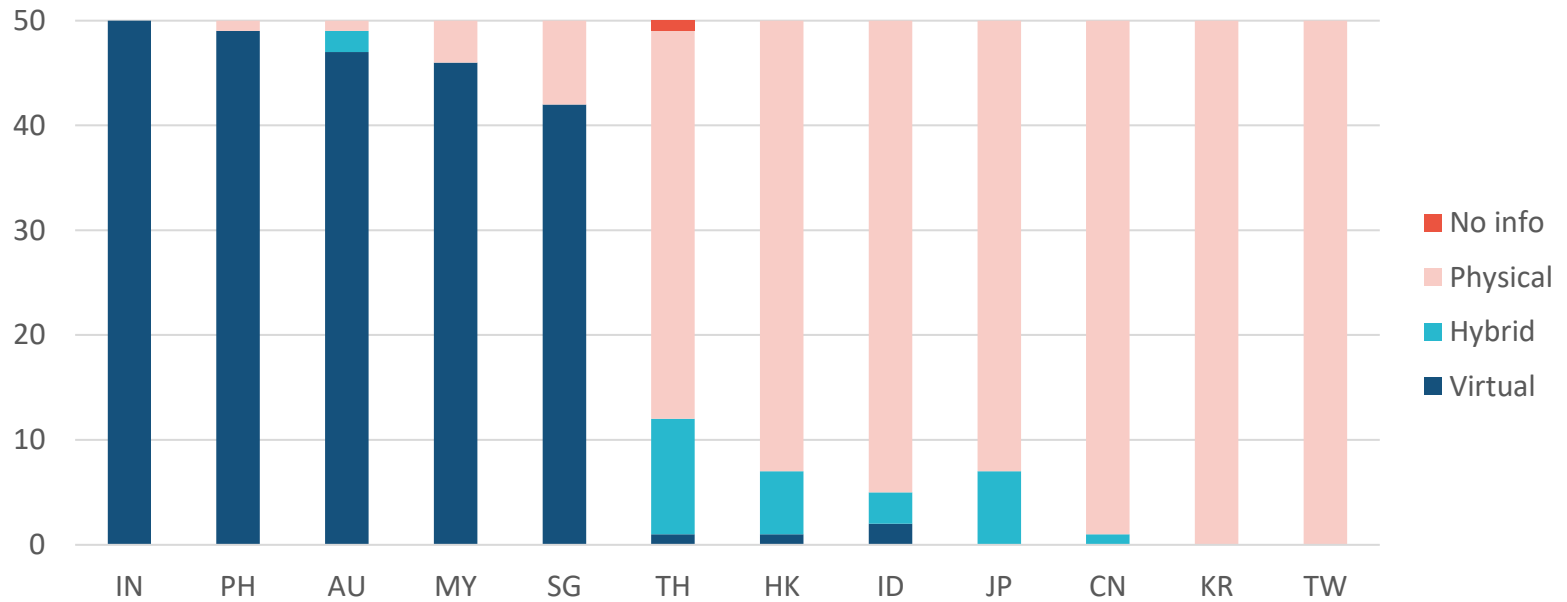
### LISTED COMPANIES

*\*Market-level scores based on a separate underlying survey undertaken in collaboration with Asia Research & Engagement (ARE), Singapore*

- Investor relations and basic financial reporting/MD&As relatively strong. But companies surprisingly weak on some key financial metrics (eg, receivables, operating costs, loan details).
- CG reporting continues to be formulaic across most companies, markets.
- ESG reporting improves around the region, but materiality and board oversight are still issues.
- Most boards do not seem well-prepared to manage the challenges of sustainable development, including climate change. But CG Codes in Malaysia and Thailand generally more enlightened on ESG than most around region.
- Board diversity: Malaysia and Thailand again leading Southeast Asia. Malaysian CG Code mandates 30% women on boards.

## Listed companies

2020 AGM MODES OF TOP 50 ISSUERS PER MARKET



Source: ACGA

## 4. Selected category high-level themes

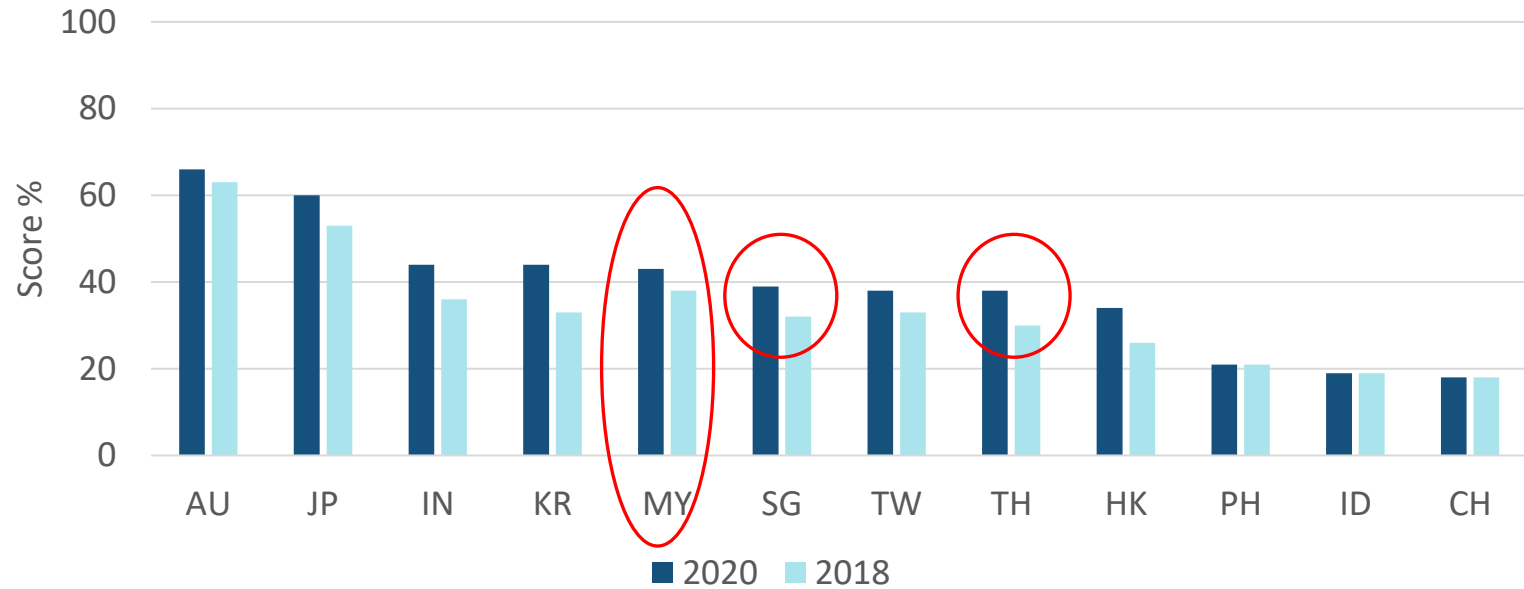
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### INVESTORS – A LOW SCORING CATEGORY, BUT...

- “Stewardship codes” are having an impact on domestic institutional investors in two markets, including state pension and investment funds (Malaysia, Thailand).
- Some unique collaborative structures: IIC in Malaysia.
- Among foreign investors, volume of voting is high and they are voting against at least one resolution in 10% to 20% of AGMs in which they participate in Malaysia, 33% to 50% in Thailand, and around one third of meetings in Singapore.
- Foreign investor company engagement (individual) is much lower in absolute terms than North Asia, not surprisingly, but also somewhat lower in relative terms.
- Increasing transparency on domestic voting practices (Australia, India, Japan, Korea, Thailand).

## Investors

MALAYSIA LEADS THE SUB-REGION, THREE MARKETS IMPROVE



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# Panel Discussion

- Moderator: **Vaishnavi Ravishankar**, Senior Analyst, ESG, PRI
- Panelists:
  - Dr. Srikanya Yathip**, Secretary General, GPF Thailand
  - Ben McCarron**, Founder & Managing Director, Asia Research & Engagement
  - Pauline Ng**, Managing Director & Head of ASEAN Equities (Emerging Markets & Asia Pacific Equities Group), JP Morgan Asset Management
  - Mak Yuen Teen**, Associate Professor, NUS Business School



# Q&A

# Closing Remarks

- Speaker: **Jamie Allen**, Secretary General, ACGA