Myanmar Corporate Governance Scorecard 2018: A Report on the Assessment of Myanmar Companies

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Foreword

Good corporate governance is a critical component in the sustainable development of any organization. Its business case has been clearly established: the better the corporate governance practices, the stronger the trust from investors and stakeholders. It is important for Myanmar companies to improve their corporate governance practices whether they are seeking to expand their business, foster stronger ties with international partners, or develop a smooth succession plan.

Myanmar's economy has been evolving rapidly in recent years. In August 2018, two significant events contributed to a reshaping of corporate governance practices in the country: the implementation of the new Companies Law and the release of the Myanmar Sustainable Development Plan, which will steer government policies until 2030 to achieve "genuine, inclusive and transformational economic growth." The launch of the Myanmar Institute of Directors in March 2018 was also an important milestone: since its launch, the Institute has been working with IFC to provide corporate governance training to foster the professional development of Myanmar company directors and senior executives. These developments present a window of opportunity for Myanmar companies to rethink and improve their governance practices. To achieve this, they first need to develop a good understanding of internationally accepted best practices and identify which enhancements they need.

This scorecard evaluates the corporate governance practices of the largest Myanmar companies and generates a mean score to indicate their level of compliance with the international benchmark. The scorecard system is a well-recognized way to raise awareness of the importance of corporate governance and advance best practices in the market. As a joint initiative of the SECM, DICA, YSX, and IFC, the Myanmar scorecard is the first of its kind, having combined the skills and perspectives of experts from different regulators and organizations into one team to assess the corporate governance practices of Myanmar companies. The assessment is based on the Association of Southeast Asian Nations (ASEAN) Corporate Governance Scorecard – the regional benchmark used by capital markets across the ASEAN Economic Community and closely aligned with the revised G20/OECD Principles of Corporate Governance.

In addition to evaluating the corporate governance standards of Myanmar companies, this report also provides concrete recommendations for improvements to close the gap with other ASEAN capital markets and boost the economic development of Myanmar. This is a significant step to the joint efforts by Myanmar's regulatory bodies to devise a roadmap for enhancing corporate governance in the private sector.

Maung Maung Win
Chairman
Securities and Exchange Commission of Myanmar

Abbreviations and Acronyms

ADB	Asian Development Bank
ACGS	ASEAN Corporate Governance Scorecard
ACMF	ASEAN Capital Markets Forum
AGM	Annual General Meeting
ASEAN	Association of Southeast Asian Nations
CEO	Chief Executive Officer
DICA	Directorate of Investment and Company Administration
EGM	Extraordinary General Meeting
GSM	General Stakeholder Meeting
IFC	International Finance Corporation
MCGI	Myanmar Corporate Governance Initiative
MIoD	Myanmar Institute of Directors
MSDP	Myanmar Sustainable Development Plan
NGOs	Non Government Organizations
OECD	Organization of Economic Co-operation and Development
RPT	Related Party Transaction
SOE	State-owned enterprise
SECM	Securities and Exchange Commission of Myanmar
YSX	Yangon Stock Exchange

Executive Summary

Purpose

The Myanmar Corporate Governance Scorecard is a review and report on the corporate governance practices of the companies in Myanmar. Its goal is to benchmark corporate governance practices in Myanmar companies to assess current corporate governance market gaps and provide a framework for future policy discussions and corporate governance development efforts. Furthermore, this assessment was undertaken before the enactment of the new Companies Law and can therefore serve as a baseline for future assessments, which will demonstrate the effects of improved corporate governance practices and the evolving regulatory environment with changes including:

- Policymakers will design new policies to improve the efficiency of Myanmar's corporate governance framework.
- Regulators will expect companies operating in Myanmar to comply with the Companies Law, norms, and regulations.
- Investors will have higher expectations of the corporate governance practices of Myanmar companies.
- Companies should consider sound corporate governance practices as a competitive advantage to safeguard their business sustainability.
- Auditors, the media, and other experts will scrutinize the corporate governance practices of companies more closely, and this will contribute to promoting better standards.

Overall Results

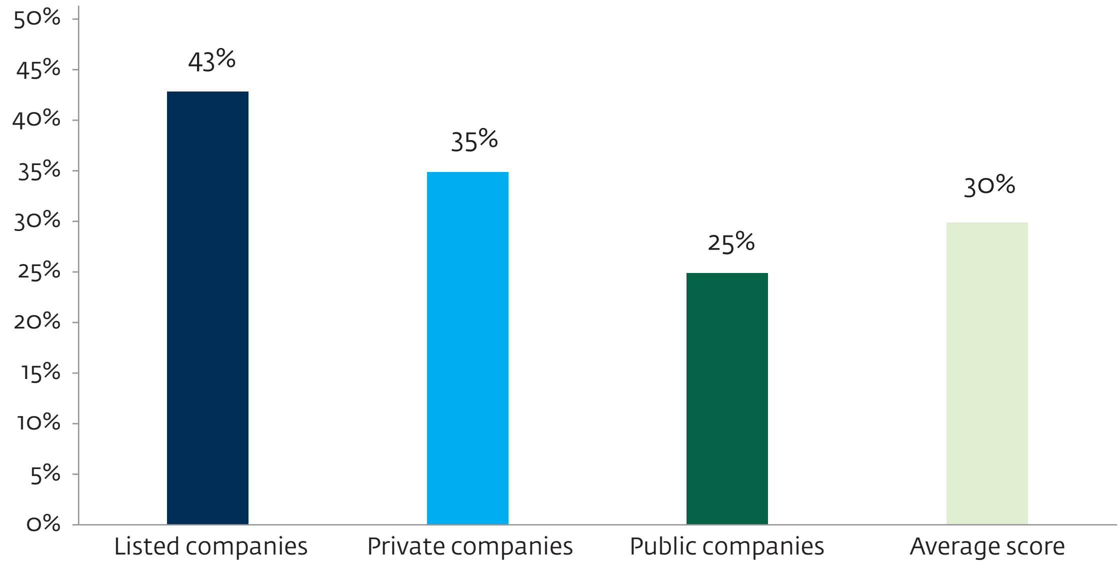
The Myanmar Corporate Governance Scorecard uses the ASEAN Corporate Governance Scorecard questionnaire to assess the governance practices of 24 Myanmar companies and generates a mean score to indicate their level of compliance. The scorecard is aligned with the revised G20/OECD Principles of Corporate Governance and covers five parts:

1. Rights of shareholders (Part A);
2. Equitable treatment of shareholders (Part B);
3. Role of stakeholders (Part C);
4. Disclosure and transparency (Part D); and
5. Responsibilities of the board (Part E).

The mean score of the 24 companies reviewed was 30 percent, lagging behind the ASEAN average of 69 percent in 2015.[1] Yet, it is worth noting that some Myanmar companies are performing significantly above the average: the top performer attained 59 percent. Another encouraging factor is that listed companies, which scored 43 percent (see **Figure 1**), are outperforming public and private companies (25 percent and 35 percent, respectively). Within each category, the variance between the best and worst-performing companies is significant. This shows that Myanmar companies have potential to improve their corporate governance practices and weak performing companies have the ability and opportunity to catch up.

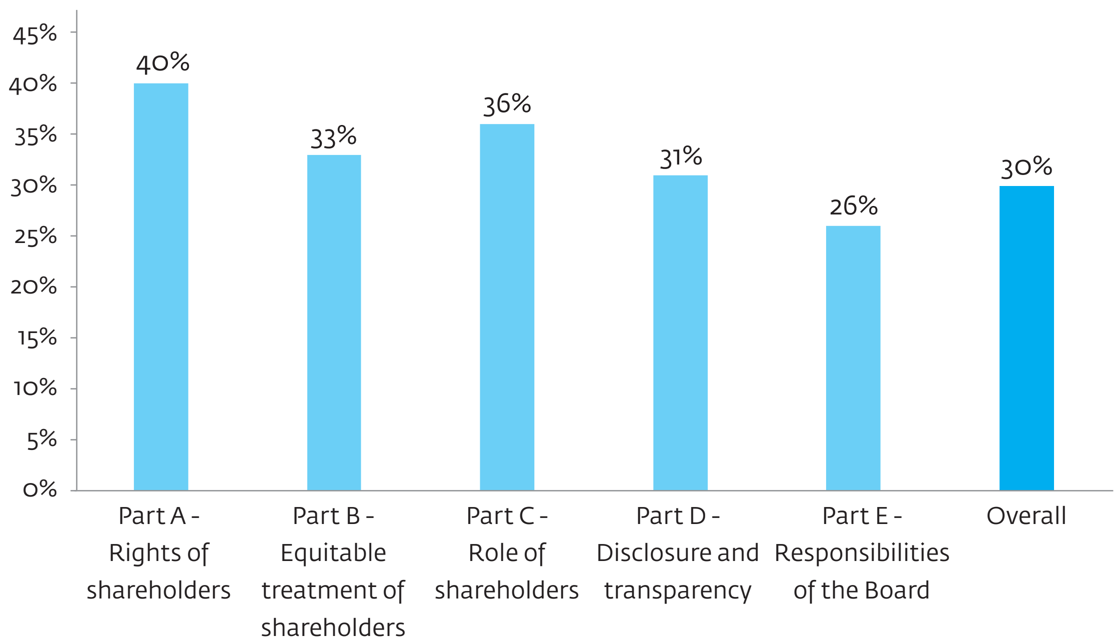
1 See *ASEAN Corporate Governance scorecard country reports and assessments 2015*, ADB, 2017.

Figure 1: Results by Ownership Structure



As shown in Figure 2, Myanmar companies should prioritize the enhancement of their practices in two specific areas: the responsibilities of their boards (Part E) and corporate disclosure (Part D). The companies scored the lowest (26 percent) for Part E. To improve, companies need to define clear roles between the different governing bodies, formulate criteria on new director appointments, and increase the number of independent directors. They should also structure a sound risk management system to safeguard their business' sustainability. Directors' performance should be evaluated to increase the Board effectivenesss. Companies should also develop codes of conduct to enhance their business ethics.

Figure 2: Average Score



The companies scored 31 percent for their disclosure practices. The findings revealed that their communication channels are not up to date and they do not provide sufficient accurate information systematically. For instance, annual reports of some listed companies' are only available on the YSX's website but they are not disclosed on their own websites, while other companies have not modified their websites for four to five years. This may affect their shareholders and stakeholders' ability to access relevant and fair information in a timely manner. Myanmar companies should enhance their corporate reporting and update their websites regularly with the latest and most accurate information and documents.

Out of the five areas, companies received the highest score (40 percent) in the section on the rights of the shareholders, although the company practices varied significantly in this area.

On average, companies scored 33 percent in the section on equitable treatment of shareholders. General observation is that the companies need to improve the ways they interact with their shareholders before, during, and after their annual general meetings (AGMs) as well as how they report and manage related party transactions.

Recommendations

Numerous studies emphasized the importance of law, legal enforcement and good standards for the governance of firms, development of markets, and economic growth. Yet the current level of governance standards in most firms in Myanmar remains very low. The governance structures at Myanmar firms remain largely underdeveloped with poorly functioning boards, antiquated management control processes, and low levels of transparency.

The report has identified some areas for quick improvement but also longer-term actions requiring close collaboration between government entities, private sector and leading NGOs, ideally through the development of a corporate governance roadmap. Extensive promotion of this review to companies, chambers of commerce, NGOs and other market participants interested in or the likely beneficiaries of good corporate governance, and deep training in good corporate governance practices for all participants is recommended.

Legislative and Regulatory Development

- Ensure that all Myanmar companies comply with the Companies Law, especially regarding corporate governance.
- Start developing a Myanmar Code of Corporate Governance involving all relevant stakeholders and especially the private sector.
- Enhance and clarify corporate governance monitoring and enforcement powers, authorities and sanctions to ensure credible enforcement capacities.
- Strengthen the knowledge of corporate governance within regulatory institutions and ensure the SECM, DICA and YSX have adequate resources available to undertake active and visible enforcement of corporate reporting and corporate governance requirements and to support leadership related to corporate governance development.
- Mandate the preparation and provision of a comprehensive annual report in the form of one document that provides information on the company's activities and performance (financial and

non-financial) over the past year and for the foreseeable future. The annual report should be provided to all shareholders and be available to the public on the company website.

- Develop better financial reporting and adherence to international auditing standards to bring reliable information to investors and shareholders. This was also recommended in the latest Report on Observance of Standards and Codes published by the World Bank.[2] Regulators should collaborate with the Myanmar Accountancy Council and the Myanmar Institute of Certified Public Accountants to implement this recommendation.

- Create an incentive and innovative system that will reward the best performers in the market and sanction the worst performers. For example, the YSX and the SECM can consider awarding the best annual reports published during the last financial year or the best AGM held or disclosing the list of laggards on their respective websites.

- Knowledge of corporate governance in Myanmar should be developed further in not only the key players in corporate governance (directors, shareholders and management) but also in other influencers (media, auditors, stakeholder groups). Tailored training is recommended for all groups. In particular, training is also recommended for members of the media so they may comment appropriately on corporate governance matters as they arise. Shareholders could better understand normal and expected basic rights of shareholders and actively exercise those rights.

Private Sector/Company Development

- All registered Myanmar companies should seize the opportunity of the Companies Law to update their company constitutions to ensure they align with best practices and the interests of their different shareholders and stakeholders.

- The companies should develop and publish quality company corporate governance frameworks, policies and procedures. For example, it is critical that the companies disclose their board policy/charter, which is the cornerstone of good corporate governance. In this assessment, only one private company published its board charter on its website. The companies should also develop and publish a company code of corporate governance, demonstrating company commitment to corporate governance and codes of conduct applicable to the employees, management and the board of directors.

- Companies should build their internal capacities with the support of professional advisers. Directors should know their roles and responsibilities and be able to identify and apply quality board policies and practices. In the development of training programs there is an extensive opportunity for Chambers of Commerce/business associations and NGOs such as the MIoD.

- Develop an understanding of the role a company secretary can and should play to support quality corporate governance and board practices.

- Companies should maintain effective corporate communication and provide stakeholders with relevant, accurate, and meaningful information.

2 *Report on Observance of Standards and Codes, Accounting and Auditing Module, Myanmar*, World Bank Group, Korea Ministry of Strategy and Finance, June 2017.

- Develop a robust risk management system to identify major risks faced by the company, how they will be mitigated, and track the outcomes.

- Align remuneration with the long-term interests of the company and stakeholders.

- Myanmar companies should comply with the International Financial Reporting Standards as soon as possible.

- For non-financial reporting, companies are using the United Nations Global Compact now, but they should switch to a more demanding standard such as Integrated Reporting or the Global Reporting Initiative.

Public Sector/State-owned Company Development

- Improve the corporate governance practices of SOEs.

- The SOEs' compliance with the Corporate Governance Code should be considered a top priority by the Government of Myanmar.

Methodology

A. Basis of Assessment

This report evaluated the corproate governance practices of 24 Myanmar companies based on the structure and criteria of the ASEAN Corporate Governance Scorecard (ACGS), a joint initiative of the ASEAN Capital Market Forum (ACMF) and the Asian Development Bank (ADB) that began in 2011. Developed based on different international standards such as the revised G20/OECD Principles of Corporate Governance, the ACGS provides a sound framework widely adopted by different countries[3] to assess not only the maturity but also the evolution of their corporate governance practices.

In developing the questionnaire, some amendments were made after taking into account Myanmar's current practices. Questions concerning quarterly reporting, disclosure of compliance with a corporate governance code, and financial statements on websites were omitted because Myanmar does not have such a code yet and companies are only required to disclose their financial figures twice a year.[4] The questionnaire also did not adopt the system whereby companies are either awarded "bonus" points or have points subtracted for "malus." These decisions were made by the working team involving the SECM, YSX, DICA, and IFC.

As a result, this review used 142 criteria (or 98 percent of those included in the ACGS), divided into five parts, to assess the corporate governance practices of Myanmar companies. Table 1 below identifies the gaps between the ACGS framework and its adaptation for this assessment:

Table 1: Comparison between the ACGS and the adapted framework used to assess Myanmar companies

	ACGS – level 1	Weight (% of total score)	Myanmar adaptation	Weight (% of total score)
Part A: Rights of shareholders	21	14%	21	15%
Part B: Equitable treatment of shareholders	14	10%	14	10%
Part C: Role of stakeholders	13	9%	13	9%
Part D: Disclosure and transparency	32	22%	29	20%
Part E: Responsibilities of the board	65	45%	65	46%
Total	145		142	

Each company evaluated in the report received a score for each of the five sections, as well as an overall rating that is the percentage of all questions on the scorecard answered in the affirmative (not the average of each section score). This follows the example set by the ACGS.

3 Scores for Indonesia, Malaysia, the Philippines, Thailand, and Vietnam can be found in the *ASEAN Corporate Governance Scorecard Country Reports and Assessments 2015* published by ADB in 2017.

4 The following criteria are not included in our assessment:
- D.2.8: Does the Annual Report contain a statement 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?
- D.6.1: Does the company use quarterly reporting as a mode of communication?
- D.8.1: Does the company have a website disclosing up-to-date information on Financial Statements/Reports (latest quarterly)?

There are pros and cons to any corporate governance system. No rating system can wholly and accurately predict the level of real corporate governance within a company. This scorecard captures what is externally evident from information and materials released to the public, such as documentary filings. In addition, the working team verified company responses through individual responses. However, the outcome may not be as fine-tuned and informative as an internal rating with the benefit of specific company knowledge. Nevertheless, the scorecard approach remains valuable. It is also important to note that a "good" rating does not necessarily preclude the company from facing future crises and scandals.

Companies Selected

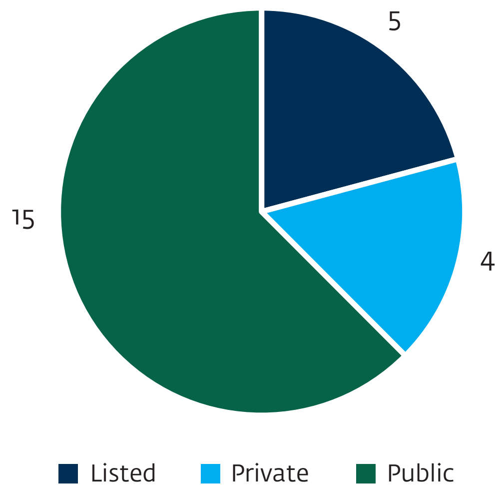
The 24 companies that took part in this assessment consist of public, private, and listed entities. They were chosen for one of the following three reasons:

1. Companies listed on the YSX were automatically included.
2. Public companies[5] that SECM wanted to engage with for various reasons: some are considering an initial public offering, while others are state-owned enterprises.
3. Large private companies that have a significant footprint in the Myanmar economy and can serve as role models for smaller companies. A vast majority of Myanmar companies are family owned; some are considering a YSX listing and others are seeking investors to fund their development.

A breakdown of these companies by type is shown in **Figure 3**.

The team invited the companies to take part in the assessment on a voluntary basis. It was also agreed that no individual company score would be publicized, but the companies themselves can approach the working team for a specific company score. The list of surveyed companies is provided in the Appendix A.

Figure 3: Companies by Type



5 Under Myanmar law, a public company is a registered company limited by shares with at least 100 shareholders and a paid-up capital of 500 million MMK.

B. Data Collection and Review Process

To ensure that the review would be carried out thoroughly and accurately, the team engaged with participants at various stages of the process. The first interaction was a two-day workshop organized in January 2018 by SECM, DICA, YSC and IFC to raise awareness about the scorecard methodology and train the companies on how to apply the scorecard for their self-assessment.

As a next step, the companies provided the completed questionnaires with the results of their self-assessments. Afterwards, the team held individual meetings with companies (usually, including with Board members and senior management) to discuss the results of self-assessment to ensure that the assessment reflected actual company practices.

In the review group, information was difficult to locate and access, being in several locations. The team based its assessment partly on documents publicly disclosed by the companies, including those published for the financial year 2016-17. The team also examined the evidence and materials provided by the companies during the meetings to ensure that the data was reliable. The team is confident that these final results will fairly reflect the current state of corporate governance practices in Myanmar.

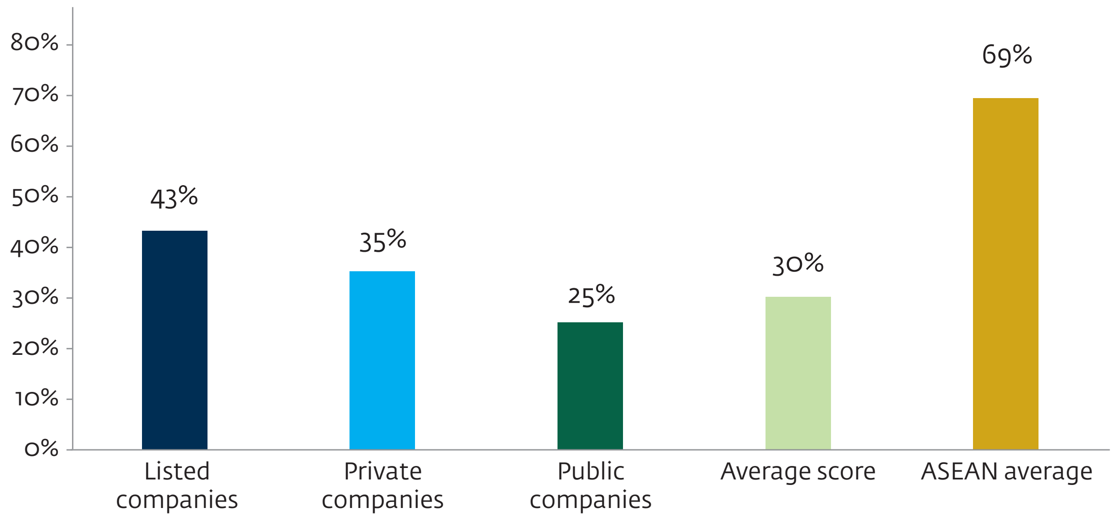
Analysis of Overall Results

Myanmar Overview

This scorecard aims to measure the corporate governance practices of Myanmar companies against the international benchmark and to record their progress so that they can gauge how much they have improved and what still needs to be done going forward. Even the assessment process itself provides businesses with useful insights into what is expected at the international level.

Among the sample companies, the average number of directors was 14, with a maximum of 34 members for a public company and a minimum of five for a private one. Around 72 percent of the surveyed boards have between five and 15 members. On average, each board has two female directors but 22 percent of them have none. The gap between companies is significant: one company has 18 female directors, but the majority of companies have only one or two. As shown in **Figure 4**, Myanmar companies (with an average score of 30 percent) are underperforming their ASEAN peers (69 percent).

Figure 4: Comparison of Scores between Myanmar and ASEAN Companies



The team divided the company scores into four categories:

1. Companies scoring below 50 percent need to improve their practices.
2. Companies with scores between 50 and 65 percent have fair performance.
3. Companies with scores between 65 and 75 percent are considered to have good corporate governance practices.
4. Those with scores higher than 75 percent are deemed to have excellent corporate governance.

Figure 5 highlights the score distribution of Myanmar companies: 96 percent of sample companies need to improve their corporate governance practices and disclosure. Only one company scored higher than 50 but below 65 percent, while five companies had scores higher than 40 percent.

Figure 5: Breakdown of Companies' Scores

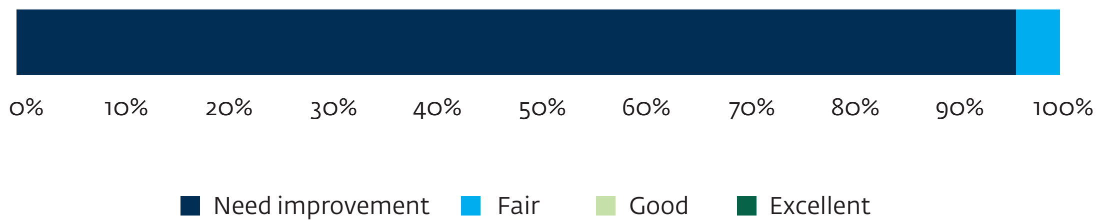


Figure 6 shows the maximum, minimum, and average scores for each section and the report as a whole. The overall mean score was 31 percent, with Myanmar companies scoring from 17 to 59 percent, indicating that there is huge room for improvement. In comparison, the mean score for ASEAN companies for Level 1 was around 69 percent in 2015, up from 65 percent in 2014, 60 percent in 2013, and 54 percent in 2012,[7] according to data published by the ACMF Working Group D Secretariat in 2015.[8]

An initial analysis of these results shows a vast range of scores for all sections, except for Part D (Corporate Disclosure) and Part E (Responsibilities of the Board). It is interesting to note that the maximum individual company score for Parts A (Shareholders Rights), B (Equitable Treatment of Shareholders), and C (Role of Stakeholders) is higher than 70 percent, which shows that Myanmar companies can adopt and implement good practices.

If the highest and lowest scores for each part were compared, certain sections could be identified to easily improve the average performance:

- Parts A, B, and C are the areas where companies can grab some low-hanging fruit to improve their scores. Many companies do not disclose their annual report or regularly update their website. This finding is consistent with the results of the latest *Pwint Thit Sa* report.[9]

- For Part B, listed, public, and private companies planning to list should improve their engagement with shareholders, especially during AGMs and extraordinary general meetings (EGMs). With the enactment of the new Companies Law, foreign investors might be interested in investing in Myanmar companies. This will require, for instance, providing all relevant documents not only in Myanmar but also in English. This is not yet the case even for listed companies.

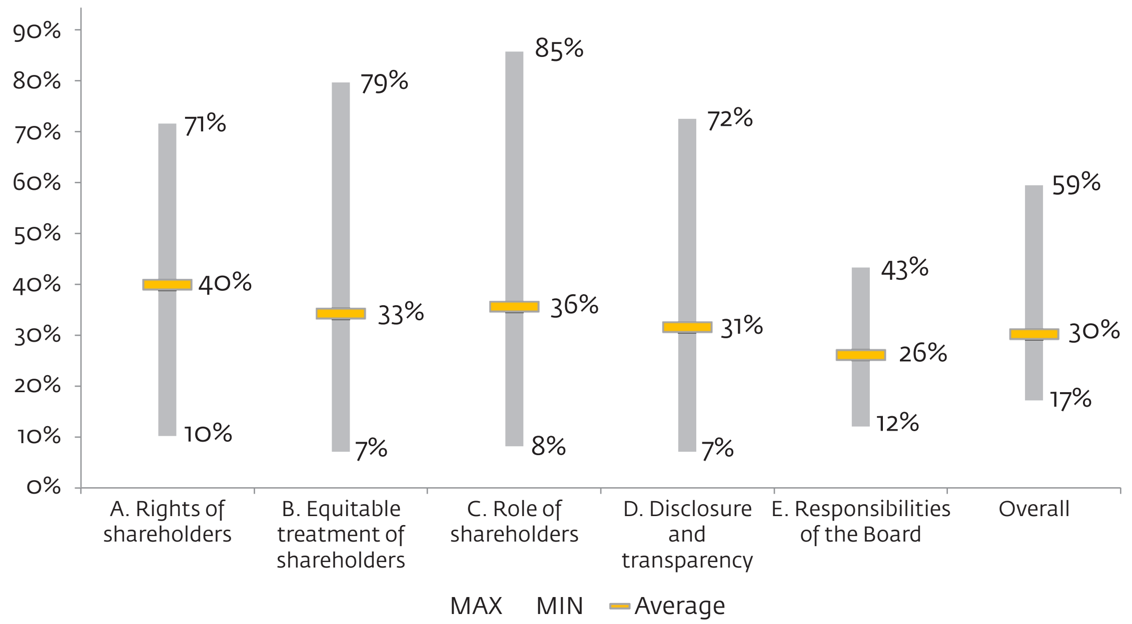
When looking at how the different types of companies performed, listed companies were the best performers (see **Figure 7**). Their average score was higher than the overall average and that of other company types in all sections, except for Part C (role of stakeholders), where private companies scored higher. In addition, listed companies had a lower range of scores in three of the five parts, showing that their corporate governance standards were more consistent. Yet, it should be noted that there were fewer listed companies surveyed compared to other company types.

7 The ACGS structure evolved slightly in 2017. Since its inception, there are two levels: Level 1 provides each part with specific criteria, and Level 2 enables bonuses and penalties to be applied for each part based on specific questions. The previous Level 1 scores can provide a good snapshot and benchmark to compare the performance of Myanmar companies with that of their ASEAN peers. When we compare Myanmar companies to their ASEAN peers, the previous Level 1 scores are adopted.

8 See *ASEAN Corporate Governance Scorecard Country Reports and Assessments 2015* published by ADB in 2017.

9 The *Pwint Thit Sa* report is an annual survey conducted by the Myanmar Centre for Responsible Business (MCRB) and Yever. It reviews the transparency and disclosure practices of Myanmar companies. The latest edition can be found online here: https://www.myanmar-responsiblebusiness.org/pwint-thit-sa/

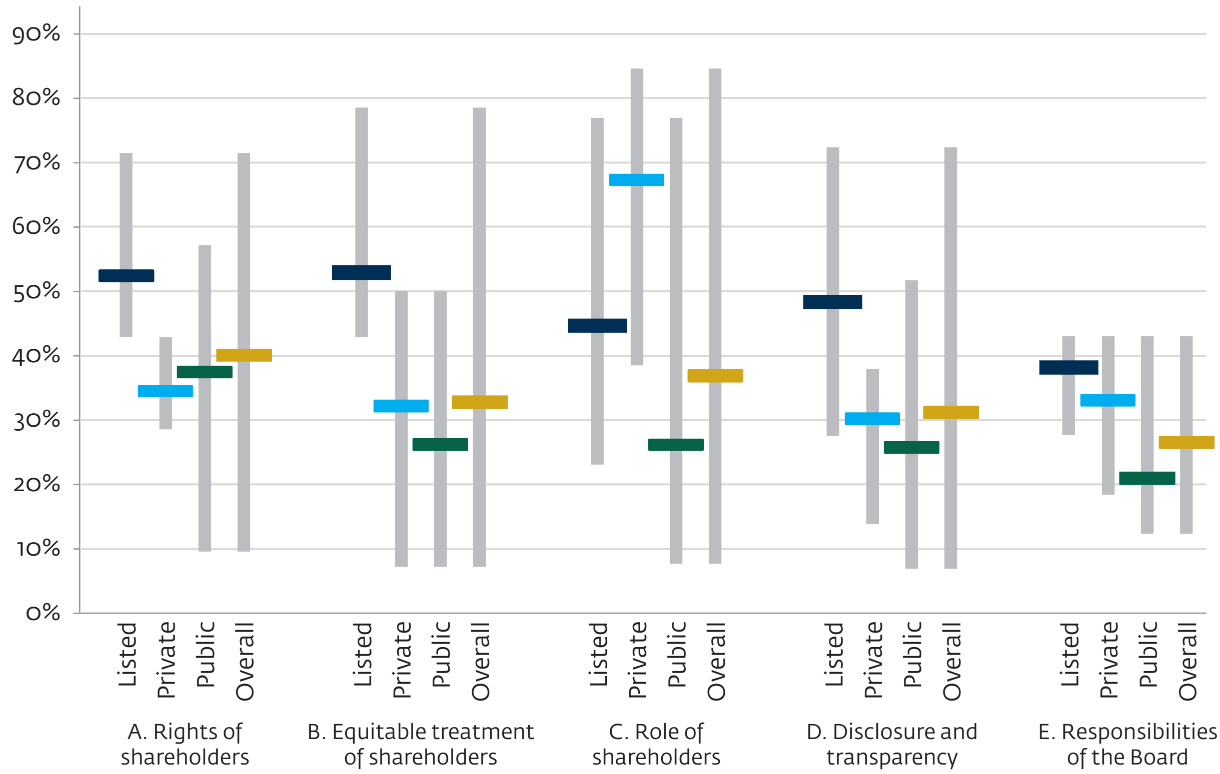
Figure 6: Comparison of Results for Each Part



Surprisingly, private companies on average are outperforming their public counterparts in Parts C (role of stakeholders), D (corporate disclosure), and E (responsibilities of the board). This finding highlights the need for public companies to better monitor their practices and improve disclosure in order to catch up with private companies.

Finally, the best-performing companies can be promoted as corporate governance champions to drive market performance. The wide range of scores among the companies means that regulators can take steps to reward the best performers and sanction the laggards in order to close the gap.

Figure 7: Scores by Parts and Company Type



Comparison with ASEAN Peers

Based on the latest results published by ADB regarding the ACGS (see **Table 2**), it is interesting to observe that:

- All ASEAN countries using the ACGS to benchmark the performance of their companies saw a dramatic increase in their scores. On average, the median score improved by almost 30 percent from 54 percent in 2012 to 69 percent in 2015.
- Indonesia started with an average score of 23 percent in 2012, lower than Myanmar's current score. But Indonesia reached 63 percent in 2015, an almost threefold increase.
- Vietnam started at 28 percent in 2012 and achieved 37 percent in 2015.
- Thailand is leading the way with 88 percent in 2015, up from 68 percent in 2012.
- The learning curves of these countries have been impressive. This should encourage Myanmar companies to quickly catch up with their regional peers regarding their corporate governance practices.

Table 2: Evolution of Level 1 Scores in Different ASEAN Countries between 2012 and 2015

	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam	Average
2012	23	62	49	56	68	28	54
2013	55	72	58	72	78	34	60
2014	57	75	67	71	85	35	65
2015	63	77	73	78	88	37	69

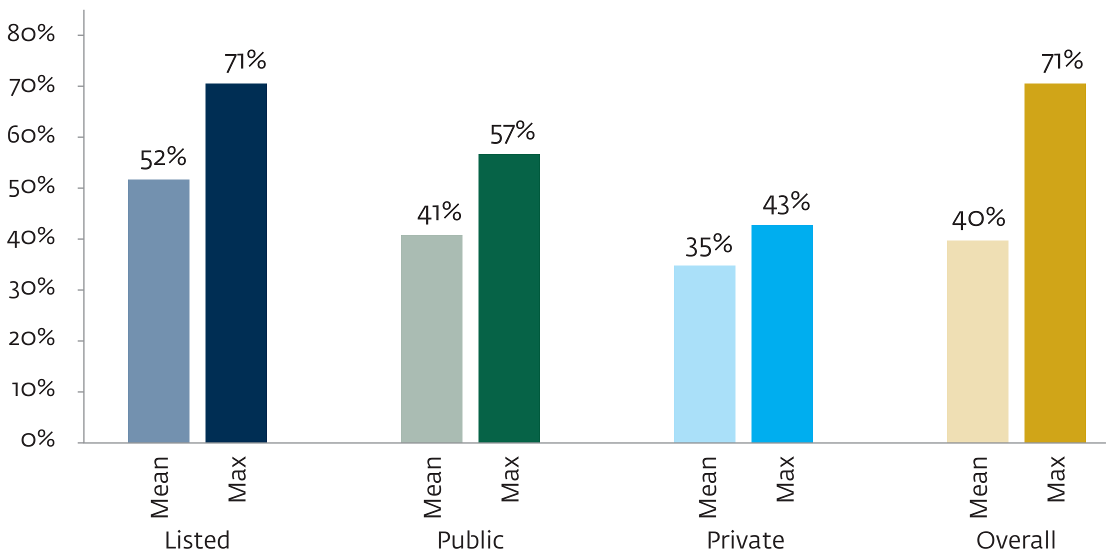
Specific Findings

Part A. Rights of Shareholders

This category assesses whether or not a company recognizes the rights of its shareholders while conducting its business affairs. Shareholders should be able to exercise their ownership rights, including the right to receive dividends and participate in decisions concerning fundamental corporate changes, take part during the AGMs, and elect directors, among others. With an average score of 40 percent, Myanmar companies should strive to score above 65 percent if they want to attract investors or convince potential partners to support them. With the enactment of the new Companies Law, Myanmar companies should seize the opportunity to update their constitutions and safeguard the rights of their shareholders.

Key Data

Figure 8: Key Results for the Rights of Shareholders



Trends in Myanmar

Figure 9: Strengths and Areas for Improvement in the Rights of Shareholders

STRENGTHS

- Pay dividends in an equitable and timely manner.
- Minutes of the most recent AGM record questions asked and answers given.
- Shareholders can participate in amending the company's constitution.

AREAS FOR IMPROVEMENT

- Disclose detailed voting results for all resolutions.
- Disclose a list of board members who attended the most recent AGM.
- Adopt voting by poll, as opposed to a show of hands.
- Appoint an independent party to count or validate votes at the AGM.
- Provide an explanation for each agenda item that requires shareholder approval.

There is still room for improvement in these areas, but companies fared well with the criteria concerning how far shareholders can participate in decisions made by the organization, for example, whether they can elect directors/commissioners individually.

The companies included in the report performed poorly when it came to voting procedures at the AGM. No organization used a poll, as opposed to a show of hands, as a means to vote at their AGM, nor did any have an independent party validate the results. Further to this, no company disclosed the voting results, including approving, dissenting, and abstaining votes, for all resolutions/each agenda item.

Essential Shareholder Rights (A.1 & A.2) and Corporate Control (A.4)

✓ 83 percent of the companies pay their dividends in an equitable and timely manner.
✓ 88 percent ask their shareholders to validate the amendments made to the company's constitution and 79 percent ask for the authorization of additional shares.
✓ 67 percent also ask their shareholders to approve the transfer of the most important company's assets.

✗ No company has appointed a third party to evaluate the fairness of the transaction price in case of mergers, acquisitions, and takeovers. It was understandable when Myanmar had a closed market, but as it began to open, Myanmar companies would have to protect the interests of their shareholders. To do so, they need to adjust the way they conduct their business. This is particularly relevant for family-owned companies to safeguard the sustainability of family assets and ownership, especially when they want to merge, sell or acquire new activities.

Participation in General Shareholder Meetings (A.3) and Shareholders' Engagement (A.5)

- ✓ 83 percent of the companies provide at least 21 days' notice for their AGMs and EGMs.
- ✓ 83 percent of the companies offer their shareholders the opportunity to ask questions during their AGMs.
- ✓ 75 percent of the companies allow their shareholders to elect their directors individually.
- ✓ 67 percent of the companies authorize the voting in absentia through the use of a proxy.

- ✗ 42 percent of the companies disclose the voting procedures before the start of the meeting, and only 17 percent publish the results of their AGM the next working day.
- ✗ 13 percent of the companies disclose their practices to encourage shareholders to engage with them beyond the AGM.
- ✗ 4 percent of the companies disclose which board members attended the most recent AGM.
- ✗ No company discloses the details of its voting results. Listed companies usually communicate the results of the votes without providing more information. As a result, it is impossible to know if the resolutions are supported by a small or significant majority of the shareholders.
- ✗ No company votes by polls. They will usually consider the show of hands or verbal validation as a sufficient mean of expression. Some companies told us that it was too complicated and costly because they had a substantial shareholders basis, other said it was not relevant because they were family owned. New technology is offering today solutions that may be readily adapted and fine-tuned to Myanmar context to overcome the first issue. For the second, companies who are considering to partner with capital providers or attracting foreign investors will have to increase the transparency of their disclosure.

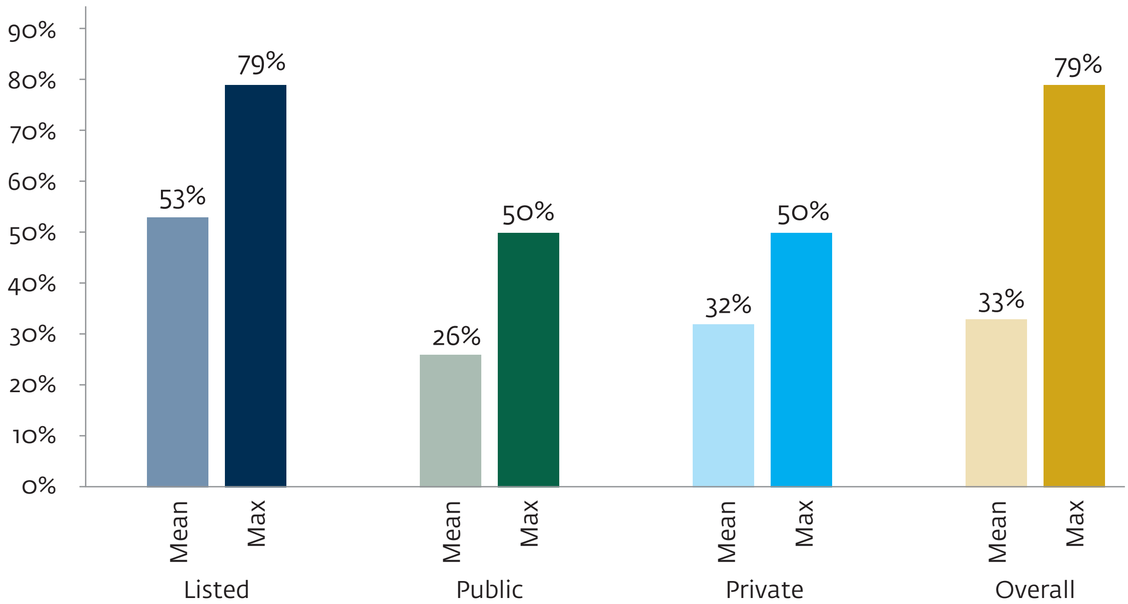
Myanmar companies tend to respect the key rights of their shareholders, but they should increase the quality of their AGM procedures and corporate disclosure to improve transparency.

Part B. Equitable Treatment of Shareholders

The equitable treatment of shareholders addresses whether minority (non-controlling) shareholders are treated fairly and equally alongside controlling shareholders. The AGM process, for example, should enable all shareholders to participate in the meeting without undue complexity. Also, outside shareholders should be protected from possible actions such as tunnelling of assets by the controlling shareholders acting directly or indirectly, abuses caused by the use of material non-public information and related party transactions (RPTs). To fund their growth, companies often need investors, who do not own a majority of the votes; therefore, protecting minority shareholder rights will be a means for the companies to differentiate themselves from their peers.

Key Data

Figure 10: Key Results for Equitable Treatment of Shareholders



Trends in Myanmar

Figure 11. Equitable Treatment of Shareholders

STRENGTHS

- All companies surveyed had complied with 'one vote for one share' principle.
- Each resolution of the AGM only deals with one item, that is, no bundling.
- Proxy documents are readily accessible.

AREAS FOR IMPROVEMENT

- Publish notice of the most recent AGM/circulars in English on the same day as the notices in the local language.
- Include the profiles of directors seeking election/re-election.
- Develop elaborate RPTs policies with an emphasis on:
    - o Requiring directors/commissioners to declare dealings in company shares within three business days.
    - o Requiring an independent body to review significant RPTs.

Companies performed poorly when it came to policies designed to prevent directors and key executives from benefiting in situations where there are conflicts of interest or RPTs. More positively, all ordinary shares issued equaled one vote, and most companies did not bundle items into one resolution.

Voting Rights (B.1) and Notice of AGM (B.2)

✓ All the companies have a simple system where one share grants one vote.
✓ 75 percent of the companies have a notice of AGM where each resolution deals with only one item.
✓ 67 percent of the surveyed companies make sure that their proxy documents are easily available.

✗ Only 42 percent of the auditors seeking appointment or re-appointment are clearly identified.
✗ 8 percent of the companies include the profile of the directors seeking election/re-election. The election of board members is critical to a company's sustainability; therefore, shareholders should be able to have as much information as necessary when making decisions. As the requirements on the number of independent directors may increase eventually, it will be essential for the companies to publish and release the candidates' profiles in the AGM notice and/or on their website.
✗ One company (4 percent of surveyed firms) translates the notices into English. If Myanmar companies wish to attract more foreign investors, they will have to make sure that their corporate documents are available and easily understandable by their international partners.

Insider Trading (B.3), Related Party Transactions (B.4), and Protecting Minority Shareholders (B.5)

- ✗ 42 percent of the companies have a policy or rule prohibiting their directors from benefiting from knowledge not available to the market, but this should be mandatory according to section 49 (c) of the Securities Exchange Law.
- ✗ 38 percent of the companies have a policy requiring directors to disclose their interests. Listed companies all have an RPT policy as it is a listing criterion.
- ✗ 17 percent of the companies have a policy prohibiting or restricting loans to directors.
- ✗ Only one company has a policy requiring the review of RPTs by a committee of independent directors to assess whether they are in the best interests of the company and other shareholders. Companies should review and update their policies to make them more precise.
- ✗ No company specifies clearly that directors should report their dealings in company shares within three business days.

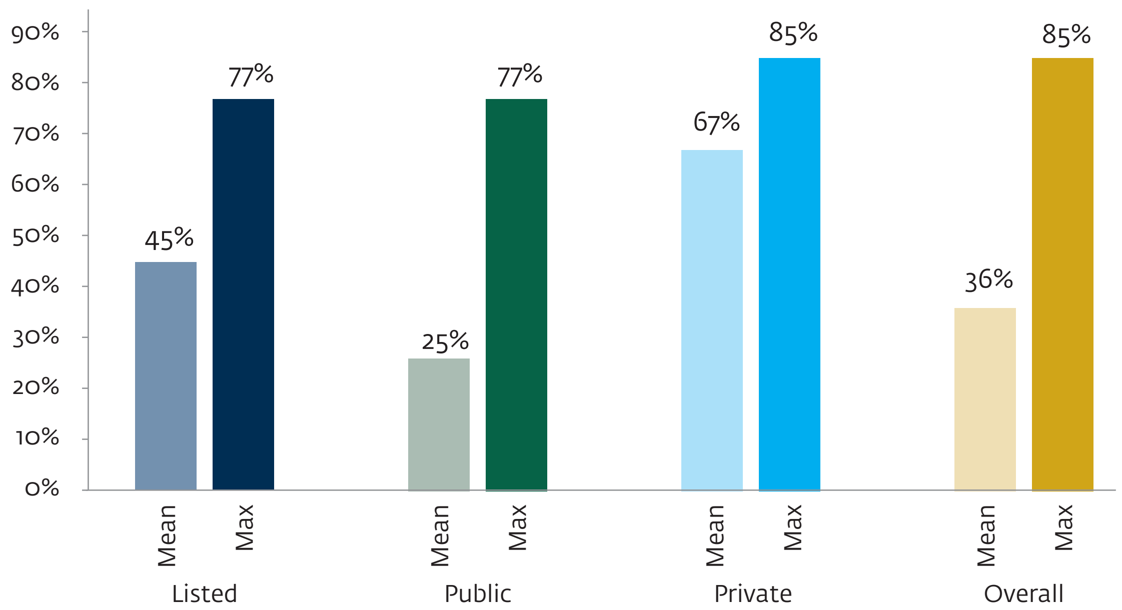
Companies in Myanmar have a simple share and voting rights system. Their engagement with shareholders is basic and can be enhanced. They have to improve their handling of related party transactions to safeguard the rights of minority shareholders.

Part C. Role of Stakeholders

This part concentrates on the issue of corporate social responsibility among 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 acknowledgment and treatment of its related stakeholders. This is the only part where private companies are outperforming listed companies, who should devote more efforts to achieve better performance.

Key Data

Figure 12: Key Results for Role of Stakeholders



Trends in Myanmar

Figure 13: Role of Stakeholders

STRENGTHS

- All companies pay attention to their communities through philanthropic and charitable activities.
- Supplier selection procedures are common.

AREAS FOR IMPROVEMENT

- Improve efforts to ensure that companies' value chains are eco-friendly and consistent with the promotion of sustainable development.
- Include anti-corruption procedures and programs.
- Improve creditors' rights.
- Compensation policy should be aligned with the long-term objectives of the company.
- Disclose corporate policies for developing human capital (the health, safety, welfare, training, and development of employees).

Myanmar people are generous: Myanmar is ranked number 1 in the World Giving Index.[10] Myanmar companies strongly support their communities by donating and supporting philanthropic initiatives. Their performance is more nuanced with other stakeholders such as employees, creditors, and the environment.

Stakeholders' Rights (C.1)

✓ All the companies donate to support their communities.
✓ 71 percent of the companies have some procedures to select their suppliers.

✗ 21 percent of the companies report their efforts to tackle corruption.
✗ 13 percent of the companies disclose how they protect their creditors' interests. All the banks in the survey comply with this mandatory criterion in Myanmar.
✗ 8 percent of the companies ensure that their value chain is eco-friendly and aim to promote sustainable development.

Grievance Mechanism (C.2) and Whistle-Blowing (C.4)

✗ 42 percent of the companies have a whistleblowing policy, and 38 percent of them protect their employees who reveal illegal/unethical behaviors from retaliation.
✗ 21 percent of the companies provide contact details, which stakeholders can use to voice their concerns.

10 See Charities Aid Foundation, *World Giving Index 2017*.

Employee Participation (C.3)

- ✗ 29 percent of the companies disclose their employee health, safety, and welfare policies and practices. A quarter of them publish their policies and practices on employee training and skill development.
- ✗ No company has a compensation policy that accounts for its performance beyond short-term financial measures.

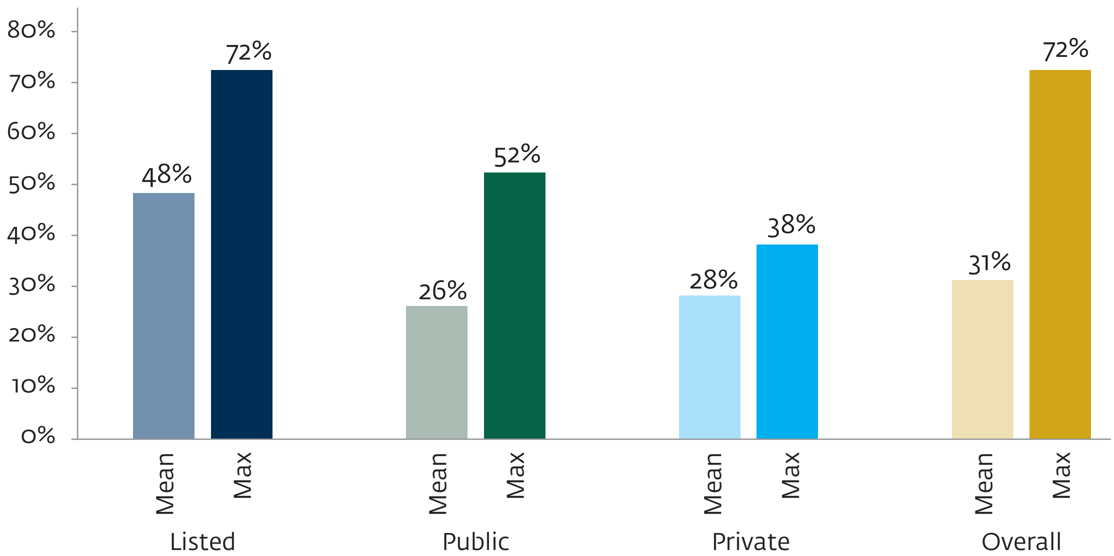
Myanmar companies are trying to take into consideration the rights of their stakeholders, especially suppliers and communities. They should seek the feedback of their key stakeholders and establish appropriate communication channels. They should disclose their policies and report non-financial performance in a sustainability report that provides facts and data to stakeholders.

Part D. Disclosure and Transparency

This section considers the accuracy, completeness, and punctuality 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. The firm's ownership structure, RPTs, and financial and non-financial information are all significant items to disclose. Again, listed and public companies should aim to score above 65 percent. This will help them comply with the YSX and SECM requirements more efficiently as well as ensuring better disclosure for their shareholders and stakeholders.

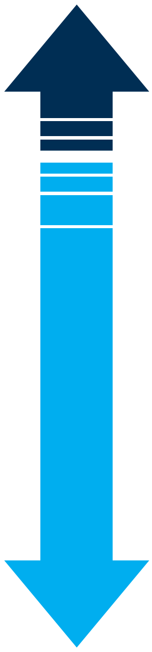
Key Data

Figure 14: Key Results for Disclosure and Transparency



Trends in Myanmar

Figure 15: Disclosure and Transparency



STRENGTHS

- Companies have websites.

AREAS FOR IMPROVEMENT

- Improve the quality of annual reports:
  - o Make ownership structure transparent.
  - o Include biographical details of directors.
  - o Disclose attendance details of each director in respect of meetings held.
  - o Reveal audit fees.
- Enhance weak disclosure of RPTs:
  - o Revise ad hoc policy.
  - o Name, relationship, nature, and value of each material RPTs should be disclosed.
  - o Trading in company shares by insiders should be disclosed.
- Non-financial reporting.
  - o Company website needs to be updated.

Part D is the second area where Myanmar companies exhibit poor performance and compliance with best practices is uncommon. The companies usually disclose the corporate objectives in the company chairman's message in the annual report. Myanmar companies do not have the habit of communicating with their stakeholders, nor maintaining and updating their main communication channels.

Ownership Structure (D.1)

✗ 54 percent of the companies disclose the identity of beneficial owners holding at least 5 percent of the company.

✗ 42 percent disclose the direct and indirect shareholdings of their major shareholders, and 46 percent disclose the shareholdings of their directors.

✗ 58 percent publicize details of their holding company, subsidiaries, and joint ventures.

Annual Report (D.2)

✓ 83 percent of the companies mention their corporate objectives briefly in the annual report.

✗ Only 25 percent of the companies disclose the biographical details of their directors and their meeting attendance records.

✗ Only 13 percent of the companies reveal the remuneration of their board members.

✗ Only one company discloses its key financial performance indicators.

✗ Just one company publishes its main non-financial indicators.

Disclosure of Related Party Transactions (D.3), Insider Trading (D.4), and Auditor Report (D.5)

- ✗ 17 percent of the companies disclose the name and details of each material RPT.
- ✗ 8 percent of the companies disclose insiders' trading of company shares.
- ✗ Only one company discloses its policy covering the review and approval of material RPTs.
- ✗ Companies do not disclose if their financial auditors are offering non-audit services.

Medium of Communication (D.6)

- ✓ 88 percent of the companies have a website, and 67 percent publish specific content for the media.
- ✓ 67 percent of the audited financial statements are released within 120 days from the financial year-end.

- ✗ 54 percent of the companies release their annual report within 120 days from the financial year-end.
- ✗ Only 29 percent of the companies make sure that their annual report can be downloaded on their website.
- ✗ 17 percent of the companies publish a notice of the AGM on their website, but none publishes the AGM minutes.
- ✗ Around 13 percent publicize their company's constitution on the website.

Myanmar companies make attempts to communicate with the shareholders and external stakeholders, but they need to improve the quality of released data, its timeliness and develop adequate communication channels.

Part E. Responsibilities of the Board

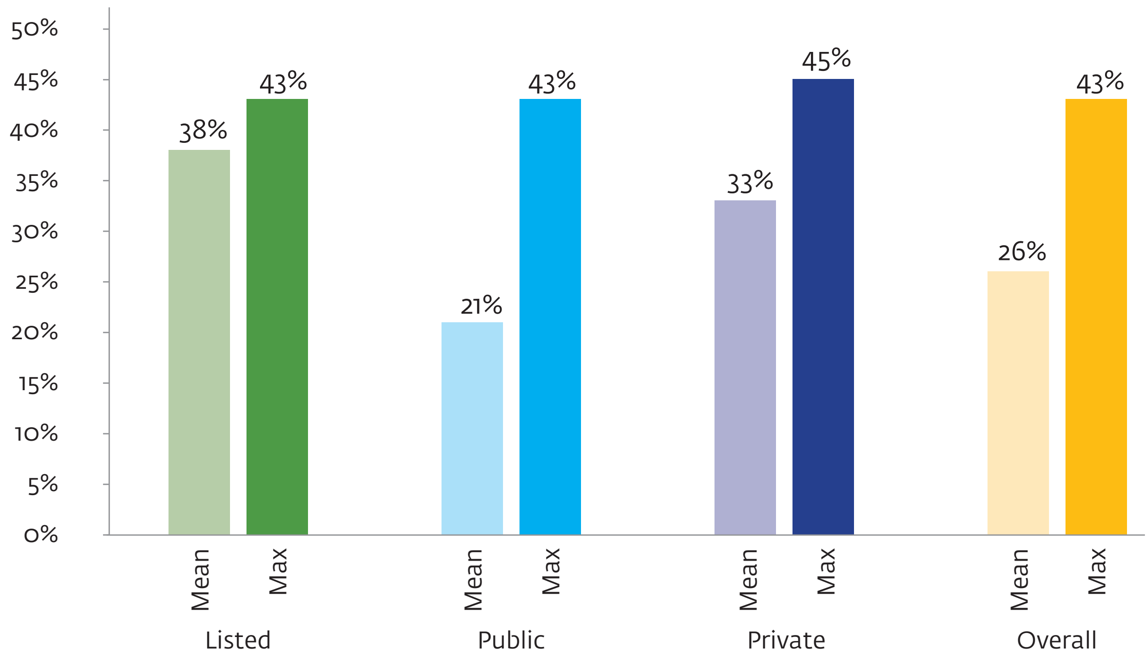
This section focuses on the duties, responsibilities, and accountabilities of the board of directors to shareholders and other stakeholders. By considering the interests of all stakeholders, the board must apply high ethical standards to the business to adequately fulfil their responsibilities. The board is mainly responsible for guiding corporate strategy, monitoring managerial performance, and preventing conflicts of interest.

This category assesses corporate strategy development, the monitoring of business operations, the transparency of business practices, the presence of proper financial controls and reports, procedures for director nomination, the orientation of new board members, board performance evaluation, and the search process and evaluation of the Chief Executive Officer (CEO), among others.

Myanmar companies report the weakest performance in this area and should allocate more resources to enhance their practices.

Key Data

Figure 16: Key Results for Disclosure and Transparency



Trends in Myanmar

Figure 17: Responsibilities of the Board

STRENGTHS

- There are frequent elections/re-elections of directors.
- Mission statements are clearly mentioned.
- Internal audit is a common practice.
- There is a clear distinction between the roles of chairman and CEO.
- The boards usually have audit committees.

AREAS FOR IMPROVEMENT

- The boards are not diverse enough.
- There is a lack of independent directors.
- Business ethics needs to be strengthened.
- The board and its committees lack structure:
    - o Improve disclosure of the roles and responsibilities of the different bodies (such as, board policy, board committees, chairman).
    - o Clarify the criteria used to select new directors.
- Remuneration information is not transparent.
- Risk management practices are weak.

The companies scored the lowest in this area and no company scored above 50 percent. This result demonstrates that even market leaders in Myanmar do not follow best governance practices when it comes to board governance. The companies performing well in other sections should consider this a priority in order to attract investment and develop sustainable businesses in Myanmar.

Board Duties and Responsibilities (E.1)

- ✓ 92 percent of the companies disclose their mission statement.
- ✓ 92 percent of the boards surveyed play a leading role in developing and reviewing the company strategy.

- ✗ Only 29 percent of the boards have a process to review, monitor, and oversee the implementation of the corporate strategy.
- ✗ Only 25 percent of the companies mention the roles and responsibilities of their board of directors.
- ✗ Only 8 percent of the companies explain the types of decisions requiring board approval.
- ✗ Only 4 percent of the companies disclose their corporate governance policy.

Board Structure (E.2)

- ✓ 83 percent of the companies have an audit committee.

- ✗ 50 percent of surveyed companies have a remuneration committee, but only 8 percent of surveyed companies have remuneration committee composed of a majority of independent directors. Only one company discloses the terms of reference of its remuneration committee. Just one company's remuneration committee met twice during the year and published the attendance records of its members.
- ✗ 46 percent of the surveyed companies have a nomination committee, but only 8 percent of surveyed companies have a nomination committee composed of a majority of independent directors. One company discloses the terms of reference of its nomination committee. Only one nomination committee met twice during the year and disclosed the attendance of its members.
- ✗ 33 percent of the companies publish their code of conduct, 33 percent of them expect their directors to comply with this code, and 38 percent have a process to monitor compliance with the code.
- ✗ 29 percent of the directors chairing the audit committee are independent. About 25 percent of the audit committees are composed exclusively of non-executive directors with a majority of independent directors. No audit committee met at least four times during the year. Around 42 percent of the audit committees have primary responsibility for recommendation on the appointment and removal of the external auditor.
- ✗ 8 percent of the companies have set a limit on the directorships that may be held simultaneously by their directors.
- ✗ No company has at least three independent directors who make up more than 50 percent of the board members.
- ✗ No company has set a term limit of nine years for its independent directors.

Board Processes (E.3)

- ✓ All directors are subject to re-election every three years.
- ✓ 92 percent of the companies have an internal audit function.

- ✗ 50 percent of reviewed companies approved the remuneration of their board members at AGMs.
- ✗ 50 percent of the surveyed companies have corporate secretaries. On average, companies with corporate secretaries tend to outperform (35 percent) the companies without (26 percent).
- ✗ 38 percent of the companies explain the process of selecting and appointing new directors.
- ✗ 25 percent of the companies have a 75 percent attendance rate for each director at board meetings. The companies with higher rate of board participation achieved higher score. A company with a diligent board scores 38 percent on average or 10 percent higher compared with companies with less involved boards.
- ✗ Only 17 percent of the companies have established a risk management framework.
- ✗ Just 4 percent of the companies disclose the criteria used in selecting new directors.
- ✗ No company discloses its material risks.

People on the Board (E.4)

- ✓ 79 percent of the boards have at least one non-executive director with prior experience in the major sector in which the company operates.
- ✓ 75 percent of the companies separate the chairman and CEO roles.

- ✗ Only 21 percent of companies disclose the roles and responsibilities of their chairperson.
- ✗ Only one board is chaired by an independent director; interestingly, it is a private company.

Board Performance (E.5)

- ✗ Only 21 percent of the companies conduct an annual performance assessment of their CEO/ managing director/president.
- ✗ Only 4 percent of the companies have a succession plan for the CEO/managing director/ chairman/ and other top executives.
- ✗ Only 4 percent of the companies assess their board's performance.

The current score indicates that the responsibilities of the board are not well observed. Myanmar companies have to improve key areas of board responsibilities, such as the role of the chairman, board composition, structure, and leadership, as well as its role in oversight and company control.

Recommendations

Corporate governance practices are at a nascent stage of development in Myanmar and the different market players need clear guidance. Improving corporate governance is seen as one of the priorities in making Myanmar's economy competitive and sustainable. The Myanmar government adopted the Myanmar Sustainable Development Plan for 2018-2030 (MSDP) which included a strategic objective to "*provide a secure, conducive investment enabling environment which eases the cost of doing business, boosts investor confidence and increases efficiencies*". Myanmar government stated that "*in addition to clear laws and regulations, it is important to create a favourable, predictable, facilitative and friendly investment climate broadly.*" Specifically, MSDP specifically mentions that improvements in corporate governance practices should be part of the overall efforts to improve the business environment in Myanmar by adopting the relevant action plan item: "*improve and enforce corporate governance (including for SEEs* [State-Owned Enterprises]*), strengthen disclosure rules, enhance auditing and accounting standards, and introduce improved regulatory and enforcement measures to support more transparent and ethical corporate practices.*"

Such efforts will require the collaborative efforts of legislators, regulators, the stock exchange, and companies, ideally through the development corporate governance roadmap. This proposed roadmap could also identify the strategic priorities and recommended courses of action in order to nurture exemplary corporate performance, align Myanmar practices with international corporate governance standards and enhance the competitiveness of Myanmar companies as they compete for capital in regional and global markets with an increasing demand for fairness, accountability and transparency.

The assessment's results highlight a significant gap between the corporate governance practices of Myanmar companies and the standards endorsed in ASEAN and globally. The report has identified some areas for quick improvement but also longer-term actions requiring close collaboration between government entities, Myanmar and international organizations such as the Myanmar Institute of Directors (MIoD), the Union of Myanmar Federation of Chambers of Commerce and Industry, and other leading nongovernmental organizations. Extensive promotion of this review to companies, chambers of commerce, NGOs and other market participants interested in or the likely beneficiaries of good corporate governance, and deep training in good corporate governance practices for all participants is recommended.

Specific Recommendations

Legislative and Regulatory Development

- Ensure that all Myanmar companies comply with the Companies Law, especially regarding corporate governance.

- Start developing a Myanmar Code of Corporate Governance involving all relevant stakeholders and especially the private sector. This Code should:
    - Provide different stakeholders with a clear definition of independence for board members and ensure that listed and public companies comply with this requirement.
    - Encourage companies to endorse the best practices in line with international standards and in line with requirements of the Companies Law.
    - Promote a "comply or explain" approach: if companies cannot comply with the Code, then they should explain why.

- Enhance and clarify corporate governance monitoring and enforcement powers, authorities and sanctions to ensure credible enforcement capacities. Regulators need to understand, have powers, authority and adequate sanctions to actively and visibly monitor and supervise legal and regulatory requirements of corporate governance. Regulators need to better understand current enforcement measures being taken in other jurisdictions.

- Strengthen the knowledge of corporate governance within regulatory institutions and ensure the SECM, DICA and YSX have adequate resources available to undertake active and visible enforcement of corporate reporting and corporate governance requirements and to support leadership related to corporate governance development.

- Mandate the preparation and provision of a comprehensive annual report in the form of one document that provides information on the company's activities and performance (financial and non-financial) over the past year and for the foreseeable future. The annual report should be provided to all shareholders and be available to the public on the company website.

- Develop better financial reporting and adherence to international auditing standards to bring reliable information to investors and shareholders. This was also recommended in the latest Report on Observance of Standards and Codes published by the World Bank. Regulators should collaborate with the Myanmar Accountancy Council and the Myanmar Institute of Certified Public Accountants to implement this recommendation.

- Create an incentive and innovative system that will reward the best performers in the market and sanction the worst performers. For example, the YSX and the SECM can consider awarding the best annual reports published during the last financial year or the best AGM held or disclosing the list of laggards on their respective websites.

- Knowledge of corporate governance in Myanmar should be developed further in not only the key players in corporate governance (directors, shareholders and management) but also in other influencers (media, auditors, stakeholder groups). Tailored training is recommended for all groups. In particular, training is also recommended for members of the media so they may comment appropriately on corporate governance matters as they arise. Shareholders could better understand normal and expected basic rights of shareholders and actively exercise those rights.

Private Sector/Company Development

- All registered Myanmar companies should seize the opportunity of the Companies Law to update their company constitutions to ensure it aligns with best practices and the interests of their different shareholders and stakeholders.

- The companies should development and publish quality company corporate governance frameworks, policies and procedures. For example, it is critical that the companies disclose their board policy/charter, which is the cornerstone of good corporate governance. In this assessment, only one private company published its board charter on its website. The companies should also develop and publish a company code of corporate governance, demonstrating company commitment to Corporate Governance and codes of conduct applicable to the employees, management and the board of directors.

- Companies should build their internal capacities and with the support of professional advisers. Directors should know their roles and responsibilities and be able to identify and apply quality board policies and practices. In the development of training programs there is an extensive opportunity for Chambers of Commerce/business associations and NGOs such as the MIoD.

- Develop an understanding of the role a company secretary can and should play to support quality corporate governance and board practices.

- Companies should maintain effective corporate communication and provide stakeholders with relevant, accurate, and meaningful information. At a minimum, the companies should:
    - Identify a key point of contact to manage relationships with shareholders, investors and stakeholders.
    - Improve the format of the AGM notice to disclose information that will help shareholders, especially the minority ones, gain a better understanding of the stakes involved and make more informed decisions.
    - Improve disclosure of financial and non-financial information and maintain quality and consistent corporate disclosures.
    - Publish the annual report and all materials that are useful for shareholders on their website. At the moment, some listed companies in Myanmar only make their annual report available through the YSX website.
    - Ensure that all publicly available information is easily accessible. For instance, key documents should be available in both English and the Myanmar language.

- Develop a robust risk management system to identify major risks faced by the company, how they will be mitigated, and track the outcomes. Companies should also dedicate more resources to internal and external audits to obtain relevant data in order to build a sustainable business model.

- Align remuneration with the long-term interests of the company and stakeholders. With more reliable data, a clearer strategy, and better risk management, it should be easier to get a grip on the key drivers that shape the sustainability of the company. The remuneration of the board and top executives should reflect their ability to transform the business model responsibly.

- Myanmar companies should comply with the International Financial Reporting Standards as soon as possible.

- For non-financial reporting, companies are using the United Nations Global Compact now, but they should switch to a more demanding standard such as Integrated Reporting or the Global Reporting Initiative.

Public Sector/State-owned Company Development

- Improve the corporate governance practices of SOEs. Supervisory authorities, companies, company boards, including individual board members and executives should assess the governance and disclosure practices of the SOEs and institute a reform program.

- The SOEs' compliance with the Corporate Governance Code should be considered a top priority by the Government of Myanmar.

Appendixes

Appendix A. List of Companies

Company Name	Company Type
Asia World	Private
City Mart Holding Co. Ltd.	Private
Dawei Development Public	Public
Ever Flow River Group of Companies Public	Public
First Myanmar Investment Co. Ltd.	Listed
First National Insurance Public Co. Ltd.	Public
First Private Bank	Listed
Good Brother Agriculture Services	Public
Global Treasure Bank	Public
Golden Myanmar Airlines	Public
Grand Guardian Insurance	Public
Great Hor Kham	Public
Hantharwaddy Development	Public
Mandalay Myotha Industrial Development	Public
Max Myanmar	Private
Myanmar Agro Exchange	Public
Myanmar Citizens Bank	Listed
Myanmar Economic Holdings	Public
Myanmar Forest - JV	Public
Myanmar Information and Communication	Public
Myanmar Thilawa SEZ Holdings	Listed
National Development Group	Public
Shwe Taung Group	Private
TMH Telecom	Listed

Appendix B. Scorecard Questionnaire with Average Scores

Part A. Rights of Shareholders

A.1 Basic shareholders rights

ID	Question	Average score
A.1.1	Does the company pay (interim and final/annual) dividends in an equitable and timely manner; that is, all shareholders are treated equally and paid within 30 days after being (i) declared for interim dividends and (ii) approved by shareholders at general meetings for final dividends? In case the company has offered scrip dividend, did the company pay the dividend within 60 days?	83%

A.2 Right to participate in decisions concerning fundamental corporate changes

ID	Question	Average score
Do shareholders have the right to participate in:		
A.2.1	Amendments to the company's constitution?	88%
A.2.2	The authorization of additional shares?	79%
A.2.3	The transfer of all or substantially all assets, which in effect results in the sale of the company?	67%

A.3 Right to participate effectively and vote in general shareholder meetings and should be informed of the rules, including voting procedures that govern general shareholder meetings.

ID	Question	Average score
A.3.1	Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration (fees, allowances, benefit-in-kind, and other emoluments) or any increases in remuneration for non-executive directors/ commissioners?	54%
A.3.2	Does the company provide non-controlling shareholders a right to nominate candidates for board of directors/commissioners?	71%
A.3.3	Does the company allow shareholders to elect directors/commissioners individually?	75%
A.3.4	Does the company disclose the voting procedures used before the start of meeting?	42%
A.3.5	Do the minutes of the most recent AGM record that the shareholders were given the opportunity to ask questions? Are the questions raised by shareholders and answers given recorded?	83%
A.3.6	Does the company disclose the voting results including approving, dissenting, and abstaining votes for all resolutions/each agenda item for the most recent AGM?	0%

ID	Question	Average score
A.3.7	Does the company disclose the list of board members who attended the most recent AGM?	4%
A.3.8	Does the company disclose that all board members and the CEO (if he is not a board member) attended the most recent AGM?	8%
A.3.9	Does the company allow for voting in absentia?	67%
A.3.10	Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?	0%
A.3.11	Does the company disclose that it has appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM?	0%
A.3.12	Does the company make publicly available by the next working day the result of the votes taken during the most recent AGM for all resolutions?	17%
A.3.13	Does the company provide at least 21 days' notice for all AGMs and EGMs?	83%
A.3.14	Does the company provide the rationale and explanation for each agenda item that requires shareholder approval in the notice of AGM/circulars and/or the accompanying statement?	4%
A.3.15	Does the company give shareholders the opportunity to place item/s on the agenda of the AGM?	0%

A.4 Markets for corporate control should be allowed to function in an efficient and transparent manner

ID	Question	Average score
A.4.1	In cases of mergers, acquisitions, and/or takeovers, does the board of directors/commissioners of the offeree company appoint an independent party to evaluate the fairness of the transaction price?	0%

A.5 The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated

ID	Question	Average score
A.5.1	Does the company disclose its practices to encourage shareholders to engage with the company beyond the AGM?	13%

Part B. Equitable Treatment of Shareholders

B.1 Shares and voting rights

ID	Question	Average score
B.1.1	Do the company's ordinary or common shares have one vote for one share?	100%
B.1.2	Where the company has more than one class of shares, does the company publicize the voting rights attached to each class of shares (e.g. through the company website/reports/the stock exchange/the regulator's website)?	38%

B.2 Notice of the AGM

ID	Question	Average score
B.2.1	Does each resolution in the most recent AGM deal with only one item, i.e., there is no bundling of several items into the same resolution?	75%
B.2.2	Are the company notices of the most recent AGM/circulars fully translated into English and published on the same date as the local-language version?	4%
Does the notice of AGM/circulars have the following details:		
B.2.3	Are the profiles of directors/commissioners (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) included when they seek election/re-election?	8%
B.2.4	Are the auditors seeking appointment/re-appointment clearly identified?	42%
B.2.5	Were the proxy documents easily available?	67%

B.3 Insider trading and abusive self-dealing should be prohibited

ID	Question	Average score
B.3.1	Does the company have policies and/or rules prohibiting directors/ commissioners and employees to benefit from knowledge not generally available to the market?	42%
B.3.2	Are the directors and commissioners required to report their dealings in company shares within three business days?	0%

B.4 Related-party transactions by directors and key executives

ID	Question	Average score
B.4.1	Does the company have a policy requiring directors/commissioners to disclose their interest in transactions and any other conflicts of interest?	38%
B.4.2	Does the company have a policy requiring a committee of independent directors/commissioners to review material/significant RPTs to determine whether they are in the best interests of the company and shareholders?	4%
B.4.3	Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they have a conflict?	21%
B.4.4	Does the company have policies on loans to directors and commissioners either forbidding this practice or ensuring that they are being conducted at arm's length and at market rates?	17%

B.5 Protecting minority shareholders from abusive actions

ID	Question	Average score
B.5.1	Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	4%

Part C. Role of Stakeholders

C.1 The rights of stakeholders established by law or through mutual agreements are to be respected

ID	Question	Average score
Does the company disclose a policy and practices that address:		
C.1.1	The existence and scope of the company's efforts to address customers' welfare?	58%
C.1.2	Supplier/contractor selection procedures?	71%
C.1.3	The company's efforts to ensure that its value chain is environmentally friendly or consistent with promoting sustainable development?	8%
C.1.4	The company's efforts to interact with the communities in which they operate?	100%
C.1.5	The company's anti-corruption programs and procedures?	21%
C.1.6	How creditors' rights are safeguarded?	13%
C.1.7	Does the company have a separate report/section that discusses its efforts on the environment/economy and social issues?	46%

C.2 Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights

ID	Question	Average score
C.2.1	Does the company provide contact details via the company's website or annual report which stakeholders (e.g. customers, suppliers, general public etc.) can use to voice their concerns and/or complaints for possible violation of their rights?	21%

C.3 Mechanisms for employee participation should be permitted to develop

ID	Question	Average score
C.3.1	Does the company explicitly disclose the policies and practices on health, safety, and welfare for its employees?	29%
C.3.2	Does the company explicitly disclose the policies and practices on training and development programs for its employees?	25%
C.3.3	Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?	0%

C.4 Stakeholders, including individual employees and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this

ID	Question	Average score
C.4.1	Does the company have a whistle-blowing policy that includes procedures for complaints by employees and other stakeholders concerning alleged illegal and unethical behaviors and provide contact details via the company's website or annual report?	42%
C.4.2	Does the company have a policy or procedures to protect an employee/person who reveals illegal/unethical behaviors from retaliation?	38%

Part D. Disclosure and Transparency

D.1 Transparent ownership structure

ID	Question	Average score
D.1.1	Does the information on shareholdings reveal the identity of beneficial owners with 5 percent shareholdings or more?	54%
D.1.2	Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?	42%
D.1.3	Does the company disclose the direct and indirect (deemed) shareholdings of directors?	46%
D.1.4	Does the company disclose the direct and indirect (deemed) shareholdings of senior management?	42%
D.1.5	Does the company disclose details of the parent/holding company, subsidiaries, associates, joint ventures, and special purpose enterprises/ vehicles?	58%

D.2 Quality of annual report

ID	Question	Average score
Does the company's annual report disclose the following items:		
D.2.1	Corporate objectives	83%
D.2.2	Financial performance indicators	4%
D.2.3	Non-financial indicators	4%
D.2.4	Dividend policy	8%
D.2.5	Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	25%
D.2.6	Attendance details of each director/commissioner in respect of meetings held	25%
D.2.7	Total remuneration of each member of the board of directors/ commissioners	13%

D.3 Disclosure of related party transactions (RPT)

ID	Question	Average score
D.3.1	Does the company disclose its policy covering the review and approval of material RPTs?	4%
D.3.2	Does the company disclose the name, relationship, nature, and value for each material RPTs?	17%

D.4 Director and commissioner dealings in shares of the company

ID	Question	Average score
D.4.1	Does the company disclose trading in the company's shares by insiders?	8%

D.5 External auditor and auditor report

ID	Question	Average score
Where the same audit firm is engaged for both audit and non-audit services:		
D.5.1	Are the audit and non-audit fees disclosed?	0%
D.5.2	Does the non-audit-fees exceed the audit fees?	0%

D.6 Medium of communication

ID	Question	Average score
Does the company use the following modes of communication?		
D.6.2	Company website	88%
D.6.3	Analysts' briefing	4%
D.6.4	Media briefings/press conferences	67%

D.7 Timely filing/release of annual/financial reports

ID	Question	Average score
D.7.1	Are the audited annual financial report/statement released within 120 days from the financial year-end?	67%
D.7.2	Is the annual report released within 120 days from the financial year-end?	54%
D.7.3	Is the true and fairness/fair representation of the annual financial statement/reports affirmed by the board of directors/commissioners and/or the relevant officers of the company?	88%

D.8 Company website

ID	Question	Average score
Does the company have a website disclosing up-to-date information on the following:		
D.8.2	Materials provided in briefings to analysts and the media	29%
D.8.3	Downloadable annual report	38%
D.8.4	Notice of AGM and/or EGM	17%
D.8.5	Minutes of AGM and/or EGM	0%
D.8.6	Company's constitution (company's by-laws, memoranda, and articles of association)	13%

D.9 Investor relations

ID	Question	Average score
D.9.1	Does the company disclose the contact details (e.g. telephone, fax, and email) of the officer responsible for investor relations?	0%

Part E. Responsibilities of the Board

E.1 Board duties and responsibilities

ID	Question	Average score
E.1.1	Does the company disclose its corporate governance policy/board charter?	4%
E.1.2	Are the types of decisions requiring board approval disclosed?	8%
E.1.3	Are the roles and responsibilities of the board of directors/commissioners clearly stated?	25%
Corporate vision/mission		
E.1.4	Does the company have an updated vision and mission statement?	92%
E.1.5	Does the board play a leading role in developing and reviewing the company strategy at least annually?	92%
E.1.6	Does the board have a process to review, monitor, and oversee the implementation of the corporate strategy?	29%

E.2 Board structure

ID	Question	Average score
Code of ethics or conduct		
E.2.1	Are the details of the code of ethics or conduct disclosed?	33%
E.2.2	Are all directors/commissioners, senior management, and employees required to comply with the code/s?	33%
E.2.3	Does the company have a process to implement and monitor compliance with the code/s of ethics or conduct?	38%
Board structure & composition		
E.2.4	Do independent, non-executive directors/commissioners number at least three and make up more than 50% of the board of directors?	0%
E.2.5	Does the company have a term limit of nine years or less, or two terms of five years (1) each for its independent directors/commissioners? (1) The five-year term must be required by legislation that pre-existed the introduction of the ASEAN Corporate Governance Scorecard in 2011.	0%
E.2.6	Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?	8%
E.2.7	Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?	8%
Nomination committee		
E.2.8	Does the company have a nominating committee?	46%
E.2.9	Does the nominating committee comprise a majority of independent directors/commissioners?	8%
E.2.10	Is the chairman of the nominating committee an independent director/ commissioner?	4%
E.2.11	Does the company disclose the terms of reference/governance structure/ charter of the nominating committee?	4%
E.2.12	Is the meeting attendance of the nominating committee disclosed and if so, did the nominating committee meet at least twice during the year?	4%

ID	Question	Average score
Remuneration committee/compensation committee		
E.2.13	Does the company have a remuneration committee?	50%
E.2.14	Is the remuneration committee comprised a majority of independent directors/commissioners?	8%
E.2.15	Is the chairman of the remuneration committee an independent director/ commissioner?	8%
E.2.16	Does the company disclose the terms of reference/governance structure/ charter of the remuneration committee?	4%
E.2.17	Is the meeting attendance of the remuneration committee disclosed and, if so, did the remuneration committee meet at least twice during the year?	0%
Audit committee		
E.2.18	Does the company have an audit committee?	83%
E.2.19	Is the audit committee comprised entirely non-executive directors with a majority of independent directors?	25%
E.2.20	Is the chairman of the audit committee an independent director/ commissioner?	29%
E.2.21	Does the company disclose the terms of reference/governance structure/ charter of the audit committee?	4%
E.2.22	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	54%
E.2.23	Is the meeting attendance of the audit committee disclosed and, if so, did the audit committee meet at least four times during the year?	0%
E.2.24	Does the audit committee have primary responsibility for recommendation on the appointment and removal of the external auditor?	42%

E.3 Board processes

ID	Question	Average score
Board meetings and attendance		
E.3.1	Are the board meetings scheduled before the start of the financial year?	0%
E.3.2	Does the board of directors/commissioners meet at least six times during the year?	50%
E.3.3	Has each of the directors/commissioners attended at least 75 percent of all board meetings held during the year?	25%
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	0%
E.3.5	Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?	0%

ID	Question	Average score
Access to Information		
E.3.6	Are board papers for board meetings provided to the board at least five business days in advance of the meeting?	58%
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	50%
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices and has he/she kept abreast on relevant developments?	42%
Board appointment and re-election		
E.3.9	Does the company disclose the criteria used in selecting new directors/ commissioners?	4%
E.3.10	Did the company describe the process used to appoint new directors/ commissioners?	38%
E.3.11	Are all directors/commissioners subject to re-election every three years or five years for listed companies in countries whose legislation prescribes a term of five years(2) each? (2) The five-year term must be required by legislation that pre-existed the introduction of the ASEAN Corporate Governance Scorecard in 2011	100%
Remuneration matters		
E.3.12	Does the company disclose its remuneration (fees, allowances, benefit-in-kind, and other emoluments) policy/practices (i.e. the use of short-term and long-term incentives and performance measures) for its executive directors and CEO?	13%
E.3.13	Is there disclosure of the fee structure for non-executive directors/ commissioners?	13%
E.3.14	Do the shareholders or the board approve the remuneration of the executive directors and/or senior executives?	50%
E.3.15	Does the company have measurable standards to align the performance-based remuneration of executive directors and senior executives with the long-term interests of the company, such as clawback provisions and deferred bonuses?	0%
Internal audit		
E.3.16	Does the company have a separate internal audit function?	92%
E.3.17	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	63%
E.3.18	Does the appointment and removal of the internal auditor require the approval of the audit committee?	42%

ID	Question	Average score
Risk oversight		
E.3.19	Does the company establish sound internal control procedures/risk management framework and periodically review the effectiveness of that framework?	17%
E.3.20	Does the annual report/annual corporate governance report disclose that the board of directors/commissioners has conducted a review of the company's material (including operational, financial, and compliance) controls and risk management systems?	0%
E.3.21	Does the company disclose the key risks to which the company is materially exposed to (i.e. financial, operational, IT, environmental, social, economic, etc.)?	0%
E.3.22	Does the annual report/annual corporate governance report contain a statement from the board or the audit committee commenting on the adequacy of the company's internal controls/risk management systems?	0%

E.4 People on the board

ID	Question	Average score
Board chairman		
E.4.1	Do different people assume the roles of chairman and CEO?	75%
E.4.2	Is the chairman an independent director?	4%
E.4.3	Is any of the directors a former CEO of the company in the past two years?	63%
E.4.4	Are the role and responsibilities of the chairman disclosed?	21%
Lead independent director		
E.4.5	If the chairman is not independent, has the board appointed a lead/senior independent director and has his/her role been defined?	0%
Skills and competencies		
E.4.6	Does at least one non-executive director/commissioner have prior working experience in the major sector in which the company operates?	79%

E.5 Board performance

ID	Question	Average score
Director development		
E.5.1	Does the company have orientation programs for new directors?	21%
E.5.2	Does the company have a policy that encourages directors to attend ongoing or continuous professional education programs?	17%
CEO/executive-management appointments and performance		
E.5.3	Does the company disclose how the board of directors plans for the succession of the CEO/managing director/president and key management?	4%
E.5.4	Does the board of directors conduct an annual performance assessment of the CEO/managing Director/president?	21%
Board appraisal		
E.5.5	Did the company conduct an annual performance assessment of the board of directors/commissioners and disclose the criteria and process followed for the assessment?	4%
Director appraisal		
E.5.6	Did the company conduct an annual performance assessment of the individual directors/commissioners and disclose the criteria and process followed for the assessment?	0%
Committee appraisal		
E.5.7	Did the company conduct an annual performance assessment of the board committees and disclose the criteria and process followed for the assessment?	0%

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