Media Coverage – CG Watch 2020

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- Business Times: https://www.businesstimes.com.sg/companies-markets/governance-failings-impede-asian-companies-esg-efforts-report
- Nasdaq: https://www.nasdaq.com/articles/governance-failings-impede-asian-companies-esg-efforts-report-2021-05-20
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AsianInvestor: Meaningful ESG change in Asia limited without better governance: report

27 May 2021

Richard Newell

AsianInvestor

Jamie Allen, secretary-general of the ACGA, laments Asia's superficial levels of ESG discussion and says basic governance issues must be ironed out.

Stock market regulators in Asia should strengthen environmental, social and governance (ESG) reporting guidelines, as fragmented governance mechanisms and resistance to ESG practices limit the region's progress.

The Asian Corporate Governance Association (ACGA) told AsianInvestor that ESG discussions in the region remained superficial and that resistance could cause the region's financial centres to lag behind others.

ESG standards in Asia have improved, but "corporate governance mechanisms remain fragmented and connections between corporate governance and ESG policies are unclear," Jamie Allen, Hong Kong-based secretary general of the ACGA, said in reference to the association's new report about governance standards in the region.

"I don't think there is any meaningful debate at all. Over the past six years we've seen a rise in ESG reporting guidance in many markets," he told AsianInvestor. But the fragmented mechanisms and policies limit meaningful efforts by companies, investors and policymakers, he said.

For instance, company boards are recognised as having an important role in terms of oversight, but ESG guidance fails to go beyond that and "the corporate governance code makes just a high level reference to boards needing to think about ESG and sustainability risks and opportunities.

"We don't think it's enough, because companies in Asia are still grappling with the basic governance issues," he said.

He believes companies should be encouraged to adopt simple concepts of assessing ESG risk and climate change risk; whether they should set up sustainability committees and how they should retrain directors. "In other words, is their board fit for purpose?"

Allen acknowledged how institutional investors are voting and how engagement is changing. Other stakeholders are also trying to encourage or compel companies to become more accountable.

"Civil society groups are becoming more active, financial regulators continue to sharpen their enforcement tools and audit regulation is becoming more sophisticated and transparent."

But it still only scratches the surface, he said.

"Investors are asking the questions, but I would say that companies are not, by and large, answering those questions. After reading a standard GRI (Global Reporting Initiative)-style report, are investors any the wiser about a company's climate change activity?"

CHINA LAGS THE REGION

As the biggest economy in the region, China's capital markets should be under scrutiny for their corporate governance rules and practices. But levels of transparency are well behind the curve, said Allen.

"The thing that [ACGA] members are looking for is ESG reporting," he said. "But they are not getting it because there is no ESG reporting guidance in China. It's been on the policy agenda for a number of years. We understand there is a guidance document that's been written, but it's not been released yet."

The quickest win for China would be for the China Securities Regulatory Commission (CSRC) to release some form of guidance, he added.

"Also, it would be useful if companies were more willing to meet with shareholders. As part of the whole stewardship framework, investors are seeking meetings with companies to discuss all these issues and it's a struggle. "

In his view, the Hong Kong authorities should be concerned that China's creeping influence could have a negative impact on its future as a leading global and regional financial centre.

"One of the problems in Hong Kong is that it's very conservative and slow to adapt to more modern expectations around governance and ESG."

"Hong Kong is promoting ESG reporting, but we are still seeing formulaic governance reporting and a resistance of companies to basic governance ideas."

Allen reports a "huge resistance" in Hong Kong on issues such as independent directors.

"It's a fairly simple, sensible idea, but a huge amount of energy in Hong Kong goes into resisting reform. It would be a lot easier if companies put that energy into implementing the reforms, then they would benefit from them."

The ACGA also has concerns about overseas-listed issuers in Hong Kong, particularly a secondary issuer, such as Alibaba, which doesn't have to follow the primary listing rules there.

"The problem is that some of these secondary issuers like Alibaba are huge – and yet it doesn't have to do any ESG reporting, which is quite surprising."

"So we do have concerns that the pace of improvement in Hong Kong will slow and there are many areas that aren't improving. It's up to the regulator to demand more accountability. The danger is that other markets will continue to move ahead and if Hong Kong stays static it will fall behind," he said.

STRENGTHS AND WEAKNESSES

The ACGA report is based on a biannual survey on macro corporate governance quality, carried out independently in 12 Asia Pacific markets, and a separate CLSA survey on the corporate governance practices of around 1,200 listed corporations.

Australia is the regional leader according to the survey criteria which covers different sectors. Hong Kong and Singapore rank equal second.

Despite a marked improvement in scores across the region, each country has its weak points. Hong Kong and Singapore, for example, exhibit weaknesses in their public and corporate governance systems.

Malaysia and Thailand have suffered badly from political upheaval, cronyism and corruption during 2020. "Malaysia is the saddest case, since its direction of travel two years ago was widely seen as one of the region's bright spots."

Improvements in ESG reporting can have a material impact on investors, according to Seungjoo Ro, regional head of ESG research at CLSA.

"Good governance can drive outperformance. We continue to see a positive correlation between stock returns and governance scores, with companies in the top quintile of ESG scores outperforming those in the bottom by 7.5% over the past five years," said Ro.

"Among the ESG pillars, governance has the highest positive correlation to returns, providing strong evidence that it remains the most important area for investors to focus on."

[Bloomberg Opinion: Art Is Sometimes in the Eye of the Accountant]

27 May 2021

Matthew Brooker

Bloomberg Opinion

A usually dry-as-dust biennial report on corporate governance reveals an investment in a Jeff Koons work and another in dubious yellow rocks.

Art as investment is a tricky business. Stocks and bonds have cash flows that can be projected and discounted to arrive at a theoretical value. Even commodities are subject to supply and demand curves. Art is altogether more nebulous. In a realm where beauty is purely in the eye of the beholder, specialists have the advantage. That's one reason why most investors probably aren't delighted to learn that their small-cap property company or communications device maker has been dabbling in the market.

Shareholders of Singapore's MYP Ltd. might never have known that their company had bought "Monkey Train (Blue)," a 2007 work by American artist Jeff Koons, had the property investor not decided that "plant and equipment" wasn't the ideal place in its accounts to record a contemporary oil painting of a smiling simian. The company reclassified the piece under "other assets" in its 2020 results, prompting a flurry of questions from the city's exchange operator last July.

MYP wasn't greatly forthcoming in answering some of the exchange's queries, though it did confirm the identity of the shareholder who was holding its art pieces on trust for the company: Jonathan Tahir, chairman, chief executive officer and controlling shareholder. The 34-year-old is the son of Indonesian billionaire Tahir, who is worth $3.3 billion, according to Forbes.

The company's responses didn't appear to satisfy shareholders, with the Securities Investors Association (Singapore) lodging its own set of questions — including asking pointedly whether an indebted, money-losing business that hasn't paid a dividend since 2015 might have better uses for its cash. The association also queried what the collective investment experience of MYP's independent directors was in art investments. "The independent directors' core competencies mainly comprised accounting or finance, business management, legal or corporate governance and strategic planning," MYP said in its reply. Which looks like a roundabout way of saying "not very much."

Never mind. The tale has a happy-ish ending. The fair value of MYP's S$5.7 million ($4.3 million) of art investments had increased by S$1.1 million as of March 31 last year, MYP said, citing an independent appraisal by a specialist art valuer. A 19% return isn't bad — not quite in the realm of cryptocurrency (another asset whose value arguably lies in the eyes of beholders), but seemingly a lot better than MYP's core business, considering the company has reported four net losses in the past five years.

MYP's art adventure is featured in the biennial CG Watch report published last week by the Asian Corporate Governance Association and CLSA Ltd. It's a mostly dry tome — 500 pages of regional surveys and rankings covering ESG, regulatory enforcement, audit practices and the like, though spiced up by the occasional vignette from the colorful world of Asia's small-caps.

The amount invested by MYP accounted for only 0.66% of the company's assets, so was never a life-or-death issue. The equivalent of $2 million that MYP shelled out for "Monkey Train" was also a snip compared to the $33.7 million that casino operator Wynn Macau Ltd. paid in 2016 for "Tulips," a stainless-steel sculpture by Koons (who appears to have corporate appeal in Asia) — although that was bought to be displayed in the Wynn Palace, rather than reserved for the chairman's viewing pleasure.

A darker and more consequential example comes from Hong Kong, where Champion Technology Holdings Ltd. and its subsidiary Kantone Holdings Ltd. spent 92% of the group's total assets, or the equivalent of around $1.1 billion, on gemstones that ultimately proved almost worthless. Most were purportedly Tianhuang stones — carved, yellow-colored rocks from Shoushan in Fujian province that were often used for imperial seals and which are highly prized in their genuine form.

Champion, founded by Paul Kan, was once a technology pioneer in pagers, before being overtaken by the advances in mobile telephony in the 1990s. Kan, a noted collector, and his brother, then-executive director Leo Kan, bought the stones over a six-month period in 2015-16 without having them valued or authenticated by professionals, according to CG Watch. A few months later, Paul Kan sold his stake and both brothers left the board. Experts were called in to value the gemstones after auditors raised concerns while preparing the 2016 results: The group subsequently wrote off 99% of their value over two years.

There are plenty of unanswered questions around the case. The Hong Kong stock exchange censured the Kan brothers and another director in April 2020 for failing to exercise sufficient skill, care and diligence, and criticized others. In November, Hong Kong newspapers reported that the Commercial Crime Bureau had arrested eight former directors of the group, including the Kan brothers. Champion Technology, now reinvented as a gas and oil trader under new ownership and management, said in a statement that police had informed it of the arrests.

Are there lessons to be taken from such episodes? Perhaps. Beware the tendency of small companies toward bandwagon-jumping and what the legendary fund manager Peter Lynch called "diworsification," particularly if accompanied by poor disclosure. And if your humble widget-maker really must delve into the glamorous world of art, maybe stick to Jeff Koons.

Business Times Singapore: Sakae attempts to defend the indefensible after humiliating query from SGX RegCo

31 May 2021

Ben Paul

THE BUSINESS TIMES

The tortured justification from Sakae Holdings this past week for using the term "close collaboration" to describe its interactions with Singapore Exchange Regulation (SGX RegCo) was both amusing and troubling. PHOTO: BT FILE

Corporate governance survey suggests standards lifted by Singapore regulators even as companies weigh on them; local institutional investors could do more

The tortured justification from Sakae Holdings this past week for using the term "close collaboration" to describe its interactions with Singapore Exchange Regulation (SGX RegCo) was both amusing and troubling.

Sakae used the term in an announcement on May 20 that sought to clarify a report in The Business Times related to concerns raised by the Securities Investors Association (Singapore), or Sias, about accounting errors and internal control weaknesses at the company.

Sakae had engaged KPMG to conduct an independent audit of its soured investment in a Chilean seafood company called Cocosa Export; and Deloitte & Touche to look into the reconciliation of intragroup differences totalling S$1.54 million identified in its auditor's report for the financial year to June 30, 2019.

Both KPMG and Deloitte issued their respective final reports on May 12.

In the May 20 announcement, Sakae responded to the concerns raised by Sias and emphasised the steps taken to sort out its audit issues.

Sakae added that it "also appreciates the close collaboration and working relationship it has with the SGX RegCo".

SGX RegCo subsequently queried Sakae about what it meant by "close collaboration", stating flatly that it had not collaborated with the company on anything.

On May 25, responding to the humiliating query, Sakae said it took the word "collaboration" to mean "to work with another person or group in order to achieve or do something".

Its use of the word "collaboration", Sakae went on to say, should be taken to mean that KPMG and Deloitte have reported to the company's audit committee as well as to SGX RegCo.

Sakae finished off by stating it has "cooperated" with SGX RegCo on regulatory matters and will continue to do so.

Clearly, the dictionary definition of "collaboration" provided by Sakae does not comport with the meaning the company ascribed to it in the same breath. Does receiving the same reports from KPMG and Deloitte mean that Sakae and SGX RegCo are working together?

Besides seemingly defending the indefensible, Sakae's explanation also suggests a disturbing lack of awareness of its current situation, and its obligations as a public-listed company.

Sakae has conducted itself in a manner that has given the market reason to doubt the effectiveness of its internal controls and the veracity of its financial statements.

KPMG and Deloitte were not engaged to collaborate with anyone but to provide an independent assessment of what happened.

The role of SGX RegCo in this matter is to ensure that Sakae takes appropriate remedial action that is in keeping with the standards of the local market.

Sakae is not supposed to collaborate, or even cooperate, with SGX RegCo. If the company wants to remain listed, it should simply comply with the directions of the regulator.

Regulators versus companies

The state of corporate governance in Singapore, for better or worse, is often attributed solely to the effectiveness of regulators and regulations. Yet, a great deal depends on other factors - not least, the attitude of listed companies towards their stakeholders.

The Corporate Governance Watch report for 2020, which was released May 20, noted that listed companies were a particular area of weakness in Singapore's overall performance.

The biennial report produced by the Asian Corporate Governance Association and CLSA ranks corporate governance standards of 12 markets in the region, based on surveys across seven categories, namely: government and public governance, regulators, corporate governance rules, listed companies, investors, auditors and audit regulators, and civil society and the media.

The 2020 survey put Singapore in overall joint second place with Hong Kong. Australia was in first place. In the 2018 survey, Singapore ranked third, behind Hong Kong and Australia. "Singapore's improved score over the 2018 survey result has been driven more by government and regulators than by companies, civil society groups and investors," the report said.

In fact, the "listed companies" category was the only area where Singapore scored less than it did in 2018 - 60 per cent versus 64 per cent. Among the shortcomings cited in the report were that listed companies here do not properly break down their operating expenses, and that disclosure on shareholder engagement is lacking.

In addition, companies surveyed were found to provide little information on the work of board committees. They also made insufficient disclosures on the skills of their directors and how their fees were derived.

On top of that, there were "areas of weakness" in the independence of board chairmen and audit committee chairmen.

By contrast, the "regulators" category was the biggest area of improvement for Singapore - it achieved a score of 63 per cent in 2020, up from 54 per cent in 2018.

The report noted that the Monetary Authority of Singapore and SGX RegCo have introduced several reforms to enhance the regulatory landscape. They have also been "talking and acting tougher" on the enforcement front.

For instance, SGX RegCo proposed in a consultation last year that its powers be widened to allow it to issue public reprimands, deny access to the market, impose conditions on issuers and demand that directors resign or not be appointed.

In addition, SGX RegCo's continuous disclosure queries more than doubled to 771 in 2020 compared to 384 in 2019. While this sharp increase was due to Covid-19, the report noted that some of SGX RegCo's questions have become "refreshingly punchy" and that companies are at times put under detailed and dogged scrutiny.

"The process puts the public spotlight on questionable corporate behaviour, from sketchy disclosure and murky finances to dicey relationships and cryptic payments. Ultimately the interrogations may lead to nowhere, discipline-wise, but have the effect of a public flogging nevertheless," the report said.

Silent institutional investors

There is probably only so much regulators alone can do to change the conduct of public-listed companies though. To effect a wider change in attitudes, the support of investors prepared to hold boards to account will probably be necessary.

Unfortunately, the report said this is another area of weakness for Singapore.

While Singapore's score in the "investor" category improved - to 39 per cent in 2020 from 32 per cent in 2018 - it was no better than the average score across the region. Singapore's scores in the six other categories - including the "listed company" category - were above average.

Worse, this average score was achieved only because Singapore's score in the "retail investor" sub-category was the second highest in the region at 52 per cent - thanks to the high-profile efforts of Sias and outspoken corporate governance advocates such as Professor Mak Yuen Teen.

Its score in the "institutional investor" sub-category was 34 per cent, putting it in 9th place across the 12 markets. This low score was a reflection of very limited disclosure by local institutional investors on matters like their corporate governance policies, their engagement with local companies, and their voting records.

This does not mean the likes of Temasek Holdings, Fullerton Fund Management, UOB Asset Management or Lion Global Investors do not support good corporate governance standards. But it suggests they do not talk loudly enough about what they are doing.

It is time they stepped up. Corporate governance standards in Singapore might improve significantly if it wasn't left to SGX RegCo and Sias alone to call out the antics of companies like Sakae.

[Reuters: Governance failings impede Asian companies ESG efforts: report]

20 May 2021

Alun John

Asian regulators should tell companies how to reform their boards to better address environmental, social and governance (ESG) challenges, according to recommendations published on Thursday by a regional corporate governance group.

The recommendations include adjusting corporate governance codes of best practices to include how company boards should be composed, selected and trained in order to handle ESG issues, particularly climate change, and emphasising in these codes boards' responsibility for reporting ESG data, the Asian Corporate Governance Association (ACGA) said.

"That listed companies need support on ESG reporting seems incontestable," the report noted.

Climate change and other green issues are high on the agenda of most Asian governments, and financial regulators, such as in Hong Kong and Singapore, have also begun changing rules to force companies to better disclose their environmental impact, and ultimately to reduce it.

"There has been a marked improvement in ESG standards in Asia over the past two years, but corporate governance (CG) mechanisms remain fragmented and connections between CG and ESG policies are unclear, limiting meaningful ESG and sustainability efforts," said Jamie Allen, the ACGA secretary general.

The ACGA noted that both corporate governance and companies' ESG standards had improved in Asia since their last report in 2018.

The report also ranked markets by their corporate governance standards, and placed Australia first, unchanged from 2018, followed by Hong Kong and Singapore in joint second, saying 2019's political unrest had not affected the financial regulator's ability to do its job, either at the policy or enforcement level.

Japan rose two places to fifth, thanks to improvements in climate change reporting.

Regulation Asia: Australia Tops ESG Performance Rankings for APAC

21 May 2021

Australia retained its first place spot in the biennial CG Watch report on ESG performance for APAC, ahead of Hong Kong and Singapore, which tied for second.
The ACGA (Asian Corporate Governance Association) and CLSA Limited have released their 10th biennial CG Watch report on ESG performance in the APAC region.

The ACGA's report (download) delves into ESG performance and practices by market, ranking the corporate governance standards of 12 APAC markets. Australia retained its first place spot ahead of Hong Kong and Singapore, which tied for second.
"Australia continues to underperform in Government & Public Governance and Regulators, while Hong Kong and Singapore exhibit weaknesses in their public and corporate governance systems that result in lower total scores than expected from the region's two international financial centres," the report says.

Taiwan moved up a spot to fourth, amid "concerted effort over the past two years to enhance its corporate governance ecosystem". Japan moved up two spots to fifth, tied with Malaysia which moved down a spot.

"There has been a marked improvement in ESG standards in Asia over the past two years, but corporate governance mechanisms remain fragmented and connections between CG and ESG policies are unclear, limiting meaningful ESG and sustainability efforts by companies, investors and policymakers," said Jamie Allen, Secretary General of ACGA.

"These issues need to be addressed in order to provide an effective governance foundation for ESG and sustainability in Asia."

Meanwhile, CLSA has taken a new approach this year, examining corporate performance through the prism of sector classification, rather than markets. Its report reveals winners and losers by sector and examines how corporate ESG practices have evolved over the past two years.

From a survey of 1,200 Asia-Pacific listed companies, grouped in 13 sectors, CLSA found that the Materials & Capital Goods sector ranked the highest, driven by diversified boards, improving capital structures and a focus on efficiency and emissions.
The Technology sector was a close second, with some major multinationals making "considerable gains". Healthcare & Pharmaceuticals came in third, followed by Financials & Insurance, which recorded the highest improvement in score amid "a focus on mitigating systemic risks". Heavy activist action within Autos has driven better governance, giving the sector a fifth place result.

At the bottom of the table, Power & Utilities scored low in Governance but the sector's commitment to renewable energy and reducing greenhouse gas emissions allowed it higher scores in Environment and Social. Last in the ranking is Conglomerates, confirming that the sector is in need of genuine ESG reform.

"A lack of board diversity and dual CEO/chairperson roles are issues that show room for improvement across multiple sectors," CLSA said. However, it notes that the findings reveal that region-wide corporate governance practices of listed companies have improved by 8 percent since 2018.

[SCMP: Hong Kong still lags behind in some areas of corporate governance, report finds]

- Hong Kong, alongside Singapore, ranks No 2 for corporate governance in Asia, report finds
- City’s corporate sector shown ‘limited willingness’ to make governance changes

21 May 2021

Chad Bray

South China Morning Post

Despite a strong regulatory culture, Hong Kong still lags in some best practices for corporate governance, according to a new report. Photo: Winson Wong

Hong Kong needs to make further corporate governance improvements as the city and other financial centres in Asia continue to lag behind on some governance best practices, according to a new report by the Asian Corporate Governance Association (ACGA).

The city ranked second, alongside Singapore, in the long-running CG Watch 2020 study by the ACGA and securities firm CLSA on 12 markets in Asia, but continues to lag behind on whistle-blowing and anti-corruption enforcement. Australia ranked No 1 in the report, while mainland China was 10th in this year’s ranking.

“Hong Kong is at its most determined when addressing regulatory and enforcement issues, but loses its nerve when it comes to driving fundamental improvements in company governance,” Jamie Allen, the ACGA’s secretary general, and Jane Moir, the group’s research director, said in the report. “Issuers are treated with kid gloves, especially when it comes to amending the [corporate governance] CG Code.”

The report, titled "Future Promise: Aligning governance and ESG in Asia", was published alongside a separate report by CLSA examining corporate governance and environmental, social and governance (ESG) standards by sector in Asia. ACGA is an independent non-profit organisation focused on corporate governance, which counts pension funds, financial institutions and accounting firms among its members.

Material and capital goods, technology and health care and pharmaceuticals were the best performing sectors for governance and ESG efforts, according to CLSA's findings.

The ACGA saluted the work by the Hong Kong Monetary Authority (HKMA) on responsible investment and stewardship, particularly as the city tries to become a hub for green finance . It also applauded the creation of an independent audit oversight board in the city since its last report two years ago.

However, Hong Kong's corporate sector has shown "limited willingness" to adapt to high governance standards, the report found.

In particular, the ACGA cited the lack of lead independent directors among companies in the city, as well as the need to set a higher bar for board diversity, the independence of boards and the quality of governance reporting.

The group said Hong Kong and Singapore have not created a culture of strong local institutional investors capable of pushing companies to improve their corporate governance, as well as embrace environmental, social and governance (ESG) standards.

Policymakers also have dragged their feet on some necessary reforms, such as a universal law to protect whistle-blowers.

"Legal remedies available to minority shareholders are slim and have not progressed in 20 years," the report's authors said. "The fact that both places are international financial centres drives them to compete globally for [initial public offerings] IPOs, producing a race to the bottom over dual-class shares – something that has benefited Hong Kong but not yet Singapore."

Another issue is a public perception is that corruption is getting worse in Hong Kong, as well as Australia and Singapore, the report found.

Hong Kong is not able to prosecute anti-corruption cases, such as bribery, outside the city when they involve local companies, the ACGA said.

And the city's top corruption prosecutor, the Independent Commission Against Corruption (ICAC), makes it difficult to track the outcome of corruption investigations because of the incomplete nature of its public announcements – namely a focus on favourable outcomes.

"It would be helpful if the ICAC could systematically report both sides of the story," the report said.

The Edge Malaysia: Public Bank among top ESG scorers — CLSA survey

20 May 2021

Arjuna Chandran Shankar

Public Bank Bhd emerged among the top 10 environmental, social and governance (ESG) scorers within the financial services sector based on CLSA's findings from the research firm's corporate governance (CG) survey involving over 1,180 companies across 13 sectors in Asia for 2020.

Today, CLSA regional head of ESG and thematic research Seungjoo Ro said in a presentation during the CLSA-Asian Corporate Governance Association joint virtual media briefing that the survey's findings showed an 8% increase in CG watch scores in 2020 vs 2018, with 12 sectors improving.

"Fairness and transparency are the strong areas, while independence continues to be the weakest link — although it is also the area that has improved the most.

"Materials and capital goods [sector] ranks no.1, followed by technology, healthcare, financial services and insurance. Hotels/leisure, power/utilities and conglomerates rank the lowest.

"Finance/insurance has improved the most, followed by power/utilities and technology. We see supporting data that connects good corporate governance with long-term share-price performance," Ro said.

According to CLSA's presentation, which was distributed to reporters covering the media briefing, Public Bank was ranked seventh with a 2020 ESG score of 86 within the financial services sector.

Australia-based Magellan Financial Group clinched the top spot with an ESG score of 92.6 while the 10th spot went to Platinum Investment Management Ltd, which received an ESG score of 85.5, CLSA said.

Platinum Investment is also based in Australia, according to CLSA's presentation.

Asian Corporate Governance Association secretary-general Jamie Allen, who was also at the media briefing, said Malaysia is a market where there is a close connection between public governance and corporate governance.

"What I mean by that is that when governments change, they appoint new people to run some of the government-linked companies or some of the government-linked investment companies, or some of the other statutory boards or bodies in Malaysia," Allen said.

Asian Corporate Governance Association's presentation shows that Malaysia's 2020 CG ranking fell one spot to fifth place from fourth place in 2018.

The presentation which listed the CG rankings of 12 countries showed that Australia retained its top spot in 2020 after the country was ranked number one in 2018.

Indonesia secured the 12th spot in 2020, unchanged from its 2018 ranking, according to the presentation.

According to the presentation, the respective countries' CG rankings take into account factors including public governance and CG rules in these countries.

Edited by Chong Jin Hun

The Edge: Singapore ranked no. 2 in ACGA and CLSA's corporate governance watch 2020

20 May 2021

Felicia Tan

GETTING AHEAD WITH THE EDGE SINGAPORE

Singapore placed second with Hong Kong in the Asian Corporate Governance Association (ACGA) and CLSA Limited's 10th biennial corporate governance watch report on environmental, social and governance (ESG) performance in the Asia Pacific (APAC) region.

The report was published as separate surveys for the first time, with ACGA's report delving into ESG performance and practices by market, while CLSA's report reveals the winners and losers by sector. The latter also examines how corporate ESG practices have evolved over the past two years.

In the report, Australia retained its first place, while Taiwan and Japan came in fourth and fifth respectively.

Singapore, which moved up from third place in 2018, bagged second place for its firm enforcement and improved rules, although the survey found that the country exhibited weaknesses in their public and corporate governance systems that result in lower total scores than expected.

Hong Kong, which tied with Singapore in second place, was also marked down for its weakness in its public and corporate governance systems.

In the sector ranking, Materials & Capital Goods clinched the top spot driven by diversified boards, improving capital structures and a focus on efficiency and emissions.

The sector narrowly beat Technology, a close second, with some major multinationals making "considerable gains".

"There has been a marked improvement in ESG standards in Asia over the past two years, but corporate governance mechanisms remain fragmented and connections between CG and ESG policies are unclear, limiting meaningful ESG and sustainability efforts by companies, investors and policymakers. These issues need to be addressed in order to provide an effective governance foundation for ESG and sustainability in Asia," says Jamie Allen, secretary general of ACGA.

"Good governance can drive outperformance. We continue to see a positive correlation between stock returns and governance scores, with companies in the top quintile of ESG scores outperforming those in the bottom by 7.5% over the past five years. Among the ESG pillars, governance has the highest positive correlation to returns, providing strong evidence that it remains the most important area for investors to focus on," adds Seungjoo Ro, regional head of ESG research at CLSA.

MingPao: 調查：港企業管治區內第二 監管加分 披露扣分

20 May 2021

Chinese - Traditional

亞洲企業管治協會（ACGA）與中信里昂今日聯合發布調查報告。ACGA 調查顯示，亞太區內澳洲管治評分排名第一，星、港並列第二。CLSA 調查則顯示，按行業分，材料行業 CG 管治水平平均得分最高。

ACGA 滿分為 100 的分項評分中，本港於「監管機構」取得 69 分，超過亞太所有其他地區；「核數及核數監管」取得 81 分，僅次於澳洲；「上市公司」取得 59 分，僅達中位數水平；「投資者」取得 34 分，遜於區內大部分地區。

調查回顧截至去年 3 月的兩年內情況。調查指出，香港過去兩年內市場監管力度保持強勁，但廉署披露表現令人失望。此外，港交所在審批 IPO 時出現利益衝突情況，未能嚴格遵守規則，有所拖累監管機構評分。最後，市場失當行為審裁處處理個案依然緩慢，平均須時達 8 年之久。

本港情況方面，亞洲企業管治協會秘書長 Jamie Allen 指出， 從「上市公司」評分角度，協會主要評估市值前 50 名的大公司披露情況，發現澳洲公司季報普遍較香港及新加坡公司季報有更多內容。部分上市公司未能披露大額營運成本的細分開支。

他指出，港、星兩地披露最大不足則是 CG 報告，即便是大企業中，也有許多採用「標準化」手法處理此報告，僅列出委員會名單，未能提供管理層討論、未來議題等有意義內容。至於可持續性報告，則一般偏簡短。

Allen 續指，「投資者」方面，對於香港至今仍未能成立零售投資者的代表機構感到失望。此外，協會亦考察本地投資者的表現，發現港、星兩地的本地投資者、主權基金、養老金等大型機構，都未能積極參與所投資企業的 CG 事宜，部分角色較弱，部分完全未有參與。

Nikkei: 企業統治、日本はアジア 5 位　台湾が順位上げる

20 May 2021

日本經濟新聞

ランキングを発表するアジア企業統治協会のジェイミー・アレン氏㊧

香港に拠点を置くアジア企業統治協会（ACGA）と投資銀行 CLSA は 20 日、2020 年版コーポレートガバナンス（企業統治）ランキングを発表した。日本は機関投資家の行動指針（スチュワードシップ・コード）の改定などが評価され、前回の 7 位から 2 つ順位を上げ、5 位だった。

ランキングは 2 年ごとにまとめている。オーストラリアが首位を維持し、香港とシンガポールが 2 位に入った。マレーシアやタイが政治の混乱で順位を落とす一方で、台湾は改革が大きく進展したとして前回 5 位から 1 つ順位を上げた。

ACGA のジェイミー・アレン事務総長は「この 2 年で ESG（環境・社会・企業統治）の水準が大きく向上したが、企業統治との関係が明確でない面がある」と指摘した。日本については決算発表や有価証券報告書、ガバナンス報告書などが株主総会の前後で別々に開示されるのは問題だとした。

今回の報告書では関西電力の金品受領問題や政治とカネの話題を取り上げ、日本はかつてほどクリーンではないとも指摘した。

[Sustainable Japan: 【アジア】日本の上場企業のガバナンス、アジア太平洋 12 ヶ国中 11 位で低評価。CG Watch 2020]

23 May 2021

Sustainable Japan

【アジア】日本の上場企業のガバナンス、アジア太平洋12ヶ国中11位で低評価。CG Watch 2020 2021/05/23 最新ニュース

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アジア・コーポレートガバナンス協会（AGGA）は5月20日、日本を含むアジア太平洋12ヶ国・地域のコーポレートガバナンス市場環境ランキング「CG Watch」の2020年版結果を発表した。首位はオーストラリア。日本は2つ順位を挙げて5位タイだった。上場企業の部門では12ヶ国中11位だった。

CG Watchは、…

ここから先は有料登録会員限定のコンテンツとなります。ログインまたは有料会員登録を行って下さい。

会員登録する　ログインする（既に登録済の方）

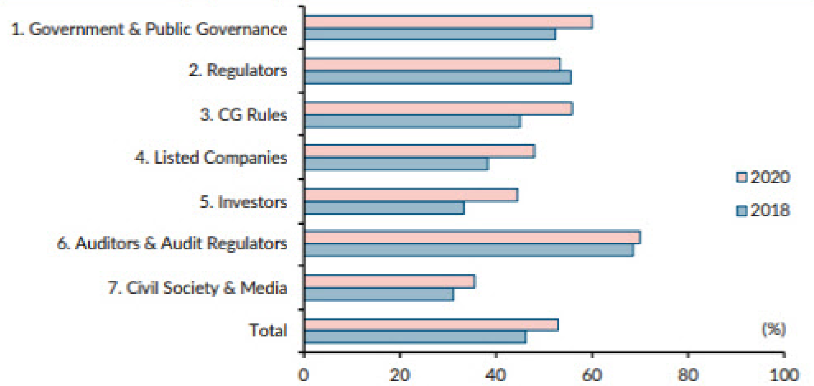
Edaily: "LH 사태, 韓 공직윤리 민낯 드러내...지배구조 개혁 갈 길 멀다"

20 May 2021

이데일리

Figure 1

Korea CG macro category scores (%), 2020 vs 2018



Source: ACGA

주요 항목별 한국 기업 지배구조 스코어

아시아기업지배구조協 `기업지배구조 워치 2020`서 지적 韓 지배구조 46.2→52.9%...순위는 亞 12 개국 중 9 위 정체 "文정부 노력해 온 공직부문 부패, 마인드 바꾸긴 어려워" "LH 방지법 추진? 지금껏 그런 법 없었다는 게 더 놀라워"

[이데일리 이정훈 기자] 한국 정부가 기업 지배구조 개선을 위해 꾸준히 노력하고 있지만, 집권여당의 차등의결권제도 도입 방침이나 LH 사태로 확인된 공공부문에서의 공직 윤리 결핍 등을 통해 볼 때 한국의 지배구조 개혁은 여전히 가야할 길이 멀다고 아시아기업지배구조협회(ACGA)가 지적했다.

ACGA 는 20 일(현지시간) 발간한 `기업 지배구조 워치(CG Watch) 2020`에서 한국의 기업 지배구조 투명성을 아시아 주요 12 개국 가운데 9 위로 평가하면서 이 같이 밝혔다.

이에 따르면 한국은 지배구조 분야에서 지난해 전체 52.9%(만점은 100%)의 스코어를 받아 2018 년의 46.2%에 비해 다소 개선된 모습을 보였다. 특히 2018 년만 해도 8 위였던 일본과 인도와 8%포인트 정도 차이를 보였던 반면 이번에는 8 위와 4%포인트 차이로 격차를 줄였다.

세부 항목별로는 정부 및 공공부문 지배구조와 기업 지배구조 관련 법규, 상장사 지배구조, 투자자, 감사 및 감사관련 규정, 시민사회 및 미디어 등에서 모두 개선된 모습을 보였다. 그러나 규제에서는

오히려 점수가 하락했다. 이로 인해 한국의 전체 평가점수는 아시아 12 개국 가운데 9 개로 2 년 전 2018 년 순위에서 제자리 걸음을 했다.

한국에 대한 평가에서 지미 엘런 ACGA 사무총장은 “한국의 기업 지배구조는 지속적으로 개선되고 있으며 2022 년 평가에서는 순위가 올라갈 여지도 있다”고 진단하면서도 “지배구조 개선을 이어가려는 정치적 의지가 결여될 수 있다는 점이 한국에게는 한 가지 위험요인”이라고 지적했다.

그는 “문재인 정부가 공공부문과 기업 지배구조 개혁을 지난 2 년 간 잘 추진해 왔지만, 단기적으로 내년 3 월에 있을 차기 대통령 선거에서 보수 야당에 정권을 넘겨줄 가능성이 있는데다 그렇지 않다 해도 문 대통령의 임기 마지막 해에 더 실질적인 변화를 이끌어내기 어려울 수 있다”고 말했다.

아울러 “또 다른 리스크는 자해적인 상처인데, 여당이 시류에 편승해 차등의결권을 도입하고자 한다는 점”이라며 “이는 실망스러운 조치”라고 말했다. 그는 “앞으로 법안 처리가 어떻게 진행되는 지 봐야 하겠지만, 장기적으로는 기업 지배구조 개선에 있어서 매우 부정적인 영향을 주는 것은 물론이고 개혁에 대한 평판을 떨어뜨릴 수 있다”고 덧붙였다.

엘런 사무총장은 또 “또다른 리스크는 현 정부가 그 기준을 높이기 위해 노력을 기울여 왔던 공직윤리와 공직 부패 문제”라고 지적하며 “최근 LH 라는 국영 주택개발 공기업 직원들의 내부 투기 스캔들을 보면 공직자나 공공기관 종사자들의 마인드를 바꾸는 것이 얼마나 어려운 일인지 단적으로 보여준다”고 꼬집었다.

특히 “LH 스캔들을 보면서 이런 공공기관 종사자들의 사익 추구를 막을 수 있는 법제화가 필요하다는 것을 알 수 있지만, 지금까지 그런 법이 없었다는 것이 오히려 더 놀랍다”면서 “결국 한국에서의 지배구조 개혁은 아직까지 올라야할 산이 많다는 것을 알 수 있다”고 말했다.