

A. BACKGROUND

ASEAN Capital Markets Forum (ACMF) Implementation Plan

In 2009, the ASEAN Finance Ministers endorsed the ACMF Implementation Plan to promote the development of an integrated capital market. This initiative is undertaken in parallel with the efforts to achieve convergence in ASEAN countries by 2015 as an economic community. Broadly the ACMF Implementation Plan seeks to achieve the objectives of the ASEAN Economic Community aspirations through the following areas:

- Creating an enabling environment for regional integration
- Creating the market infrastructure and regionally focused products and intermediaries
- Strengthening the implementation process
- Enhancing the visibility, integrity and branding of ASEAN as an asset class

The ACMF Corporate Governance Initiative

The ASEAN corporate governance initiative comprising the ASEAN Corporate Governance Scorecard (Scorecard) and the ranking of corporate governance of ASEAN public-listed companies (PLCs) are among several regional initiatives under the ACMF. It started in early 2011 and is supported by the Asian Development Bank (ADB) through the “Promoting an Interlinked ASEAN Capital Market” regional technical assistance.

The objectives of the Scorecard and the ranking exercise are to:

- Raise corporate governance standards and practices of ASEAN PLCs
- Showcase and enhance the visibility as well as investability of well-governed ASEAN PLCs internationally
- Complement the other ACMF initiatives and promote ASEAN as an asset class

The ACMF Working Group D is responsible for this initiative. Members of Working Group D include capital market regulators and corporate governance proponents from the region.

Working Group D has been working towards enhancing a corporate governance ranking methodology, leveraging off methodologies already implemented in ASEAN countries, as well as those applied by multilateral agencies such as the Organisation for Economic Co-operation and Development (OECD).

Based on components and methodologies gathered, an assessment criteria and a corporate governance template in the form of a Scorecard has been developed.

To maintain the objectivity and independence of the methodology, the ACMF has enlisted corporate governance experts in the region to develop the Scorecard and assessment criteria. The experts for the initiative were chosen based on their experience in corporate governance ranking initiatives in their own countries and their recognition as authorities in the area of corporate governance. They were recommended by the capital market regulators in individual countries. The experts, approved by ACMF, have no vested interests in PLCs and are not linked to securities regulators.

The corporate governance experts responsible for the creation of the ASEAN Corporate Governance Scorecards are:

- Professor Mak Yuen Teen – (former) Co-director of the Corporate Governance and Financial Reporting Centre and Associate Professor of Accounting, National University of Singapore
- Mrs. Rongruja Saicheua – Executive Vice President, Thai Institute of Directors
- Mr. Salleh Hassan – Director, Securities Industry Development Corporation (SIDC), Malaysia.
- Professor Sidharta Utama – Professor, Faculty of Economics, University of Indonesia
- Dr. Jesus Estanislao – Chairman, Institute of Corporate Directors Philippines
- Dr. Hien Thu Nguyen – Vice Dean, Finance Department, School of Industrial Management, University of Technology, Vietnam National University of Ho Chi Minh City.

The following bodies in each country have been appointed as domestic ranking bodies to work with the experts on the application of the Scorecard for ranking companies in each country:

- Indonesia – Indonesian Institute for Corporate Directorship
- Malaysia – Minority Shareholders Watchdog Group
- Philippines – Institute of Corporate Directors
- Thailand – Thai Institute of Directors

In jurisdictions where similar body has not been appointed, application of the Scorecard may be granted to specific persons authorized by the ACMF.

Use of Scorecard by any other party requires authorization and permission from ACMF.

B. ASEAN CORPORATE GOVERNANCE SCORECARD

Principles Underlying the Scorecard

The development of the Scorecard was guided by the following principles:

- The Scorecard should reflect global principles and internationally recognised good practices in corporate governance applicable to PLCs and in some instances may exceed the requirement and standards recommended in national legislations.
- The Scorecard should not be based on the lowest common denominator but should aim to encourage PLCs to adopt higher standards and aspirations
- The Scorecard should be comprehensive in coverage, capturing the salient elements of corporate governance
- The Scorecard should enable gaps in corporate governance practices amongst ASEAN PLCs to be identified and draw attention to good corporate governance practices
- The Scorecard should be universal and capable of being applied to different markets in ASEAN
- The methodology should be robust to accurately assess the corporate governance of PLCs beyond minimum compliance and box-ticking
- There should be extensive and robust quality assurance processes to ensure independence and reliability of the assessment

Step 1: Initial Development

The OECD Principles of Corporate Governance (OECD Principles) were used as the main benchmark for developing the Scorecard, given its global acceptance by policymakers, investors and other stakeholders. Consequently, many of the items in the Scorecard may be best practices which go beyond the requirements of national legislation.

The experts also drew references from the existing body of work and ranking initiatives in the region, including those by institutes of directors, shareholder associations and universities, to guide the initial inclusion of items in the Scorecard.

The Scorecard covers the following five areas of the OECD Principles:

- A. Rights of shareholders**
- B. Equitable treatment of shareholders**
- C. Role of stakeholders**
- D. Disclosure and transparency**
- E. Responsibilities of the board**

The weightage allocated per Section in Level 1 is as below:

A. Rights of shareholders	10%
B. Equitable treatment of shareholders	15%
C. Role of Stakeholders	10%
D. Disclosure and Transparency	25%
E. Responsibilities of the Board	40%
Total Weightage of Sections in Level 1	100%

There are two levels to the ASEAN CG Scorecard

Level 1

Five major sections that correspond to the OECD Principles:

- Part A: Right of Shareholders (26)**
- Part B: Equitable Treatment (17)**
- Part C: Role of Stakeholders (21)**
- Part D: Disclosure & Transparency (42)**
- Part E: Responsibilities of the Board (79)**

Total no of items/ descriptors (185)



Level 2

Two additional sections
Bonus & Penalty

Bonus items for companies that go beyond minimum standards (11)

Penalty items for companies with poor practices (23)

Total bonus and penalty items (34)

The use of two levels of scoring is designed to better capture the actual implementation of the substance of good corporate governance. Level 1 comprises descriptors/items that are in essence indicative of (i) the laws, rules, regulations and requirements of each ASEAN member country, and (ii) basic expectations of the OECD Principles. Level 2 consists of (i) bonus items reflecting other emerging good practices, and (ii) penalty items reflecting actions and events which are indicative of poor governance.

Step 2: Refinement and Validation

The Scorecard was reviewed on an item-by-item basis against the OECD Principles, other international corporate governance principles and practices recommended by bodies such as the World Bank, International Corporate Governance Network (ICGN), Asian Corporate Governance Association (ACGA) and selected codes of corporate governance. Each item in the Scorecard was cross-referenced to at least one of these benchmarks.

The Scorecard was put through a validation process (referred to as beta testing); by applying it to a sample of companies in each country to ensure that the wording of the items in the Scorecard is widely comprehensible and universally applicable to the extent possible. The validation process also sought to identify the sources of information for the Scorecard items and any laws, regulations and listing rules applicable to each item for each country. The scorecard was also put through a peer-review exercise to ensure that there will be no discrepancies in the standard of assessment applied by each of the experts.

The corporate governance experts met with a senior representative from the Organisation for Economic Co-operation and Development (OECD) in August 2011 and this engagement resulted in the endorsement of the Scorecard and methodology by the OECD. The second round of engagement was held with the OECD and the International Corporate Governance Network (ICGN) in July 2012 where senior representatives from both organisations provided constructive feedback towards strengthening the Scorecard.

Step 3: Development of Detailed Guidance for Assessors

In order to ensure that the Scorecard is applied consistently by all assessors and to ensure consistency in future assessments, detailed guidance notes have been developed for individual items, especially where the item is not self-explanatory.

C. GUIDANCE TO PLCs & STAKEHOLDERS ON THE USE OF THE SCORECARD

PLCs and stakeholders using the Scorecard and results should note the following:

1. Accessibility of Information

The assessment of PLCs by way of the Scorecard relies primarily on information contained in annual reports and company websites. Other sources of information include company announcements, circulars, articles of association, minutes of shareholders' meetings, corporate governance policies, codes of conduct, and sustainability reports. Only information which is publicly available and which is easily accessible and understood is used in the assessment. To be given points in the Scorecard, disclosure must be unambiguous and sufficiently complete. To be assessed and ranked, most of this information should be in English.

2. Methodology of the Scorecard

Level 1

Level 1 consists of 185 items and is divided into five parts corresponding with the OECD Principles. Each part carries a different weightage based on the relative importance of the area.

Each item in Level 1 carries one point. Some items may also provide for a "Not Applicable" option. Where a practice is mandated by laws, regulations or listing rules in a country, the company is assumed to have adopted the practice unless there is evidence to the contrary. In order to be awarded points, the disclosure by the company must be sufficiently clear and complete.

The overall score in each part of Level 1 is then computed by adding all the points in that part, adjusting for items which are not applicable to the company. The total score for a company is then computed by weighting the scores for each part by the relative importance and totaling the weighted scores.

Level 2

Level 2 contains 34 bonus and penalty items collectively, each with a different number of points. The bonus items are to recognise companies which go beyond items in Level 1 by adopting other emerging good practices. The penalty items are designed to downgrade companies with poor governance

practices which are not reflected in their scores for Level 1, such as being sanctioned by regulators for breaches of listing rules. The bonus and penalty items are designed to enhance the robustness of the Scorecard in assessing the extent to which companies apply the spirit of good corporate governance.

The total bonus and penalty points are added to or subtracted from the total score in Level 1 to give the final score for the company.

3. Desired Outcomes

The Scorecard and assessment are intended to raise corporate governance standards and practices of ASEAN PLCs, and to showcase top ASEAN PLCs and increase their visibility and investability to global investors. This can improve the liquidity and valuations of well-governed ASEAN PLCs.

ASEAN PLCs are encouraged to use the Scorecard as a tool in their ongoing journey to improve their corporate governance practices.

The Scorecard and its results can also be used by regulators as a reference for reviewing corporate governance rules and guidelines in order to enhance corporate governance practices amongst PLCs. It is also hoped that the ASEAN CG Scorecard will facilitate convergence in methodology for assessing the corporate governance of PLCs.

4. Future Refinement of the Scorecard and Methodology

The Scorecard and methodology will be reviewed periodically, and if necessary, changes will be made to reflect new developments in corporate governance.

5. Caveats

As with any corporate governance assessment based on publicly available information, there are inherent limitations in the Scorecard and ranking of PLCs. First, as the methodology relies on public information, only corporate governance policies and practices which are publicly disclosed are captured in the assessment.

Second, PLCs which disclose certain corporate governance practices may not be applying those practices or may only be applying them in form rather than in substance. While penalty items are used to

downgrade companies which demonstrate poor corporate governance practices, these are only applied where there is clear evidence of such practices.

Third, although there are items dealing with the conduct of directors, management and employees of companies, the Scorecard is not specifically designed to assess the ethical behavior of those responsible for the stewardship of the companies.

Fourth, although good corporate governance should improve the long-term value of PLCs, no assertion is made about links between the corporate governance scores and the ranking of the PLCs with their financial performance.

PART A: Rights of Shareholders

A	Rights of Shareholders	Guiding Reference
A.1	Basic Shareholder Rights	
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 annual general meeting (AGM) for final dividends?	OECD Principle II: The Rights of Shareholders and Key Ownership Functions (A) Basic shareholder rights should include the right to, amongst others: (6) share in the profits of the corporation.
A.2	Right to participate in decisions concerning fundamental corporate changes.	Guiding Reference
	Do shareholders have the right to participate in:	
A.2.1	Amendments to the company's constitution?	OECD Principle II (B) Shareholders should have the right to participate in, and to be sufficiently informed on, decisions concerning fundamental corporate changes such as: (1) amendments to the statutes, or articles of incorporation or similar governing documents of the company.
A.2.2	The authorisation of additional shares?	OECD Principle II (B): (2) the authorization of additional shares.
A.2.3	The transfer of all or substantially all assets, which in effect results in the sale of the company?	OECD Principle II. (B): (3) extraordinary transactions, including the transfer of all or substantially all assets, that in effect result in the sale of the company.

PART A: Rights of Shareholders

A.3	Right to participate effectively in and vote in general shareholder meetings and should be informed of the rules, including voting procedures that govern general shareholder meetings.	Guiding Reference
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 the non-executive directors/commissioners?	<p>OECD Principle II (C): (3) Effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members, should be facilitated. Shareholders should be able to make their views known on the remuneration policy for board members and key executives. The equity component of compensation schemes for board members and employees should be subject to shareholder approval.</p>
A.3.2	Does the company provide non-controlling shareholders a right to nominate candidates for board of directors/commissioners?	
A.3.3	Does the company allow shareholders to elect directors/commissioners individually?	
A.3.4	Does the company disclose the voting and vote tabulation procedures used, declaring both before the meeting proceeds?	<p>OECD Principle II (C): Shareholders should have the opportunity to participate effectively and vote in general shareholder meetings and should be informed of the rules, including voting procedures that govern general shareholder meetings.</p>
A.3.5	Do the minutes of the most recent AGM record that there was an opportunity allowing for shareholders to ask questions or raise issues?	<p>OECD Principle II (C): (2) Shareholders should have the opportunity to ask questions to the board, including questions relating to the annual external audit, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations.</p>
A.3.6	Do the minutes of the most recent AGM record questions and answers?	
A.3.7	Did the disclosure of the outcome of the most recent AGM include resolution(s)?	
A.3.8	Did the company disclose the voting results including approving, dissenting, and abstaining votes for each agenda item for the most recent AGM?	

PART A: Rights of Shareholders

A.3.9	Did the company disclose the list of board members who attended the most recent AGM?	OECD Principle II (C); and ICGN 2.4.2: All directors need to be able to allocate sufficient time to the board to perform their responsibilities effectively, including allowing some leeway for occasions when greater than usual time demands are made.
A.3.10	Did the chairman of the board of directors/commissioners attend the most recent AGM?	
A.3.11	Did the CEO/Managing Director/President attend the most recent AGM?	
A.3.12	Did the chairman of the Audit Committee attend the most recent AGM?	
A.3.13	Did the company organise their most recent AGM in an easy to reach location?	OECD Principle II (C)
A.3.14	Does the company allow for voting in absentia?	OECD Principle II (C): (4) Shareholders should be able to vote in person or in absentia, and equal effect should be given to votes whether cast in person or in absentia.
A.3.15	Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?	OECD Principle II (C)
A.3.16	Does the company disclose that it has appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM?	
A.3.17	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?	OECD Principle II (C): (1) Shareholders should be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting.
A.3.18	Do companies provide at least 21 days notice for all resolutions?	
A.3.19	Does the company provide the rationale and explanation for each agenda item which require shareholders' approval in the notice of AGM/circulars and/or the accompanying statement?	

PART A: Rights of Shareholders

A.4	Markets for corporate control should be allowed to function in an efficient and transparent manner.	Guiding Reference
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?	<p>OECD Principle II (E): Markets for corporate control should be allowed to function in an efficient and transparent manner.</p> <p>(1) The rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets, should be clearly articulated and disclosed so that investors understand their rights and recourse. Transactions should occur at transparent prices and under fair conditions that protect the rights of all shareholders according to their class.</p>
A.5	The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.	Guiding Reference
A.5.1	Does the company publicly disclose policies to encourage shareholders including institutional shareholders to attend the AGM?	<p>OECD Principle II (F): The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.</p>
A.5.2	Is the share ownership by institutional investors, other than controlling shareholders, greater than 5%?	

PART B: Equitable Treatment of Shareholders

B	Equitable Treatment of Shareholders	Guiding Reference
B.1	Shares and voting rights	
B.1.1	Do the company's ordinary or common shares have one vote for one share?	<p>OECD Principle III (A) All shareholders of the same series of a class should be treated equally.</p> <p>(1) Within any series of a class, all shares should carry the same rights. All investors should be able to obtain information about the rights attached to all series and classes of shares before they purchase. Any changes in voting rights should be subject to approval by those classes of shares which are negatively affected.</p> <p>ICGN 8.3.1 Unequal voting rights Companies ordinary or common shares should feature one vote for one share. Divergence from a 'one-share, one-vote' standard which gives certain shareholders power which is disproportionate to their equity ownership should be both disclosed and justified.</p>
B.1.2	Where the company has more than one class of shares, does the company publicise the voting rights attached to each class of shares (e.g. through the company website / reports/ the stock exchange/ the regulator's website)?	

B.2	Notice of AGM	Guiding Reference
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?	<p>OECD Principle III (C) Shareholders should have the opportunity to participate effectively and vote in general shareholder meetings and should be informed of the rules, including voting procedures, that govern shareholder meetings:</p> <p>(1) Shareholders should be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting.</p> <p>(3) Effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members, should be facilitated.</p>
B.2.2	Are the company's notice of the most recent AGM/circulars fully translated into English and published on the same date as the local-language version?	

	Does the notice of AGM/circulars have the following details:	<p>OECD Principle III (A) All shareholders of the same series of a class should be treated equally. (4) Impediments to cross border voting should be eliminated.</p> <p>ICGN 8.3.2 Shareholder participation in governance Shareholders should have the right to participate in key corporate governance decisions, such as the right to nominate, appoint and remove directors in an individual basis and also the right to appoint external auditor.</p> <p>ICGN 8.4.1 Shareholder ownership rights The exercise of ownership rights by all shareholders should be facilitated, including giving shareholders timely and adequate notice of all matters proposed for shareholder vote.</p>
B.2.3	Are the profiles of directors/commissioners (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) in seeking election/re-election included?	
B.2.4	Are the auditors seeking appointment/re-appointment clearly identified?	
B.2.5	Has an explanation of the dividend policy been provided?	
B.2.6	Is the amount payable for final dividends disclosed?	
B.2.7	Documents required to be proxy/ Were the proxy documents made easily available?	

PART B: Equitable Treatment of Shareholders

B.3	Insider trading and abusive self-dealing should be prohibited.	Guiding Reference
B.3.1	Does the company have policies and/or rules prohibiting directors/commissioners and employees to benefit from knowledge which is not generally available to the market?	<p>OECD Principle III (B) Insider trading and abusive dealing should be prohibited</p> <p>ICGN 3.5 Employee share dealing Companies should have clear rules regarding any trading by directors and employees in the company's own securities. Among other issues, these must seek to ensure individuals do not benefit from knowledge which is not generally available to the market.</p> <p>ICGN 8.5 Shareholder rights of action ... Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.</p>
B.3.2	Are the directors and commissioners required to report their dealings in company shares within 3 business days?	

B.4	Related party transactions by directors and key executives.	Guiding Reference
B.4.1	Are directors and commissioners required to disclose their interest in transactions and any other conflicts of interest?	<p>OECD Principle III (C) Members of the board and key executives should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the corporation.</p> <p>ICGN 2.11.1 Related party transactions Companies should have a process for reviewing and monitoring any related party transaction. A committee of independent directors should review significant related party transactions to determine</p>
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?	
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 are conflicted?	

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 basis and at market rates?	<p>whether they are in the best interests of the company and if so to determine what terms are fair.</p> <p>ICGN 2.11.2 Director conflicts of interest Companies should have a process for identifying and managing conflicts of interest directors may have. If a director has an interest in a matter under consideration by the board, then the director should not participate in those discussions and the board should follow any further appropriate processes. Individual directors should be conscious of shareholder and public perceptions and seek to avoid situations where there might be an appearance of a conflict of interest.</p>
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PART B: Equitable Treatment of Shareholders

B.5	Protecting minority shareholders from abusive actions	Guiding Reference
B.5.1	Were there any RPTs that can be classified as financial assistance to entities other than wholly-owned subsidiary companies?	<p>OECD Principle III (A) All shareholders of the same series of a class should be treated equally. (2) Minority shareholders should be protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and should have effective means of redress.</p> <p>ICGN 2.11.1 Related party transactions Companies should have a process for reviewing and monitoring any related party transaction. A committee of independent directors should review significant related party transactions to determine whether they are in the best interests of the company and if so to determine what terms are fair.</p> <p>ICGN 2.11.2 Director conflicts of interest Companies should have a process for identifying and managing conflicts of interest directors may have. If a director has an interest in a matter under consideration by the board, then the director should not participate in those discussions and the board should follow any further appropriate processes. Individual directors should be conscious of shareholder and public perceptions and seek to avoid situations where there might be an appearance of a conflict of interest.</p> <p>ICGN 8.5 Shareholder rights of action Shareholders should be afforded rights of action and remedies which are readily accessible in order to redress conduct of company which treats them inequitably. Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.</p>
B.5.2	Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	

PART C: Role of Stakeholders

C	Role of Stakeholders	Guiding Reference
C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected.	
	Does the company disclose a policy that :	
C.1.1	Stipulates the existence and scope of the company's efforts to address customers' health and safety?	<p>OECD Principle IV (A): The rights of stakeholders that are established by law or through mutual agreements are to be respected. In all OECD countries, the rights of stakeholders are established by law (e.g. labour, business, commercial and insolvency laws) or by contractual relations. Even in areas where stakeholder interests are not legislated, many firms make additional commitments to stakeholders, and concern over corporate reputation and corporate performance often requires the recognition of broader interests.</p> <p>Global Reporting Initiative: Sustainability Report (C1.1 - C.15) International Accounting Standards 1: Presentation of Financial Statements</p>
C.1.2	Explains supplier/contractor selection practice?	
C.1.3	Describes the company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development?	
C.1.4	Elaborates the company's efforts to interact with the communities in which they operate?	
C.1.5	Directs the company's anti-corruption programmes and procedures?	
C.1.6	Describes how creditors' rights are safeguarded?	

PART C: Role of Stakeholders

	Does the company disclose the activities that it has undertaken to implement the above mentioned policies?	
C.1.7	Customer health and safety	OECD Principle IV (A) & Global Reporting Initiative
C.1.8	Supplier/Contractor selection and criteria	
C.1.9	Environmentally-friendly value chain	
C.1.10	Interaction with the communities	
C.1.11	Anti-corruption programmes and procedures	
C.1.12	Creditors' rights	
C.1.13	Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?	<p>OECD Principle V (A): Disclosure should include, but not be limited to, material information on: (7) Issues regarding employees and other stakeholders.</p> <p>Companies are encouraged to provide information on key issues relevant to employees and other stakeholders that may materially affect the long term sustainability of the company.</p>

PART C: Role of Stakeholders

C.2	Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.	Guiding Reference
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?	<p>OECD Principle IV (B): Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.</p> <p>The governance framework and processes should be transparent and not impede the ability of stakeholders to communicate and to obtain redress for the violation of rights.</p>

C.3	Performance-enhancing mechanisms for employee participation should be permitted to develop.	Guiding Reference
C.3.1	Does the company explicitly disclose the health, safety, and welfare policy for its employees?	<p>OECD Principle IV (C): Performance-enhancing mechanisms for employee participation should be permitted to develop. In the context of corporate governance, performance enhancing mechanisms for participation may benefit companies directly as well as indirectly through the readiness by employees to invest in firm specific skills.</p> <p>Firm specific skills are those skills/competencies that are related to production technology and/or organizational aspects that are unique to a firm.</p> <p>Examples of mechanisms for employee participation include: employee representation on boards; and governance processes such as works councils that consider employee viewpoints in certain key decisions. With respect to performance enhancing mechanisms, employee stock ownership plans or other profit sharing mechanisms are to be found in many countries.</p>
C.3.2	Does the company publish data relating to health, safety and welfare of its employees?	
C.3.3	Does the company have training and development programmes for its employees?	
C.3.4	Does the company publish data on training and development programmes for its employees?	
C.3.5	Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?	

PART C: Role of Stakeholders

C.4	Stakeholders including individual employee 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.	Guiding Reference
C.4.1	Does the company have procedures for complaints by employees concerning illegal (including corruption) and unethical behavior?	OECD Principle IV (E): 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.
C.4.2	Does the company have a policy or procedures to protect an employee/person who reveals illegal/unethical behavior from retaliation?	

Part D: Disclosure and Transparency

D	Disclosure and Transparency	Guiding Reference
D.1	Transparent ownership structure	
D.1.1	Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more?	<p>OECD Principle V: Disclosure and Transparency (A) Disclosure should include, but not limited to, material information on: (3) Major share ownership and voting rights, including group structures, intra-group relations, ownership data, and beneficial ownership.</p> <p>ICGN 7.6 Disclosure of ownership ... the disclosure should include a description of the relationship of the company to other companies in the corporate group, data on major shareholders and any other information necessary for a proper understanding of the company's relationship with its public shareholders.</p>
D.1.2	Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?	
D.1.3	Does the company disclose the direct and indirect (deemed) shareholdings of directors (commissioners)?	
D.1.4	Does the company disclose the direct and indirect (deemed) shareholdings of senior management?	
D.1.5	Does the company disclose details of the parent/holding company, subsidiaries, associates, joint ventures and special purpose enterprises/ vehicles (SPEs)/ (SPVs)?	

D.2	Quality of Annual Report	Guiding Reference
	Does the company's annual report disclose the following items:	<p>"OECD Principle V (A): (1) The financial and operating results of the company; (2) Company objectives, including ethics, environment, and other public policy commitments; (3) Major share ownership and voting rights, including group structures, intra-group relations, ownership data, beneficial ownership; (4) Remuneration policy for members of the board and key executives, including their qualifications, the selection process, other company directorships and whether they are regarded as independent by the board; (6) Foreseeable risk factors, including risk management system;</p>
D.2.1	Key risks	
D.2.2	Corporate objectives	
D.2.3	Financial performance indicators	

D.2.4	Non-financial performance indicators	<p>(7) Issues regarding employees and other stakeholders; (8) Governance structure and policies, in particular, the content of any corporate governance code or policy and the process by which it is implemented.</p> <p>OECD Principle V (E): Channels for disseminating information should provide for equal, timely and cost-efficient access to relevant information by users.</p> <p>ICGN 2.4 Composition and structure of the board ICGN 2.4.1 Skills and experience ICGN 2.4.3 Independence</p> <p>ICGN 5.0 Remuneration ICGN 5.4 Transparency</p> <p>UK Corporate Governance Code (2010) A.1.2 - the number of meetings of the board and those committees and individual attendance by directors.</p> <p>CLSA-ACGA (2010) CG Watch 2010 - Appendix 2 (I) CG rules and practices (19) Disclose the exact remuneration of individual directors.</p>
D.2.5	Dividend policy	
D.2.6	Details of whistle-blowing policy	
D.2.7	Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	
D.2.8	Training and/or continuing education programme attended by each director/commissioner	
D.2.9	Number of board of directors/commissioners meetings held during the year	
D.2.10	Attendance details of each director/commissioner in respect of meetings held	
D.2.11	Details of remuneration of the CEO and each member of the board of directors/commissioners	

Part D: Disclosure and Transparency

	Corporate Governance Confirmation Statement	
D.2.12	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?	<p>OECD PRINCIPLE V (A) (8)</p> <p>UK CODE (JUNE 2010): Listing Rules 9.8.6 R (for UK incorporated companies) and 9.8.7 R (for overseas incorporated companies) state that in the case of a company that has a Premium listing of equity shares, the following items must be included in its Annual Report and accounts: a statement of how the listed company has applied the Main Principles set out in the UK CG Code, in a manner that would enable shareholders to evaluate how the principles have been applied; a statement as to whether the listed company has complied throughout the accounting period with all relevant provisions set out in the UK CG Code; or not complied throughout the accounting period with all relevant provisions set out in the UK CG Code, and if so, setting out: (i) those provisions, if any, it has not complied with; (ii) in the case of provisions whose requirements are of a continuing nature, the period within which, if any, it did not comply with some or all of those provisions; and (iii) the company's reasons for non-compliance.</p> <p>ASX CODE: Under ASX Listing Rule 4.10.3, companies are required to provide a statement in their Annual Report disclosing the extent to which they have followed the Recommendations in the reporting period. Where companies have not followed all the Recommendations, they must identify the Recommendations that have not been followed and give reasons for not following them. Annual Reporting does not diminish the company's obligation to provide disclosure under ASX Listing Rule 3.1.</p>

Part D: Disclosure and Transparency

D.3.	Disclosure of related party transactions (RPT)	Guiding Reference
D.3.1	Does the company disclose its policy covering the review and approval of material/significant RPTs?	<p>OECD Principle V: Disclosure and Transparency (A) Disclosure should include, but not limited to, material information on: (5) Related party transactions</p> <p>ICGN 2.11.1 Related party transactions The company should disclose details of all material related party transactions in its Annual Report.</p>
D.3.2	Does the company disclose the name of the related party and relationship for each material/significant RPT?	
D.3.3	Does the company disclose the nature and value for each material/significant RPT?	

Part D: Disclosure and Transparency

D.4	Directors and commissioners dealings in shares of the company	Guiding Reference
D.4.1	Does the company disclose trading in the company's shares by insiders?	<p>OECD Principle V (A): (3) Major share ownership and voting rights</p> <p>ICGN 3.5 Employee share dealing Companies should have clear rules regarding any trading by directors and employees in the company's own securities.</p> <p>ICGN 5.5 Share ownership Every company should have and disclose a policy concerning ownership of shares of the company by senior managers and executive directors with the objective of aligning the interests of these key executives with those of shareholders.</p>

D.5	External auditor and Auditor Report	Guiding Reference
D.5.1	Are audit fees disclosed?	<p>OECD Principle V (C): An annual audit should be conducted by an independent, competent and qualified, auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects.</p> <p>OECD Principle V (D): External auditors should be accountable to the shareholders and owe a duty to the company to exercise due professional care in the conduct of the audit.</p> <p>ICGN 6.5 Ethical standards (Audit) The auditors should observe high-quality auditing and ethical standards. To limit the possible risk of possible conflicts of interest, non-audit services and fees paid to auditors for non-audit services should be both approved in advance by the audit committee and disclosed in the Annual Report.</p>
	Where the same audit firm is engaged for both audit and non-audit services,	
D.5.2	Are the non-audit fees disclosed?	
D.5.3	Does the non-audit fees exceed the audit fees?	

Part D: Disclosure and Transparency

D.6	Medium of communications	Guiding Reference
	Does the company use the following modes of communication?	OECD Principle V (E): Channels for disseminating information should provide for equal, timely and cost-efficient access to relevant information by users.
D.6.1	Quarterly reporting	ICGN 7.1 Transparent and open communication
D.6.2	Company website	Every company should aspire to transparent and open communication about its aims, its challenges, its achievements and its failures.
D.6.3	Analyst's briefing	ICGN 7.2 Timely disclosure
D.6.4	Media briefings /press conferences	Companies should disclose relevant and material information concerning themselves on a timely basis, in particular meeting market guidelines where they exist, so as to allow investors to make informed decisions about the acquisition, ownership obligations and rights, and sales of shares.

D.7	Timely filing/release of annual/financial reports	Guiding Reference
D.7.1	Is the audited annual financial report released within 120 days from the financial year end?	
D.7.2	Is the audited annual financial report released within 90 days from the financial year end?	OECD Principle V (C)
D.7.3	Is the audited annual/financial report released within 60 days from the financial year end?	OECD Principle V (E)
D.7.4	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?	ICGN 7.2 Timely disclosure ICGN 7.3 Affirmation of financial statements The board of directors and the corporate officers of the company should affirm at least annually the accuracy of the company's financial statements or financial accounts.

Part D: Disclosure and Transparency

D.8	Company website	Guiding Reference
	Does the company have a website disclosing up-to-date information on the following:	<p>OECD Principle V (A)</p> <p>OECD Principle V (E)</p> <p>ICGN 7.1 Transparent and open communication</p> <p>ICGN 7.2 Timely disclosure</p>
D.8.1	Business operations	
D.8.2	Financial statements/reports (current and prior years)	
D.8.3	Materials provided in briefings to analysts and media	
D.8.4	Shareholding structure	
D.8.5	Group corporate structure	
D.8.6	Downloadable annual report	
D.8.7	Notice of AGM and/or EGM	
D.8.8	Company's constitution (company's by-laws, memorandum and articles of association)	
D.8.9	All of the above (D.8.1 to D.8.8) are available in English	
D.9	Investor relations	Guiding Reference
D.9.1	Does the company disclose the contact details (e.g. telephone, fax, and email) of the officer responsible for investor relations?	ICGN 7.1 Transparent and open communication

Part E: Responsibilities of the Board

E	Responsibilities of the Board	Guiding Reference
E.1	Clearly defined board responsibilities and corporate governance policy	
E.1.1	Are the roles and responsibilities of the board of directors/commissioners clearly stated?	<p>OECD PRINCIPLE VI: The Responsibilities of the Board</p> <p>(D) The board should fulfil certain key functions, including:</p> <ol style="list-style-type: none"> 1. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures. 2. Monitoring the effectiveness of the company's governance practices and making changes as needed. 3. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning. 4. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders. 5. Ensuring a formal and transparent board nomination and election process. 6. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions. 7. Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards. 8. Overseeing the process of disclosure and communications.
E.1.2	Are the types of decisions requiring board of directors/commissioners' approval disclosed?	OECD PRINCIPLE VI (D)

Part E: Responsibilities of the Board

E.1.3	Does the company disclose its corporate governance policy / board charter?	<p>OECD PRINCIPLE V: Disclosure and Transparency (A) Disclosure should include, but not be limited to, material information on: 8. Governance structures and policies, in particular, the content of any corporate governance code or policy and the process by which it is implemented.</p>
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E.2	Code of ethics or conduct	Guiding Reference
E.2.1	Does the company have a code of ethics or conduct?	<p>OECD PRINCIPLE VI (C) The board should apply high ethical standards. It should take into account the interests of stakeholders.</p> <p>The board has a key role in setting the ethical tone of a company, not only by its own actions, but also in appointing and overseeing key executives and consequently the management in general. High ethical standards are in the long term interests of the company as a means to make it credible and trustworthy, not only in day-to-day operations but also with respect to longer term commitments. To make the objectives of the board clear and operational, many companies have found it useful to develop company codes of conduct based on, inter alia, professional standards and sometimes broader codes of behaviour. The latter might include a voluntary commitment by the company (including its subsidiaries) to comply with the OECD Guidelines for Multinational Enterprises which reflect all four principles contained in the ILO Declaration on Fundamental Labour Rights.</p> <p>Company-wide codes serve as a standard for conduct by both the board and key executives, setting the framework for the exercise of judgement in dealing with varying and often conflicting constituencies. At a minimum, the ethical code should set clear limits on the pursuit of private interests, including dealings in the shares of the company. An overall framework for ethical conduct goes beyond compliance with the law, which should always be a fundamental requirement.</p>
E.2.2	Are the details of the code of ethics or conduct disclosed?	
E.2.3	Does the company disclose that all directors/commissioners, senior management and employees are required to comply with the code?	
E.2.4	Does the company disclose how it implements and monitors compliance with the code of ethics or conduct?	

Part E: Responsibilities of the Board

E.3	Corporate Vision/Mission	Guiding Reference
E.3.1	Does the board of directors/commissioners periodically review and approve the vision and mission and has done so at least once during the last five years?	While not explicitly stated in most codes of corporate governance, this is consistent with most codes specifying the roles of the board as including setting the direction and providing strategic leadership.
E.4	Board Structure & Composition	Guiding Reference
E.4.1	Does the board of directors/ commissioners comprise at least five members and no more than 12 members? (i.e., between 5 - 12 members)	UK Code B.1 Supporting Principle states: The board should be of sufficient size that the requirements of the business can be met and changes to the board's composition and that of its committees can be managed without undue disruption, and should not be so large as to be unwieldy. Most codes of corporate governance specify that the board should be of appropriate size but should not be too large.

Part E: Responsibilities of the Board

E.4.2	Do independent, non-executive directors/commissioners number at least three <u>and</u> make up more than 50% of the board of directors/commissioners?	<p>OECD PRINCIPLE VI (E) In order to exercise its duties of monitoring managerial performance, preventing conflicts of interest and balancing competing demands on the corporation, it is essential that the board is able to exercise objective judgement. In the first instance this will mean independence and objectivity with respect to management with important implications for the composition and structure of the board. Board independence in these circumstances usually requires that a sufficient number of board members will need to be independent of management. The ASX Code recommends at least a majority of independent directors, while the UK Code recommends at least half of the board, excluding the Chairman, be independent directors. The minimum of three independent directors is to ensure that companies with small boards have enough independent directors (note that stock exchange rules often require at least two independent directors).</p>
E.4.3	Does the company provide a definition of independence in its Annual Report?	<p>OECD PRINCIPLE VI: (E) The board should be able to exercise objective independent judgement on corporate affairs.</p> <p>In defining independent members of the board, some principles of corporate governance have specified quite detailed presumptions for non-independence which are frequently reflected in listing requirements. While establishing necessary conditions, such ‘negative’ criteria defining when an individual is not regarded as independent can usefully be complemented by ‘positive’ examples of qualities that will increase the probability of effective independence.</p> <p>Independent board members can contribute significantly to the decision-making of the board. They can bring an objective view to the evaluation of the performance of the board and management.</p>

Part E: Responsibilities of the Board

E.4.4	Are the independent directors/commissioners independent of management and major/ substantial shareholders?	<p>OECD PRINCIPLE VI (E)</p> <p>In order to exercise its duties of monitoring managerial performance, preventing conflicts of interest and balancing competing demands on the corporation, it is essential that the board is able to exercise objective judgement. In the first instance this will mean independence and objectivity with respect to management with important implications for the composition and structure of the board. Board independence in these circumstances usually requires that a sufficient number of board members will need to be independent of management.</p> <p>The variety of board structures, ownership patterns and practices in different countries will thus require different approaches to the issue of board objectivity. In many instances objectivity requires that a sufficient number of board members not be employed by the company or its affiliates and not be closely related to the company or its management through significant economic, family or other ties. This does not prevent shareholders from being board members. In others, independence from controlling shareholders or another controlling body will need to be emphasised, in particular if the ex ante rights of minority shareholders are weak and opportunities to obtain redress are limited. This has led to both codes, and the law in some jurisdictions, to call for some board members to be independent of dominant shareholders, independence extending to not being their representative or having close business ties with them.</p>
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Part E: Responsibilities of the Board

E.4.5	Does the company have a term limit of nine years or less for its independent directors/commissioners?	UK CODE (JUNE 2010): Non-executive directors should be appointed for specified terms subject to re-election and to statutory provisions relating to the removal of a director. Any term beyond six years for a non-executive director should be subject to particularly rigorous review, and should take into account the need for progressive refreshing of the board and to succession for appointments to the board and to senior management, so as to maintain an appropriate balance of skills and experience within the company and on the board.
E.4.6	Has the company set a limit of five board seats in publicly-listed companies that an individual director/commissioner may hold simultaneously?	OECD PRINCIPLE VI (E) (3) Board members should be able to commit themselves effectively to their responsibilities. Service on too many boards can interfere with the performance of board members. Companies may wish to consider whether multiple board memberships by the same person are compatible with effective board performance and disclose the information to shareholders.
E.4.7	Does the company have any independent directors/commissioners who serve on more than five boards of publicly-listed companies?	
E.4.8	Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?	

Part E: Responsibilities of the Board

E.5	Skills and Competencies	Guiding Reference
E.5.1	Does at least one non-executive director/commissioner have prior working experience in the major industry the company is operating in?	<p>ICGN: 2.4.3 Independence</p> <p>Alongside appropriate skill, competence and experience, and the appropriate context to encourage effective behaviours, one of the principal features of a well-governed corporation is the exercise by its board of directors of independent judgement, meaning judgement in the best interests of the corporation, free of any external influence on any individual director, or the board as a whole. In order to provide this independent judgement, and to generate confidence that independent judgement is being applied, a board should include a strong presence of independent non-executive directors with appropriate competencies including key industry sector knowledge and experience. There should be at least a majority of independent directors on each board.</p>
E.5.2	Does the company disclose a board of directors/commissioners diversity policy?	<p>ASX Code</p> <p>Recommendation 3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.</p> <p>Regulations and codes of corporate governance in many developed markets now incorporate board diversity as a consideration in board composition</p>

Part E: Responsibilities of the Board

E.6	Board Chairman	Guiding Reference
E.6.1	Do different persons assume the roles of chairman and CEO?	<p>OECD PRINCIPLE VI</p> <p>(E) The board should be able to exercise objective independent judgement on corporate affairs.</p> <p>In a number of countries with single tier board systems, the objectivity of the board and its independence from management may be strengthened by the separation of the role of chief executive and chairman, or, if these roles are combined, by designating a lead non-executive director to convene or chair sessions of the outside directors. Separation of the two posts may be regarded as good practice, as it can help to achieve an appropriate balance of power, increase accountability and improve the board's capacity for decision making independent of management.</p> <p>UK Code (June 2010)</p> <p>A.3.1 The chairman should on appointment meet the independence criteria set out in B.1.1 below. A chief executive should not go on to be chairman of the same company. If, exceptionally, a board decides that a chief executive should become chairman, the board should consult major shareholders in advance and should set out its reasons to shareholders at the time of the appointment and in the next Annual Report.</p> <p>ASX Code</p> <p>Recommendation 3.2</p> <p>The chief executive officer should not go on to become chair of the same company. A former chief executive officer will not qualify as an "independent" director unless there has been a period of at least three years between ceasing employment with the company and serving on the board.</p>
E.6.2	Is the chairman a non-executive director/commissioner?	
E.6.3	Is the chairman an independent director/commissioner?	
E.6.4	Is the chairman the current or immediate past CEO?	

Part E: Responsibilities of the Board

E.6.5	Are the role and responsibilities of the chairman disclosed?	<p>ICGN: 2.5 Role of the Chair</p> <p>The chair has the crucial function of setting the right context in terms of board agenda, the provision of information to directors, and open boardroom discussions, to enable the directors to generate the effective board debate and discussion and to provide the constructive challenge which the company needs. The chair should work to create and maintain the culture of openness and constructive challenge which allows a diversity of views to be expressed...The chair should be available to shareholders for dialogue on key matters of the company's governance and where shareholders have particular concerns.</p>
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E.7	Board meetings and attendance	Guiding Reference
E.7.1	Are the board of directors/commissioners meetings scheduled before or at the beginning of the year?	Scheduling board meetings before or at the beginning of the year would allow directors to plan ahead to attend such meetings, thereby helping to maximize participation, especially as non-executive directors often have other commitments. Additional ad hoc meetings can always be scheduled if and when necessary. It is common practice for boards in developed markets to schedule meetings in this way.
E.7.2	Does the board of directors/commissioners meet at least six times per year?	<p>WORLD BANK PRINCIPLE 6 (VI.I.24) Does the board meet at least six times per year?</p> <p>INDO SCORECARD E.10. How many meetings were held in the past year? If the board met more than six times, the firm earns a 'Y' score. If four to six meetings, the firm was scored as 'fair', while less than four times was scored as 'N'</p>

Part E: Responsibilities of the Board

E.7.3	Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?	<p>OECD PRINCIPLE VI (E) (3) Board members should be able to commit themselves effectively to their responsibilities.</p> <p>Specific limitations may be less important than ensuring that members of the board enjoy legitimacy and confidence in the eyes of shareholders. Achieving legitimacy would also be facilitated by the publication of attendance records for individual board members (e.g. whether they have missed a significant number of meetings) and any other work undertaken on behalf of the board and the associated remuneration.</p>
E.7.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	<p>WORLD BANK PRINCIPLE 6 (VI.I.28) Is there a minimum quorum of at least 2/3 for board decisions to be valid?</p>
E.7.5	Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?	<p>WORLD BANK PRINCIPLE 6 (VI.E.1.6) Does the corporate governance framework require or encourage boards to conduct executive sessions?</p>

Part E: Responsibilities of the Board

E.8	Orientation Programme for New Directors	Guiding Reference
E.8.1	Does the company have orientation programmes for new directors/commissioners?	This item is in most codes of corporate governance.
E.9	Director Training	Guiding Reference
E.9.1	Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programmes?	<p>OECD PRINCIPLE VI (E) (3) Board members should be able to commit themselves effectively to their responsibilities.</p> <p>In order to improve board practices and the performance of its members, an increasing number of jurisdictions are now encouraging companies to engage in board training and voluntary self-evaluation that meets the needs of the individual company. This might include that board members acquire appropriate skills upon appointment, and thereafter remain abreast of relevant new laws, regulations, and changing commercial risks through in-house training and external courses.</p>

Part E: Responsibilities of the Board

E.10	Access to information	Guiding Reference
E.10.1	Are board papers for board of directors/commissioners meetings provided to the board at least five business days in advance of the board meeting?	<p>OECD PRINCIPLE VI (F) In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information.</p> <p>Board members require relevant information on a timely basis in order to support their decision-making. Non-executive board members do not typically have the same access to information as key managers within the company. The contributions of non-executive board members to the company can be enhanced by providing access to certain key managers within the company such as, for example, the company secretary and the internal auditor, and recourse to independent external advice at the expense of the company. In order to fulfil their responsibilities, board members should ensure that they obtain accurate, relevant and timely information.</p> <p>WORLD BANK PRINCIPLE 6 (VI.F.2) Does such information need to be provided to the board at least five business days in advance of the board meeting?</p>
E.10.2	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	<p>OECD PRINCIPLE VI (F)</p> <p>ICSA Guidance on the Corporate Governance Role of the Company Secretary</p>
E.10.3	Is the company secretary trained in legal, accountancy or company secretarial practices?	<p>WORLD BANK PRINCIPLE 6</p> <p>(VI.D.2.12) Do company boards have a professional and qualified company secretary?</p>

Part E: Responsibilities of the Board

E.11	Nominating Committee	Guiding Reference
E.11.1	Does the company have a Nominating Committee (NC)?	<p>OECD PRINCIPLE II (C) (3) Effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members, should be facilitated. Shareholders should be able to make their views known on the remuneration policy for board members and key executives. The equity component of compensation schemes for board members and employees should be subject to shareholder approval.</p> <p>With respect to nomination of candidates, boards in many companies have established Nominating Committees to ensure proper compliance with established nomination procedures and to facilitate and coordinate the search for a balanced and qualified board. It is increasingly regarded as good practice in many countries for independent board members to have a key role on this committee. To further improve the selection process, the Principles also call for full disclosure of the experience and background of candidates for the board and the nomination process, which will allow an informed assessment of the abilities and suitability of each candidate.</p>
E.11.2	Does the Nominating Committee comprise of a majority of independent directors/commissioners?	<p>OECD PRINCIPLE VI (E) (1) Boards should consider assigning a sufficient number of non-executive board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are ensuring the integrity of financial and non-financial reporting, the review of related party transactions, nomination of board members and key executives, and board remuneration.</p>

Part E: Responsibilities of the Board

E.11.3	Is the chairman of the Nominating Committee an independent director/commissioner?	This item is in most codes of corporate governance.
E.11.4	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	<p>OECD PRINCIPLE VI (E) (2) When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.</p> <p>While the use of committees may improve the work of the board they may also raise questions about the collective responsibility of the board and of individual board members. In order to evaluate the merits of board committees it is therefore important that the market receives a full and clear picture of their purpose, duties and composition. Such information is particularly important in an increasing number of jurisdictions where boards are establishing independent Audit Committees with powers to oversee the relationship with the external auditor and to act in many cases independently. Other such committees include those dealing with nomination and compensation. The accountability of the rest of the board and the board as a whole should be clear. Disclosure should not extend to committees set up to deal with, for example, confidential commercial transactions</p> <p>Given the responsibilities of the NC spelt out in codes of corporate governance, the NC is unlikely to be fulfilling these responsibilities effectively if it is only meeting once a year. Globally, the NC of large companies would meet several times a year.</p>
E.11.5	Does the Annual Report disclose the number of Nominating Committee meetings held?	
E.11.6	Did the Nominating Committee meet at least twice during the year?	
E.11.7	Is the attendance of members at Nominating Committee meetings disclosed?	

Part E: Responsibilities of the Board

E.12	Board Appointments and Re-Election	Guiding Reference
E.12.1	Does the company disclose the criteria used in selecting new directors/commissioners?	<p>OECD PRINCIPLE II (C) (3) To further improve the selection process, the Principles also call for full disclosure of the experience and background of candidates for the board and the nomination process, which will allow an informed assessment of the abilities and suitability of each candidate.</p>
E.12.2	Does the company disclose the process followed in appointing new directors/commissioners?	<p>OECD Principle VI (D)</p> <p>(5) Ensuring a formal and transparent board nomination and election process.</p> <p>These Principles promote an active role for shareholders in the nomination and election of board members. The board has an essential role to play in ensuring that this and other aspects of the nominations and election process are respected. First, while actual procedures for nomination may differ among countries, the board or a nomination committee has a special responsibility to make sure that established procedures are transparent and respected. Second, the board has a key role in identifying potential members for the board with the appropriate knowledge, competencies and expertise to complement the existing skills of the board and thereby improve its value-adding potential for the company. In several countries there are calls for an open search process extending to a broad range of people.</p>
E.12.3	Are all the directors/commissioners subject to re-election at least once every three years?	<p>ICGN: 2.9.1 Election of directors: Directors should be conscious of their accountability to shareholders, and many jurisdictions have mechanisms to ensure that this is in place on an ongoing basis. There are some markets however where such accountability is less apparent and in these each director should stand for election on an annual basis. Elsewhere directors should stand for election at least once every three</p>

		<p>years, though they should face evaluation more frequently.</p> <p>WORLD BANK PRINCIPLE 6 (VI.I.18) Can the re-election of board members be staggered over time? (Staggered boards are those where only a part of the board is re-elected at each election, e.g. only 1/3 of directors are re-elected every year.)</p>
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E.13	CEO/Executive Management Appointments and Performance	Guiding Reference
E.13.1	Does the company disclose how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?	<p>OECD PRINCIPLE VI (D) (3) Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.</p> <p>In two tier board systems the supervisory board is also responsible for appointing the management board which will normally comprise most of the key executives.</p>
E.13.2	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	<p>OECD PRINCIPLE VI (D) (2). Monitoring the effectiveness of the company's governance practices and making changes as needed.</p> <p>Monitoring of governance by the board also includes continuous review of the internal structure of the company to ensure that there are clear lines of accountability for management throughout the organisation. In addition to requiring the monitoring and disclosure of corporate governance practices on a regular basis, a number of countries have moved to recommend or indeed mandate self-assessment by boards of their performance as well as performance reviews of individual board members and the CEO/Chairman.</p>

Part E: Responsibilities of the Board

E.14	Board Appraisal	Guiding Reference
E.14.1	Is an annual performance assessment conducted of the board of directors/commissioners?	OECD PRINCIPLE VI (D) (2)
E.14.2	Does the company disclose the process followed in conducting the board assessment?	
E.14.3	Does the company disclose the criteria used in the board assessment?	

Part E: Responsibilities of the Board

E.15	Director Appraisal	Guiding Reference
E.15.1	Is an annual performance assessment conducted of individual director/commissioner?	OECD PRINCIPLE VI (D) (2)
E.15.2	Does the company disclose the process followed in conducting the director/commissioner assessment?	
E.15.3	Does the company disclose the criteria used in the director/commissioner assessment?	
E.16	Committee Appraisal	Guiding Reference
E.16.1	Is an annual performance assessment conducted of the board of directors/commissioners committees?	UK CODE (JUNE 2010) B.6 Evaluation: The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.

Part E: Responsibilities of the Board

E.17	Remuneration Committee/ Compensation Committee	Guiding Reference
E.17.1	Does the company have a Remuneration Committee?	<p>OECD PRINCIPLE VI (D) (4) Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.</p> <p>It is considered good practice in an increasing number of countries that remuneration policy and employment contracts for board members and key executives be handled by a special committee of the board comprising either wholly or a majority of independent directors. There are also calls for a Remuneration Committee that excludes executives that serve on each other's' Remuneration Committees, which could lead to conflicts of interest.</p>
E.17.2	Does the Remuneration Committee comprise of a majority of independent directors/commissioners?	

E.17.3	Is the chairman of the Remuneration Committee an independent director/commissioner?	
E.17.4	Does the company disclose the terms of reference/ governance structure/ charter of the Remuneration Committee?	<p>OECD PRINCIPLE VI (E) (2) When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.</p> <p>While the use of committees may improve the work of the board they may also raise questions about the collective responsibility of the board and of individual board members. In order to evaluate the merits of board committees it is therefore important that the market receives a full and clear picture of their purpose, duties and composition. Such information is particularly important in an increasing number of jurisdictions where boards are establishing independent Audit Committees with powers to oversee the relationship with the external auditor and to act in many cases independently. Other such committees include those dealing with nomination and compensation. The accountability of the rest of the board and the board as a whole should be clear. Disclosure should not extend to committees set up to deal with, for example, confidential commercial transactions</p> <p>Given the responsibilities of the Remuneration Committee (RC) which are spelt out in codes of corporate governance, the RC is unlikely to be fulfilling these responsibilities effectively if it only meets once a year. Globally, the RC of large companies would meet several times a year.</p>
E.17.5	Does the Annual Report disclose the number of Remuneration Committee meetings held?	
E.17.6	Did the Remuneration Committee meet at least twice during the year?	
E.17.7	Is the attendance of members at Remuneration Committee meetings disclosed?	

Part E: Responsibilities of the Board

E.18	Remuneration Matters	Guiding Reference
E.18.1	Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy (i.e. the use of short term and long term incentives and performance measures) for its executive directors and CEO?	<p>OECD PRINCIPLE VI (D) (4) Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.</p> <p>In an increasing number of countries it is regarded as good practice for boards to develop and disclose a remuneration policy statement covering board members and key executives. Such policy statements specify the relationship between remuneration and performance, and include measurable standards that emphasise the longer run interests of the company over short term considerations. Policy statements generally tend to set conditions for payments to board members for extra-board activities, such as consulting. They also often specify terms to be observed by board members and key executives about holding and trading the stock of the company, and the procedures to be followed in granting and re-pricing of options. In some countries, policy also covers the payments to be made when terminating the contract of an executive.</p>
E.18.2	Is there disclosure of the fee structure for non-executive directors/commissioners?	<p>UK CODE (JUNE 2010)</p> <p>D.1.3 Levels of remuneration for non-executive directors should reflect the time commitment and responsibilities of the role.</p> <p>Disclosure of fee structure for non-executive directors allows shareholders to assess if these directors are remunerated in an appropriate manner, for example, whether they are paid for taking on additional responsibilities and contributions, such as chairing committees.</p>

Part E: Responsibilities of the Board

E.18.3	Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?	<p>OECD PRINCIPLE VI. (D.4) The Board should fulfill certain key functions including aligning key executive and board remuneration with the longer term interests of the company and its shareholders.</p> <p>ICGN 2.3 (D) and (E) D. Selecting, remunerating, monitoring and where necessary replacing key executives and overseeing succession planning. E. Aligning key executives and Board remuneration with the longer term interest of the company and its shareholders.</p>
E.18.4	Do independent directors/commissioners receive options, performance shares or bonuses?	<p>UK CODE (JUNE 2010) (D.1.3) Levels of remuneration for non-executive directors should reflect the time commitment and responsibilities of the role. Remuneration for non-executive directors should not include share options or other performance-related elements. If, by exception, options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the non-executive director leaves the board. Holding of share options could be relevant to the determination of a non-executive director's independence (as set out in provision B.1.1).</p> <p>ASX CODE Box 8.2: Guidelines for non-executive director remuneration Companies may find it useful to consider the following when considering non-executive director remuneration:</p> <ol style="list-style-type: none"> 1. Non-executive directors should normally be remunerated by way of fees, in the form of cash, noncash benefits, superannuation contributions or salary sacrifice into equity; they should not normally participate in schemes designed for the remuneration of executives. 2. Non-executive directors should not receive options or bonus payments. 3. Non-executive directors should not be provided with retirement benefits other than superannuation.

Part E: Responsibilities of the Board

E.19	Audit Committee	Guiding Reference
E.19.1	Does the company have an Audit Committee?	<p>OECD PRINCIPLE VI (E)</p> <p>(1) Boards should consider assigning a sufficient number of non-executive board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are ensuring the integrity of financial and non-financial reporting, the review of related party transactions, nomination of board members and key executives, and board remuneration.</p>
E.19.2	Does the Audit Committee comprise entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?	<p>OECD PRINCIPLE VI (E)</p> <p>(2) When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.</p>
E.19.3	Is the chairman of the Audit Committee an independent director/commissioner?	<p>While the use of committees may improve the work of the board they may also raise questions about the collective responsibility of the board and of individual board members. In order to evaluate the merits of board committees it is therefore important that the market receives a full and clear picture of their purpose, duties and composition. Such information is particularly important in the increasing number of jurisdictions where boards are establishing independent Audit Committees with powers to oversee the relationship with the external auditor and to act in many cases independently. Other such committees include those dealing with nomination and compensation. The accountability of the rest of the board and the board as a whole should be clear. Disclosure should not extend to committees set up to deal with, for example, confidential commercial transactions.</p>
E.19.4	Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?	<p>While the use of committees may improve the work of the board they may also raise questions about the collective responsibility of the board and of individual board members. In order to evaluate the merits of board committees it is therefore important that the market receives a full and clear picture of their purpose, duties and composition. Such information is particularly important in the increasing number of jurisdictions where boards are establishing independent Audit Committees with powers to oversee the relationship with the external auditor and to act in many cases independently. Other such committees include those dealing with nomination and compensation. The accountability of the rest of the board and the board as a whole should be clear. Disclosure should not extend to committees set up to deal with, for example, confidential commercial transactions.</p>

E.19.5	Does the Annual Report disclose the profile or qualifications of the Audit Committee members?	Most codes specify the need for accounting/finance expertise or experience.
E.19.6	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	<p>UK CODE (JUNE 2010)</p> <p>C.3.1. The board should satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience.</p> <p>As many of the key responsibilities of the Audit Committee are accounting-related, such as oversight of financial reporting and audits, it is important to have someone specifically with accounting expertise, not just general financial expertise.</p>
E.19.7	Does the Annual Report disclose the number of Audit Committee meetings held?	<p>OECD PRINCIPLE VI (E) (2)</p>
E.19.8	Did the Audit Committee meet at least four times during the year?	
E.19.9	Is the attendance of members at Audit Committee meetings disclosed?	

Part E: Responsibilities of the Board

E.19.10	Does the Audit Committee have primary responsibility for recommendation on the appointment, re-appointment and removal of the external auditor?	<p>UK CODE (JUNE 2010)</p> <p>C.3.6 The Audit Committee should have primary responsibility for making a recommendation on the appointment, reappointment and removal of the external auditor. If the board does not accept the Audit Committee's recommendation, it should include in the Annual Report, and in any papers recommending appointment or re-appointment, a statement from the Audit Committee explaining the recommendation and should set out reasons why the board has taken a different position.</p>
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E.20	Internal Audit	Guiding Reference
E.20.1	Does the company have a separate internal audit function?	<p>OECD PRINCIPLE VI (D)</p> <p>(7) Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.</p> <p>Ensuring the integrity of the essential reporting and monitoring systems will require the board to set and enforce clear lines of responsibility and accountability throughout the organisation. The board will also need to ensure that there is appropriate oversight by senior management. One way of doing this is through an internal audit system directly reporting to the board.</p>

E.20.2	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	<p>Companies often disclose that they have an internal audit but, in practice, it is not uncommon for it to exist more in form than in substance. For example, the in-house internal audit may be assigned to someone with other operational responsibilities. As internal audit is unregulated, unlike external audit, there are firms providing outsourced internal audit services which are not properly qualified to do so. Making the identity of the head of internal audit or the external service provider public would provide some level of safeguard that the internal audit is substantive.</p>
E.20.3	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	<p>OECD PRINCIPLE VI (D) (7)</p> <p>In some jurisdictions it is considered good practice for the internal auditors to report to an independent Audit Committee of the board or an equivalent body which is also responsible for managing the relationship with the external auditor, thereby allowing a coordinated response by the board.</p> <p>WORLDBANK PRINCIPLE 6</p> <p>(VI.D.7.9) Does the internal auditor have direct and unfettered access to the board of directors and its independent Audit Committee?</p> <p>ASX Principles on CG</p> <p>"...companies should consider a second reporting line from the internal audit function to the board or relevant committee." Under the ASX Principles it is also recommended that the Audit Committee have access to internal audit without the presence of management, and that "the audit committee should recommend to the board the appointment and dismissal of a chief internal audit executive."</p>

Part E: Responsibilities of the Board

E.21	Risk Oversight	Guiding Reference
E.21.1	Does the company disclose the internal control procedures/risk management systems it has in place?	<p>OECD PRINCIPLE 6 (VI) (D) (7)</p> <p>Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.</p>
E.21.2	Does the Annual Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?	<p>UK CODE (JUNE 2010)</p> <p>C.2.1 The board should, at least annually, conduct a review of the effectiveness of the company's risk management and internal control systems and should report to shareholders that they have done so. The review should cover all material controls, including financial, operational and compliance controls.</p>
E.21.3	Does the company disclose how key risks are managed?	<p>OECD PRINCIPLE V (A)</p> <p>(6) Foreseeable risk factors.</p> <p>Disclosure of risk is most effective when it is tailored to the particular industry in question. Disclosure about the system for monitoring and managing risk is increasingly regarded as good practice.</p>

Bonus

Level 2	Bonus Items	Guiding Reference
A	Rights of shareholders	
A.1	Right to participate effectively in and vote in general shareholders meeting and should be informed of the rules, including voting procedures, that govern general shareholders meeting.	
A.1.1(B)	Does the company allow the use of secure electronic voting in absentia at the general meetings of shareholders?	<p>OECD Principle II (C) (4) Shareholders should be able to vote in person or in absentia, and equal effect should be given to votes whether cast in person or in absentia.</p>

B	Equitable treatment of shareholders	Guiding Reference
B.1	Notice of AGM	
B.1.1(B)	Does the company release its notice of AGM (with detailed agendas and explanatory circulars), as announced to the Exchange, at least 28 days before the date of the meeting?	<p>OECD Principle II (C) (1) Shareholders should be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting. (3) Effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members, should be facilitated.</p> <p>OECD Principle III (A)</p> <p>ICGN 8.3.2 Shareholder participation in governance Shareholders should have the right to participate in key corporate governance decisions, such as the right to nominate, appoint and remove directors on an individual basis and also the right to appoint external auditors.</p>

		<p>ICGN 8.4.1 Shareholder ownership rights The exercise of ownership rights by all shareholders should be facilitated, including giving shareholders timely and adequate notice of all matters proposed for shareholder vote.</p> <p>CLSA-ACGA (2010) CG Watch 2010 - Appendix 2. (I) CG rules and practices (25) Do companies release their AGM notices (with detailed agendas and explanatory circulars) at least 28 days before the date of the meeting?</p>
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B.2	Insider trading and abusive self-dealing should be prohibited.	Guiding Reference
B.2.1(B)	Does the company have a policy requiring directors / Commissioners and key officers to notify the Board or its delegate at least one day before they deal in the company shares?	<p>OECD Principle III (B) Insider trading and abusive dealing should be prohibited</p> <p>ICGN 3.5 Employee share dealing Companies should have clear rules regarding any trading by directors and employees in the company's own securities. Among other issues, these must seek to ensure individuals do not benefit from knowledge which is not generally available to the market.</p> <p>ICGN 8.5 Shareholder rights of action ... Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.</p>

Bonus

D	Disclosure and transparency	Guiding Reference
D.1	Quality of Annual Report	
D.1.1(B)	Does the company disclose the Identity of advisers/consultants to the remuneration/compensation committee appointed by the board and whether they are deemed independent or they have declared any conflicts of interests?	<p>OECD Principle V (F): The corporate governance framework should be complemented by an effective approach that addresses and promotes the provision of analysis or advice by analysts, brokers, rating agencies and others, that is relevant to decisions by investors, free from material conflicts of interest that might compromise the integrity of their analysis and advice.</p>

E	Responsibilities of the Board	Guiding Reference
E.1	Board Competencies and Diversity	
E.1.1(B)	Does the company have at least one female independent director/commissioner?	<p>ICGN 2.4.1 Skills and experience The board should consist of directors with the requisite range of skills, competence, knowledge, experience and approach, as well as a diversity of perspectives, to set the context for appropriate board behaviours and to enable it to discharge its duties and responsibilities effectively.</p>

Bonus

E.2	Nominating Committee	Guiding Reference
E.2.1(B)	Does the Nominating Committee comprise entirely of independent directors/commissioners?	<p>ICGN 2.4.4 Composition of board committees</p> <p>The members of these key board committees should be solely non-executive directors, and in the case of the audit and remuneration committees, solely independent directors. All members of the nominations committee should be independent from management and at least a majority should be independent from dominant owners.</p>

E.3	Board Appointments and Re-Election	Guiding Reference
E.3.1(B)	Does the company compile a board profile when considering candidates to the board (i.e., identify the professional skills and personal characteristics present on the current board; identify the missing skills and characteristics; and nominate individuals who could fill possible gaps)?	<p>ASX Code</p> <p>Selection and appointment process and re-election of directors</p> <ul style="list-style-type: none"> • Disclosure of board selection processes - companies are encouraged to provide greater transparency of the processes which the board adopts in searching for and selecting new directors to the board and to report to shareholders on the processes. Such reporting could include the following: <ul style="list-style-type: none"> – details as to whether the company develops a board skills matrix and uses this matrix to identify any ‘gaps’ in the skills and experience of the directors on the board – the process by which candidates are identified and selected including whether professional intermediaries are used to identify and/or assess candidates – the steps taken to ensure that a diverse range of candidates is considered – the factors taken into account in the selection process.

Bonus

E.3.2(B)	Does the company use professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors/commissioners?	WORLD BANK PRINCIPLE 6 (VI.I.21) Are boards known to hire professional search firms when proposing candidates to the board?
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E.4	Board Structure & Composition	Guiding Reference
E.4.1(B)	Has the company set a limit of five board seats in PLCs including its unlisted subsidiaries?	

E.5	Board Appraisal	Guiding Reference
E.5.1(B)	Does the company appoint an external consultant to facilitate the board assessment at least once every three years?	UK CODE (JUNE 2010) B.6.2 Evaluation of the board of FTSE 350 companies should be externally facilitated at least every three years. A statement should be made available of whether an external facilitator has any other connection with the company

Bonus

E.6	Risk Oversight	Guiding Reference
E.6.1 (B)	Does the Annual Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?	<p>OECD PRINCIPLE 6 (VI) (D) (7) Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.</p> <p>In some jurisdictions it is considered good practice for the internal auditors to report to an independent audit committee of the board or an equivalent body which is also responsible for managing the relationship with the external auditor, thereby allowing a coordinated response by the board. It should also be regarded as good practice for this committee, or equivalent body, to review and report to the board the most critical accounting policies which are the basis for financial reports. However, the board should retain final responsibility for ensuring the integrity of the reporting systems. Some countries have provided for the chair of the board to report on the internal control process.</p>

Penalty

Level 2	Penalty	Guiding Reference
A	Rights of shareholders	
A.1	Basic shareholder rights	
A.1.1(P)	Did the company fail or neglect to offer equal treatment for share repurchases to all shareholders?	OECD Principle II (A)
A.2	Shareholders, including institutional shareholders, should be allowed to consult with each other on issues concerning their basic shareholder rights as defined in the Principles, subject to exceptions to prevent abuse.	Guiding Reference
A.2.1(P)	Is there evidence of barriers that prevent shareholders from communicating or consulting with other shareholders?	OECD Principle II (G) Shareholders, including institutional shareholders, should be allowed to consult with each other on issues concerning their basic shareholder rights as defined in the Principles, subject to exceptions to prevent abuse.

Penalty

A.3	Right to participate effectively in and vote in general shareholders meeting and should be informed of the rules, including voting procedures, that govern general shareholders meeting.	Guiding Reference
A.3.1(P)	Did the company include any additional agenda item at the most recent AGM for which due notice has not been given?	OECD Principle II (C) 2
A.4	Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.	Guiding Reference
	Did the company fail to disclose the existence of:	
A.4.1(P)	Shareholders agreement?	OECD Principle II (D)
A.4.2(P)	Voting cap?	
A.4.3(P)	Multiple voting rights?	

Penalty

A.5	Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.	Guiding Reference
A.5.1(P)	Is a pyramid ownership structure and/ or cross holding structure apparent?	<p>OECD Principle II (D): Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.</p> <p>Some capital structures allow a shareholder to exercise a degree of control over the corporation disproportionate to the shareholders' equity ownership in the company. Pyramid structures, cross shareholdings and shares with limited or multiple voting rights can be used to diminish the capability of non-controlling shareholders to influence corporate policy.</p>

Penalty

B	Equitable treatment of shareholders	Guiding Reference
B.1	Insider trading and abusive self-dealing should be prohibited.	
B.1.1(P)	Has there been any conviction of insider trading involving directors/commissioners, management and employees in the past three years?	<p>OECD Principle III: The Equitable Treatment of Shareholders (B) Insider trading and abusive dealing should be prohibited.</p> <p>ICGN 3.5 Employee share dealing Companies should have clear rules regarding any trading by directors and employees in the company's own securities. Among other issues, these must seek to ensure individuals do not benefit from knowledge which is not generally available to the market.</p> <p>ICGN 8.5 Shareholder rights of action ... Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.</p>

Penalty

B.2	Protecting minority shareholders from abusive action	Guiding Reference
B.2.1(P)	Has there been any cases of non-compliance with the laws, rules and regulations pertaining to significant or material related party transactions in the past three years?	<p>OECD Principle III (B) Insider trading and abusive dealing should be prohibited</p> <p>ICGN 2.11.1 Related party transactions Companies should have a process for reviewing and monitoring any related party transaction. A committee of independent directors should review significant related party transactions to determine whether they are in the best interests of the company and if so to determine what terms are fair.</p> <p>ICGN 2.11.2 Director conflicts of interest Companies should have a process for identifying and managing any conflicts of interest directors may have. If a director has an interest in a matter under consideration by the board, then the director should not participate in those discussions and the board should follow any further appropriate processes. Individual directors should be conscious of shareholder and public perceptions and seek to avoid situations where there might be an appearance of a conflict of interest.</p> <p>ICGN 8.5 Shareholder rights of action Shareholders should be afforded rights of action and remedies which are readily accessible in order to redress conduct of company which treats them inequitably. Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.</p>

Penalty

C	Role of stakeholders	Guiding Reference
C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected.	
C.1.1(P)	Has there been any violations of any laws pertaining to labour/employment/ consumer/insolvency/ commercial/competition or environmental issues?	OECD Principle IV (A) The rights of stakeholders that are established by law or through mutual agreements are to be respected.
C.2	Where stakeholders participate in the corporate governance process, they should have access to relevant, sufficient and reliable information on a timely and regular basis.	Guiding Reference
C.2.1(P)	Has the company faced any sanctions by regulators for failure to make announcements within the requisite time period for material events?	OECD Principle IV (B) Where stakeholders participate in the corporate governance process, they should have access to relevant, sufficient and reliable information on a timely and regular basis.

Penalty

D	Disclosure and transparency	Guiding Reference
D.1	Sanctions from regulator on financial reports	
D.1.1(P)	Did the company receive a "qualified opinion" in its external audit report?	<p>OECD Principle V: Disclosure and Transparency</p> <p>(B) Information should be prepared and disclosed in accordance with high quality standards of accounting and financial and non-financial disclosures.</p> <p>(C) An annual audit should be conducted by an independent, competent and qualified, auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects.</p> <p>(D) External auditors should be accountable to the shareholders and owe a duty to the company to exercise due professional care in the conduct of the audit.</p> <p>ICGN 6.2 Annual audit</p> <p>The annual audit carried out on behalf of shareholders is an essential part of the checks and balances required at a company. It should provide an independent and objective opinion that the financial statements fairly represent the financial position and performance of the company in all material respects, give a true and fair view of the affairs of the company and are in compliance with applicable laws and regulations.</p> <p>ICGN 7.3 Affirmation of financial statements</p> <p>The board of directors and the appropriate officers of the company should affirm at least annually the accuracy of the company's financial statements or financial accounts.</p> <p>International Auditing Standard (ISA) No. 705 "Modifications to the Opinion in the Independent Auditor's Report" (2009).</p> <p>Paras. 7, 8 and 9 specify the three types of modifications to the auditor's opinion; that is, Qualified opinion, Adverse opinion, and Disclaimer opinion respectively.</p>
D.1.2(P)	Did the company receive a "adverse opinion" in its external audit report?	
D.1.3(P)	Did the company receive a "disclaimer opinion" in its external audit report?	
D.1.4(P)	Has the company in the past year revised its financial statements for reasons other than changes in accounting policies?	

Penalty

E	Responsibilities of the Board	Guiding Reference
E.1	Compliance with listing rules, regulations and applicable laws	
E.1.1(P)	Is there any evidence that the company has not complied with any listing rules and regulations over the past year apart from disclosure rules?	<p>OECD Principle VI (D) (7) Ensuring the integrity of the corporation’s accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.</p> <p>Companies are also well advised to set up internal programmes and procedures to promote compliance with applicable laws, regulations and standards, including statutes to criminalise bribery of foreign officials that are required to be enacted by the OECD Anti-bribery Convention and measures designed to control other forms of bribery and corruption. Moreover, compliance must also relate to other laws and regulations such as those covering securities, competition and work and safety conditions. Such compliance programmes will also underpin the company’s ethical code.</p>
E.1.2(P)	Have there been any instances where non-executive directors/commissioner have resigned and raised any issues of governance-related concerns?	<p>UK CODE (JUNE 2010) A.4.3 Where directors have concerns which cannot be resolved about the running of the company or a proposed action, they should ensure that their concerns are recorded in the board minutes. On resignation, a non-executive director should provide a written statement to the chairman, for circulation to the board, if they have any such concerns.</p>

Penalty

E.1.3(P)	Have there been major corporate scandals that point to weak board of directors/commissioners oversight?	<p>OECD PRINCIPLE VI.D.7. Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.</p> <p>Ensuring the integrity of the essential reporting and monitoring systems will require the board to set and enforce clear lines of responsibility and accountability throughout the organisation. The board will also need to ensure that there is appropriate oversight by senior management.</p>
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E.2	Board A	Guiding Reference
E2.1(P)	Does the Company have any independent directors/commissioners who have served for more than nine years?	<p>OECD Principle V</p> <p>(C) An annual audit should be conducted by an independent, competent and qualified, auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects.</p> <p>Examples of other provisions to underpin auditor independence include, a total ban or severe limitation on the nature of non-audit work which can be undertaken by an auditor for their audit client, mandatory rotation of auditors (either partners or in some cases the audit partnership), a temporary ban on the employment of an ex-auditor by the audited company and prohibiting auditors or their dependents from having a financial stake or management role in the companies they audit.</p>

E2.2(P)	Did the company fail to provide justification and obtain shareholder's approval for retaining the independent director(s)/commissioner(s) beyond nine years?	<p>Malaysian Code on Corporate Governance Recommendation 3.3: The board must justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine years.</p> <p>Singapore Code of Corporate Governance Paragraph 2.4: The independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.</p>
E2.3(P)	Did the company fail to disclose the date of first appointment of each independent directors(s)/commissioner(s)?	
E2.4(P)	Did the company fail to disclose the identity of the independent director(s)/commissioner(s)?	<p>ICGN 2.4 Composition and structure of the board ICGN 2.4.1 Skills and experience ICGN 2.4.3 Independence</p>

Penalty

E.3	External Audit	Guiding Reference
E.3.1(P)	Is any of the directors or senior management a former employee or partner of the current external auditor (in the past 2 years)?	<p>OECD Principle V (C) An annual audit should be conducted by an independent, competent and qualified, auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects.</p> <p>Examples of other provisions to underpin auditor independence include, a total ban or severe limitation on the nature of non-audit work which can be undertaken by an auditor for their audit client, mandatory rotation of auditors (either partners or in some cases the audit partnership), a temporary ban on the employment of an ex-auditor by the audited company and prohibiting auditors or their dependents from having a financial stake or management role in the companies they audit.</p>