

ASEAN CORPORATE GOVERNANCE SCORECARD

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Introduction

Introduction

- ▶ Started in 2011 as an initiative of the ASEAN Capital Markets Forum (ACMF) with the collaboration of the Asian Development Bank and six participating countries: Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam
- ▶ Initiative under oversight of ASEAN Capital Market Forum Working Group comprising representatives of the relevant regulators from each of the six participating countries, and is currently co-ordinated by the Securities Exchange Commission of the Philippines
- ▶ The initiative's objectives
 - *Raise the corporate governance standards and practices of ASEAN publicly listed companies (PLCs)*
 - *Give greater international visibility to well-governed ASEAN PLCs and showcase them as investable companies*
 - *Complement other ACMF initiatives and promote ASEAN as an asset class.*

Introduction

- ▷ The initiative currently involves the assessment of the CG practices of the top 100 listed companies of each participating country by market capitalization using an assessment criteria that:
 - *Reflects global principles and internationally recognized good practices*
 - *Is universal and capable of being applied to different markets in ASEAN*
 - *Is developed by ASEAN CG experts with inputs from OECD, approved by ACMF*
 - *Adopts a robust quality assurance process*

Introduction

- ▶ Each participating country appoints a 'domestic ranking body' (DRB) to be responsible for the work associated with the assessment of their agreed listed entities
 - *SID and CGS appointed by Monetary Authority of Singapore as the DRB for Singapore*

- ▶ Scorecard enhancement
 - *Scorecard was recently reviewed. This revised version was used for the ACGS 2024 assessment*
 - *Main guiding references: OECD Principles of Corporate Governance 2023, ICGN Global Governance Principles 2021*

Scorecard Structure

Scorecard Structure

1

LEVEL ONE

Covers four areas:

- Rights and Equitable Treatment of Shareholders
- Sustainability and Resilience
- Disclosure and Transparency
- Responsibilities of the Board



2

LEVEL TWO

Bonus items reflecting other emerging good practices;

Penalty items reflecting issues indicative of poor governance

Scorecard Structure

Level 1 Score (Max = 100 points)

Rights and Equitable Treatment of Shareholders (20)

Sustainability and Resilience (15)

Disclosure and Transparency (25)

Responsibilities of the Board (40)

Level 2 Score (Max = 30 points)

Bonus	Penalty
(+30)	(-69)

**Total Score Attainable
(Max = 130 points)**

Scorecard Items

Section	No. of Items
A – Rights and Equitable Treatment of Shareholders	30
B – Sustainability and Resilience	22
C – Disclosure and Transparency	34
D – Responsibilities of the Board	63
Level 1 Total	149
Bonus	18
Penalty	26
Total	193

Note: 32 questions (or 21%) out of the total 149 Level 1 questions are given more weight based on the key areas to sharpen the focus.

Assessment Process

- ▷ Each DRB assesses the top 100 publicly-listed business entities by market capitalization in their jurisdiction.
- ▷ All entities achieving ASEAN Asset Class from each country are randomly peer-reviewed by the other five DRBs and any differences in the assessment are reconciled.
 - Where a country has less than 35 entities achieving ASEAN class, the top 35 ranked entities from that country are peer-reviewed
- ▷ This assessment process is currently used to produce:
 - *The top 50 ranked entities in ASEAN*
 - *The top 5 ranked entities in each country*
 - *A list of all entities in ASEAN which have attained a minimum score of 75 percent out of 130 points (classified as investible ASEAN Asset Class)*
- ▷ Assessment currently done on a biennial basis

Assessment Process

Shortlist:

100 largest listed entities by market capitalization



Assess and Analyze:

100 listed entities using Scorecard



Peer Review:

All ASEAN Asset Class Singapore-listed entities by governance performance



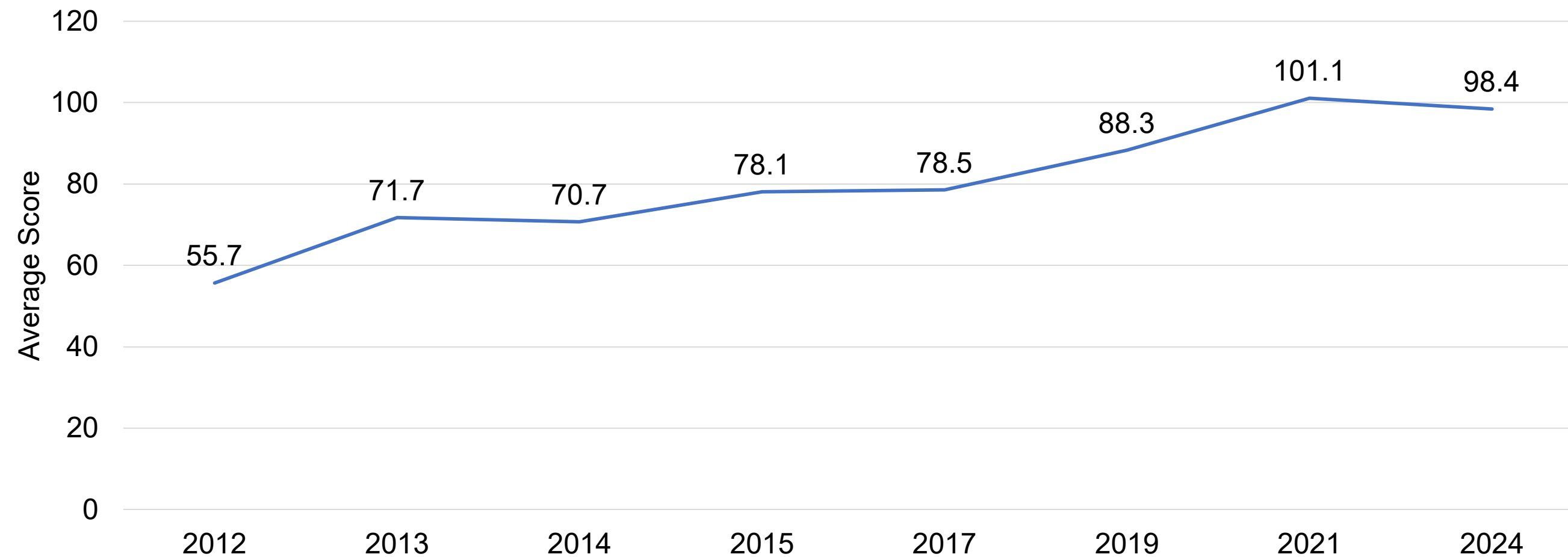
Publish:

Singapore listed entities in ASEAN Asset Class, Top 50 ASEAN, Top 5 in Singapore and lastly, by rank based on undisclosed corporate governance scores

Singapore's Performance in the Scorecard

Singapore's Average Total Score (2012-2024)

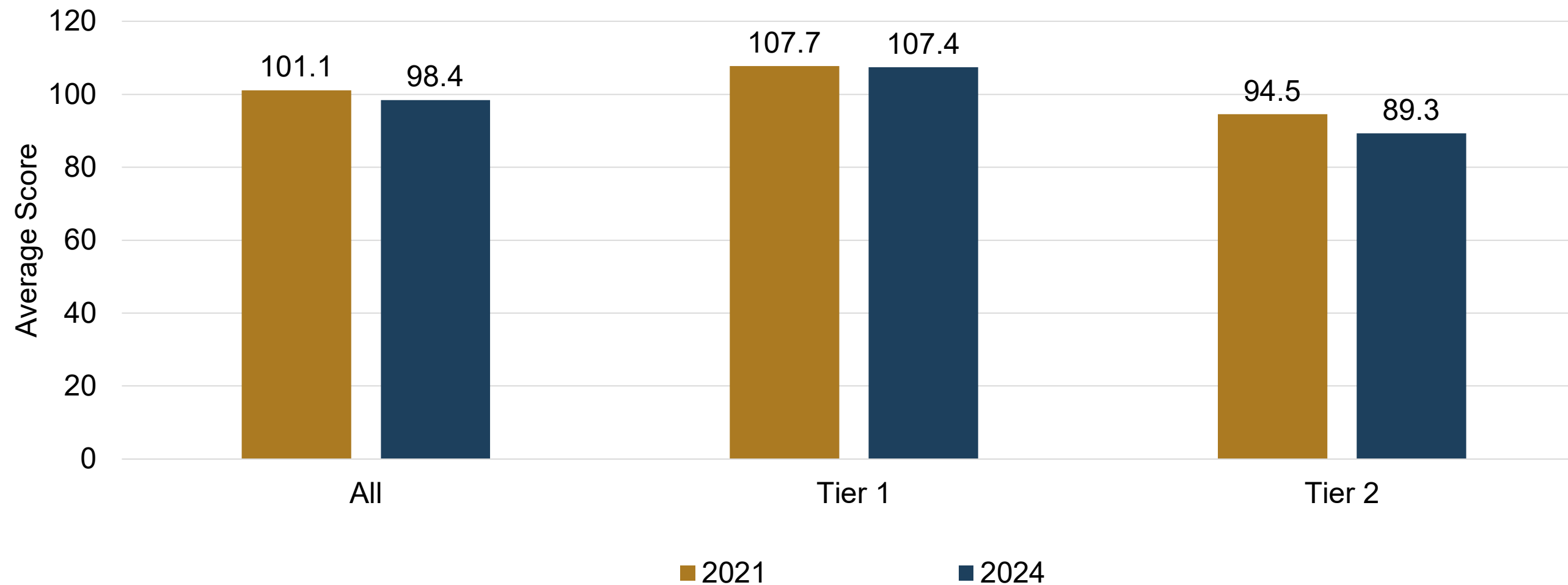
Slight decline in 2024 average score due to lower-performing companies



Note: 2016 and 2023 were gap years for revision; no assessment was conducted. After 2016, ACGS is conducted in a two-year cycle.

Singapore's Average Total Score (2021 vs. 2024)

Two tiers of Singapore entities, different performance trends relative to 2021



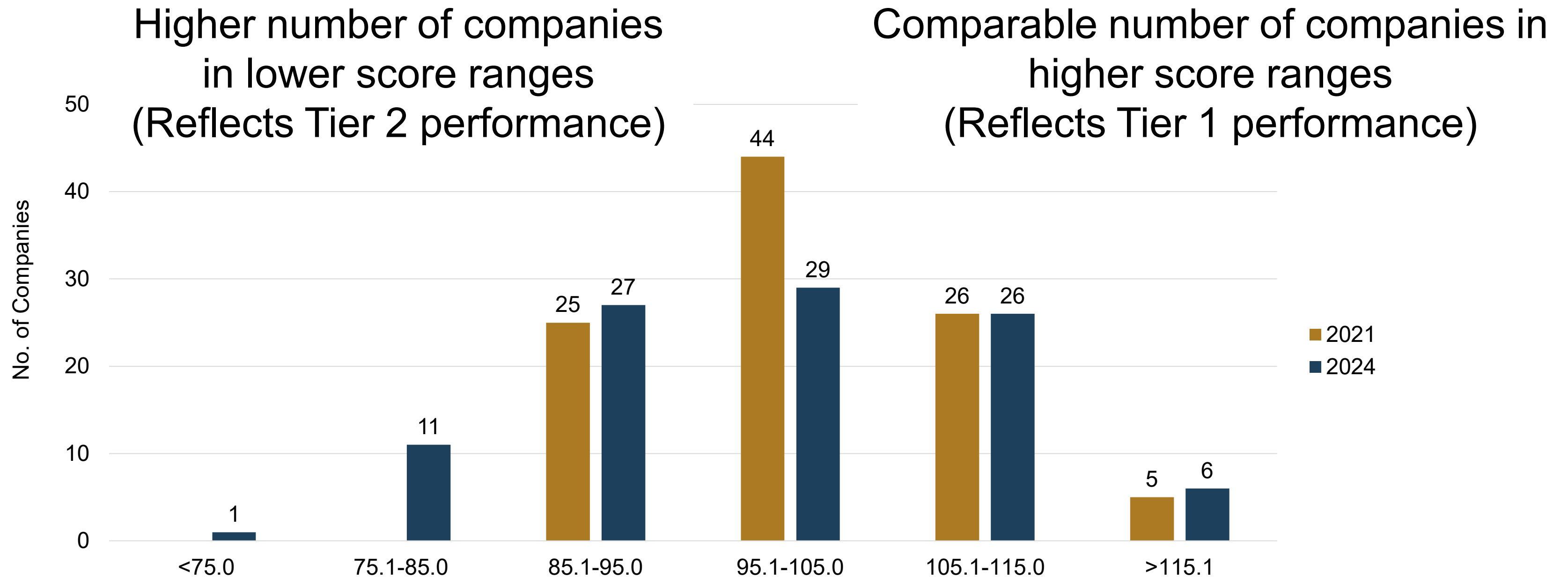
Tier 1 - Top 50 entities in each assessment year

Tier 2 - Lowest-scoring 50 entities in each assessment year.

- Around ¼ of these were not assessed in 2021

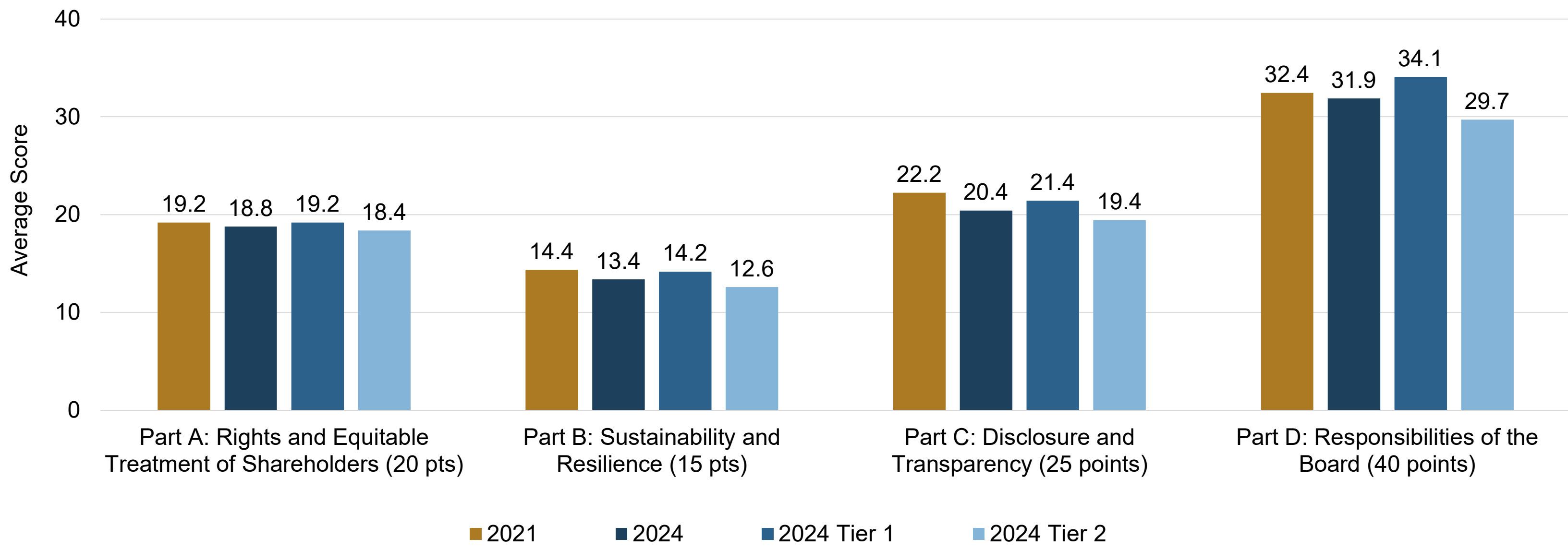
Note: The composition of Tier 1 entities in 2021 and 2024 are not identical.

Distribution of Singapore Entities by Total Score (2021 vs. 2024)



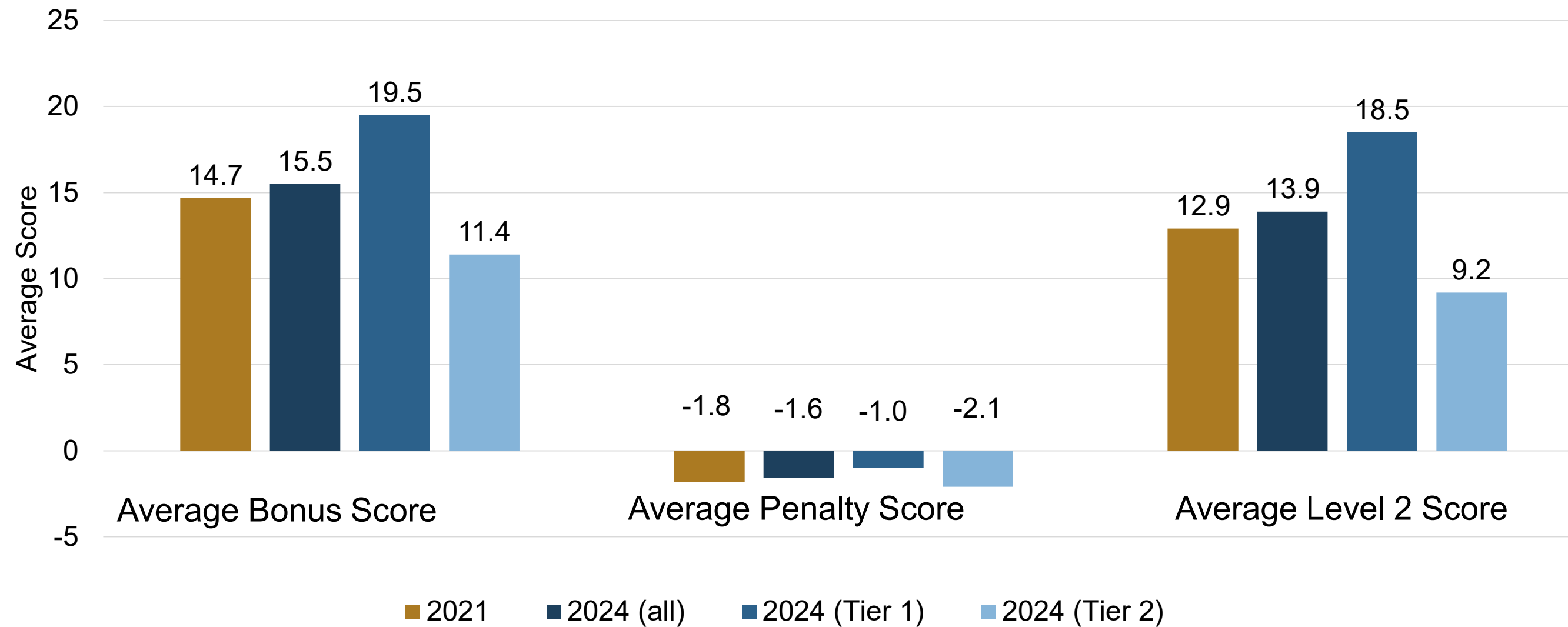
Singapore Level 1 Scores (2021 vs. 2024)

Strongest performance in Parts A and B, Greatest room for improvement in Parts C and D. This is consistent with SGTI



Singapore Level 2 Scores (2021 vs. 2024)

Overall improvement for both Bonus and Penalties



ASEAN Top 50 Listed Entities By Country

In 2024 Singapore had 8 entities within the Top 50

ASEAN Top 50 Entities	2024
Indonesia	4
Malaysia	17
Philippines	5
Singapore	8
Thailand	16
Vietnam	0

ASEAN Asset Class By Country

In 2024, over 20% of the total ASEAN Asset class companies were from Singapore (3rd-highest share after Thailand and Malaysia)

ASEAN Asset Class	2021	2024
Indonesia	9 (3.8%)	23 (9.2%)
Malaysia	54 (23.1%)	65 (26.0%)
Philippines	32 (13.7%)	35 (14.0%)
Singapore	62 (26.5%)	53 (21.2%)
Thailand	76 (32.5%)	74 (29.6%)
Vietnam	1 (0.4%)	0 (0%)
Total	234 (100%)	250 (100%)

Note: ASEAN Asset Class refers to companies which scored at least 97.5 marks or above out of a maximum total of 130 marks in ACGS.

Scorecard Revision

Main Changes to ACGS

- ▶ Addition of new questions
 - *New questions are mainly related to sustainability and resilience*
- ▶ More rigorous standards of assessment
 - *Questions moved from Level 2 to Level 1*
 - *Stricter assessment guidelines*
- ▶ Default questions moved to appendix
 - *Questions which relate to important corporate governance issues, but are mandated in all six jurisdictions*

Areas for Improvement

Areas for Improvement: Rights and Equitable Treatment of Shareholders

Disclosure Rate (% of entities)	All (100 Entities)	Tier 1 (Top 50 Entities)	Tier 2 (Lower 50 Entities)
<p>Does the entity pay dividends in an equitable and timely manner; that is, all shareholders are treated equally and paid within 30 days* after being (i) declared for interim dividends and (ii) approved by shareholders at general meetings for final dividends?</p> <p>*60 days in the case of Scrip dividend</p>	60%	66%	54%
Does the entity disclose that all board members and the CEO attended the most recent AGM?	71%	74%	68%
Does the entity disclose its practices to encourage shareholders to engage with the company beyond general meetings?	64%	84%	44%

Areas for Improvement: Sustainability and Resilience

Disclosure Rate (% of entities)	All (100 Entities)	Tier 1 (Top 50 Entities)	Tier 2 (Lower 50 Entities)
Does the entity engage external stakeholders to exchange views and gather feedback on sustainability matters that are material to the business of the company?	64%	78%	50%
Does the entity have a reward/compensation policy that accounts for the entity's performance beyond short-term financial measures?	58%	78%	38%

Areas for Improvement: Disclosure and Transparency (1)

Disclosure Rate (% of entities)	All (100 Entities)	Tier 1 (Top 50 Entities)	Tier 2 (Lower 50 Entities)
Does the entity have a website disclosing up-to-date information on the entity's constitution?	19%	26%	12%
Does the entity's annual report disclose the dividend policy?	55%	68%	42%
Does the entity disclose the direct and indirect (deemed) shareholdings of senior management?	9%	4%	14%

Areas for Improvement: Disclosure and Transparency (2)

Disclosure Rate (% of entities)	All (100 Entities)	Tier 1 (Top 50 Entities)	Tier 2 (Lower 50 Entities)
Does the entity use quarterly reporting?	54%	82%	26%
Is there disclosure of the fee structure for non-executive directors?	59%	86%	32%
Does the entity use analyst's briefings to communicate with stakeholders?	69%	90%	48%
Does the entity use media briefings/press conferences to communicate with stakeholders?	61%	80%	42%

Areas for Improvement: Responsibilities of the Board of Directors (1)

Disclosure Rate (% of entities)	All (100 Entities)	Tier 1 (Top 50 Entities)	Tier 2 (Lower 50 Entities)
Does the board of directors conduct an annual performance assessment of the CEO/Managing Director/President?	8%	12%	4%
Has the entity set a limit of five board seats that an individual independent/non-executive director may hold simultaneously?	31%	18%	44%
Are board papers for board meetings provided to the board at least five business days in advance of the meeting?	36%	48%	24%
Are the board of directors meeting scheduled before the start of financial year?	52%	68%	36%
Does the entity require a minimum quorum of at least 2/3 for board decisions?	3%	4%	2%

Areas for Improvement: Responsibilities of the Board of Directors (2)

Disclosure Rate (% of entities)	All (100 Entities)	Tier 1 (Top 50 Entities)	Tier 2 (Lower 50 Entities)
Does the entity disclose its corporate governance policy / board charter?	34%	52%	16%
Did the non-executive directors meet separately at least once during the year without any executives present?	33%	40%	26%
Do different persons assume the roles of chairman and CEO?	66%	94%	38%
Does the entity disclose the key risks it is materially exposed to (i.e. financial, operational including IT, environmental, social, economic)?	75%	100%	50%

Areas for Improvement: Bonus

Disclosure Rate (% of entities)	All (100 Entities)	Tier 1 (Top 50 Entities)	Tier 2 (Lower 50 Entities)
Does the entity have a separate board-level Risk Committee?	18%	26%	10%
Is the audited annual financial report/statement released within 60 days from the financial year end?	21%	22%	20%
Does the entity 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?	27%	46%	8%
Does the entity disclose that its Board identified key IT risks including disruption, cyber security, and disaster recovery, to ensure that such risks are managed and integrated into the overall risk management framework?	68%	94%	42%

Conclusion

Conclusion

- ▶ Despite a more stringent standard of assessment, Tier 1 companies showed comparable performance relative to 2021
 - Performance of Tier 2 companies showed an overall decline
- ▶ Singapore entities show the strongest performance in upholding the rights of shareholders
- ▶ The largest room for improvement is in board responsibilities and transparency for disclosures
 - This corresponds with the results of SGTI's assessment of the full market

Conclusion

- ▷ Singapore entities could improve their performance by disclosing their CG practices and processes, over and above what is required by Singapore regulators
- ▷ At the same time, entities should continue to prepare themselves for upcoming requirements
 - Climate reporting disclosures
 - Some of these have been delayed, but are still approaching
 - Management of emerging risks including AI
 - Part of the CGAC review of CG Code

The full ACGS questionnaire can be found at:

[https://www.theacmf.org/images/downloads/pdf/ACGS%20version%202_revised0324%20\(200324\).pdf](https://www.theacmf.org/images/downloads/pdf/ACGS%20version%202_revised0324%20(200324).pdf)