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Regional Corporate Governance Initiative

The 2005 Asian Roundtable on Corporate Governance

Bali, Indonesia

September 8-9, 2005

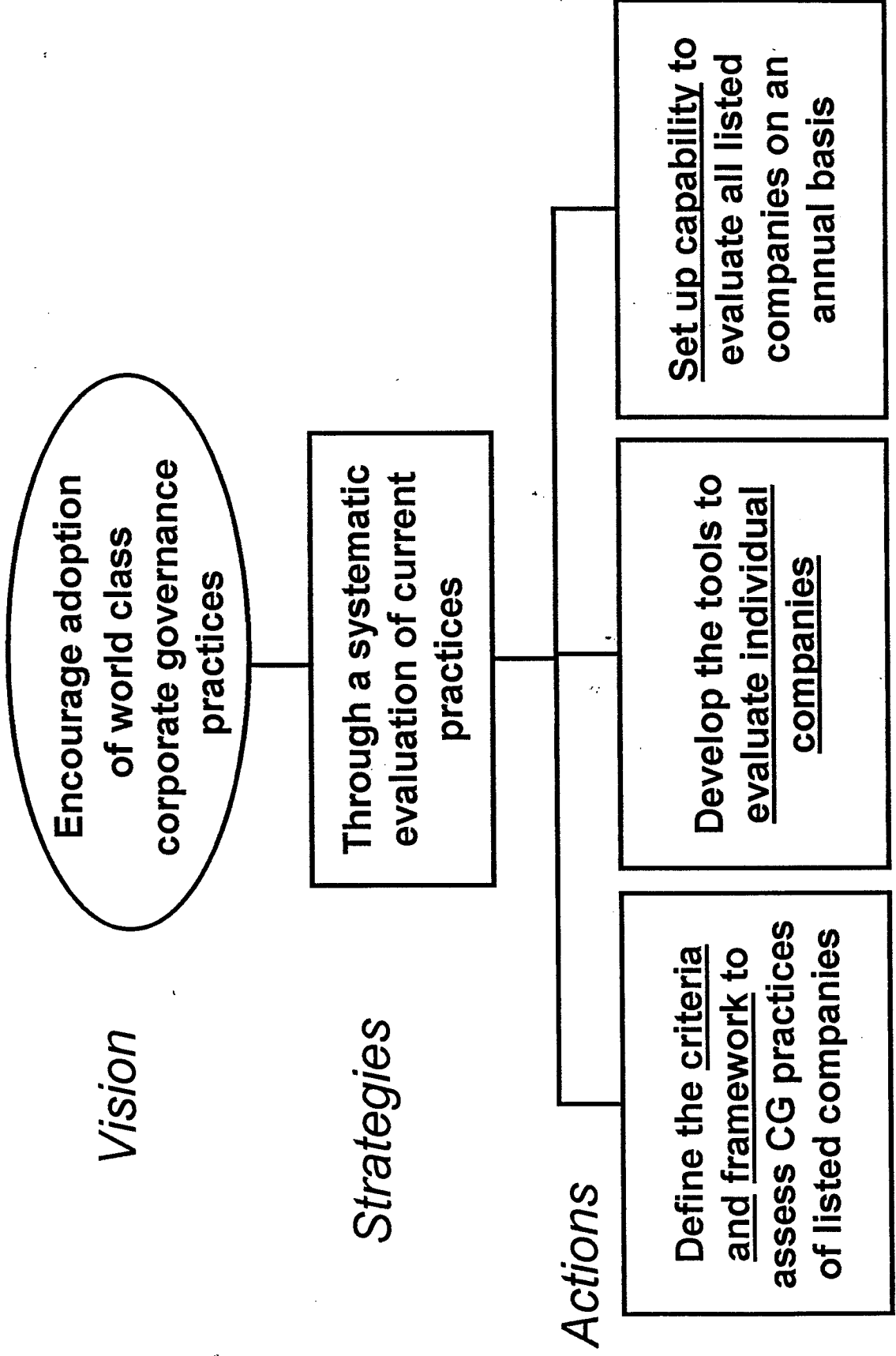
By : Charnchai Charuvastr, Thai Institute of Directors

Introduction



- Thai IOD started a CG base-lining evaluation in 2001.
- McKinsey & Company assisted in developing evaluation criteria.
- The World Bank provided funding for data gathering and report compilation.
- The evaluation criteria and scoring template was adopted by the Philippines, Hong Kong, and China.

Objectives of the Thai Project



Evaluation Criteria



Based on Five OECD Principles

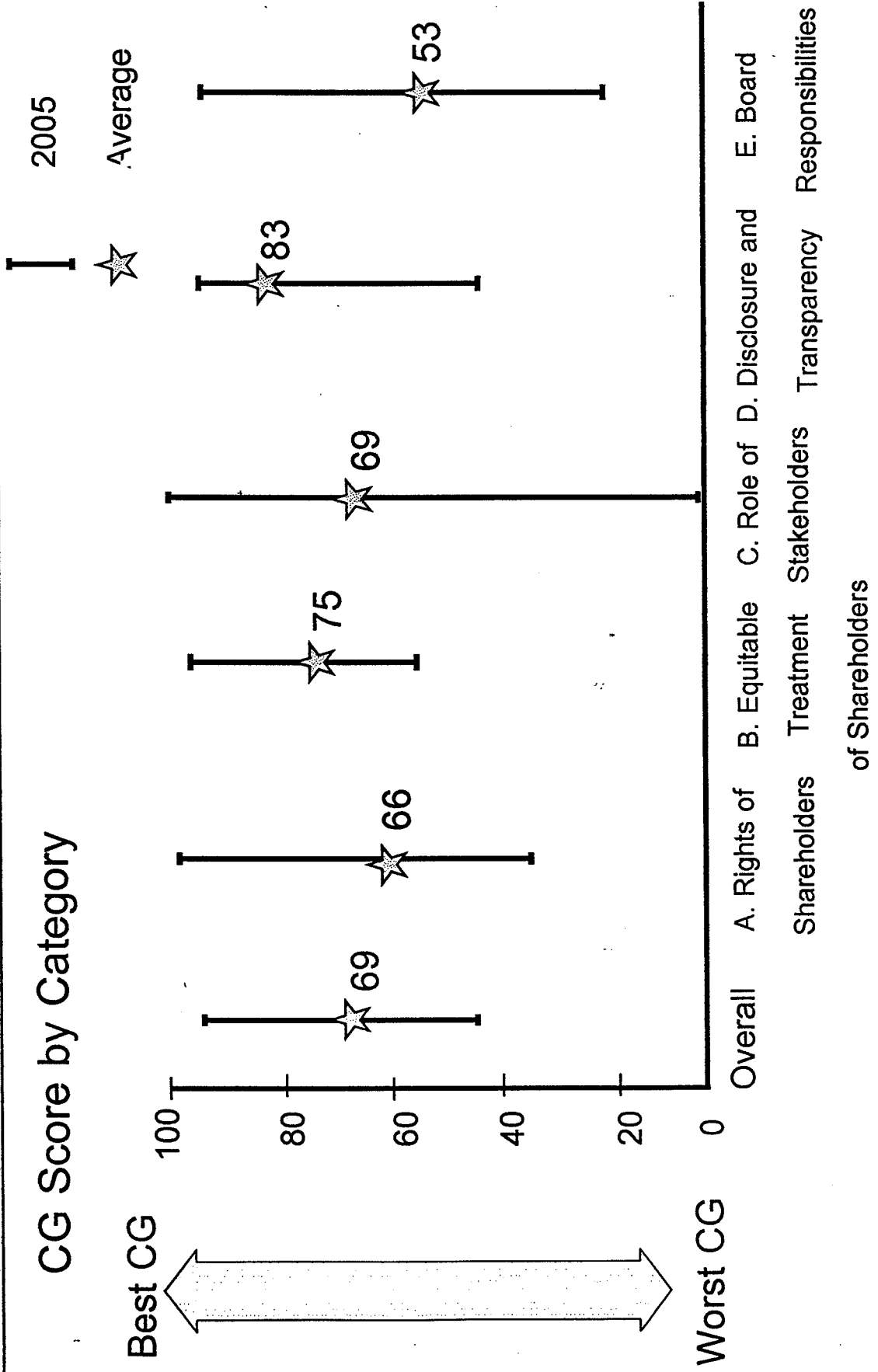
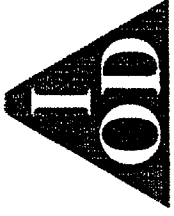
	<u>Criteria</u>		
	<u>2001</u>	<u>2005</u>	<u>Weight (%)</u>
A. Rights of Shareholders	7	23	20
B. Equitable Treatment of Shareholders	10	13	15
C. Role of Stakeholders in Corporate Governance	4	8	15
D. Disclosure and Transparency	17	32	25
E. Board Responsibilities	16	42	25
Total	<u>54</u>	<u>118</u>	<u>100</u>

Evaluation Method

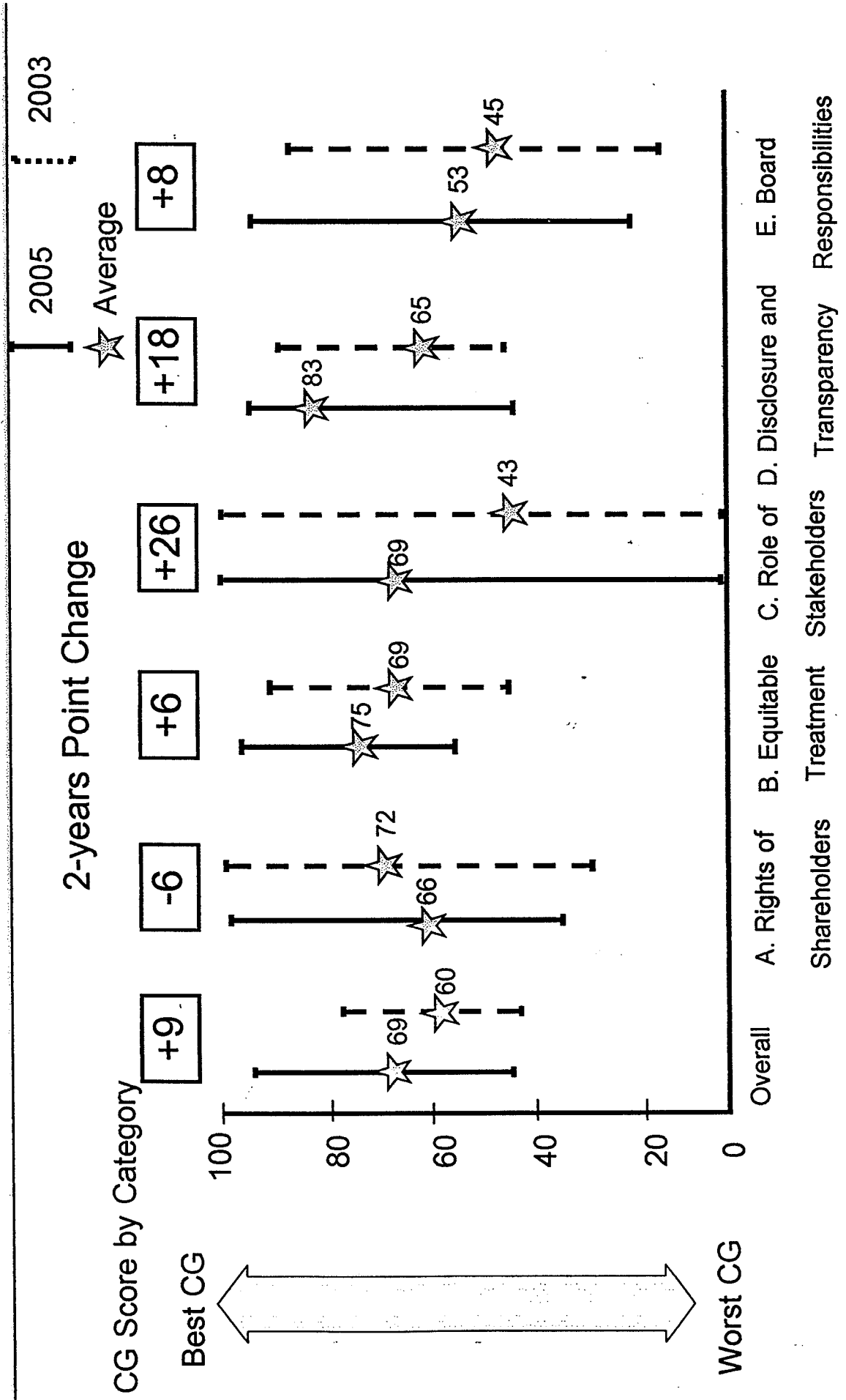
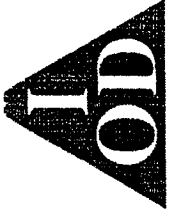


- Based on publicly available information (Annual Report, Form 56-1, Notice and Minutes, Website, Information on SET/SEC Database)
- Minimize subjectivity in scoring:
 - Scoring template, scoring methodology.
 - Commission Sasin Business School.
- Not dependent on companies' willingness to participate.
- Not as rich as an internal assessment.
- Companies scored:
 - 2001 = 133
 - 2002 = 234
 - 2003 = 337
 - 2005 = 371

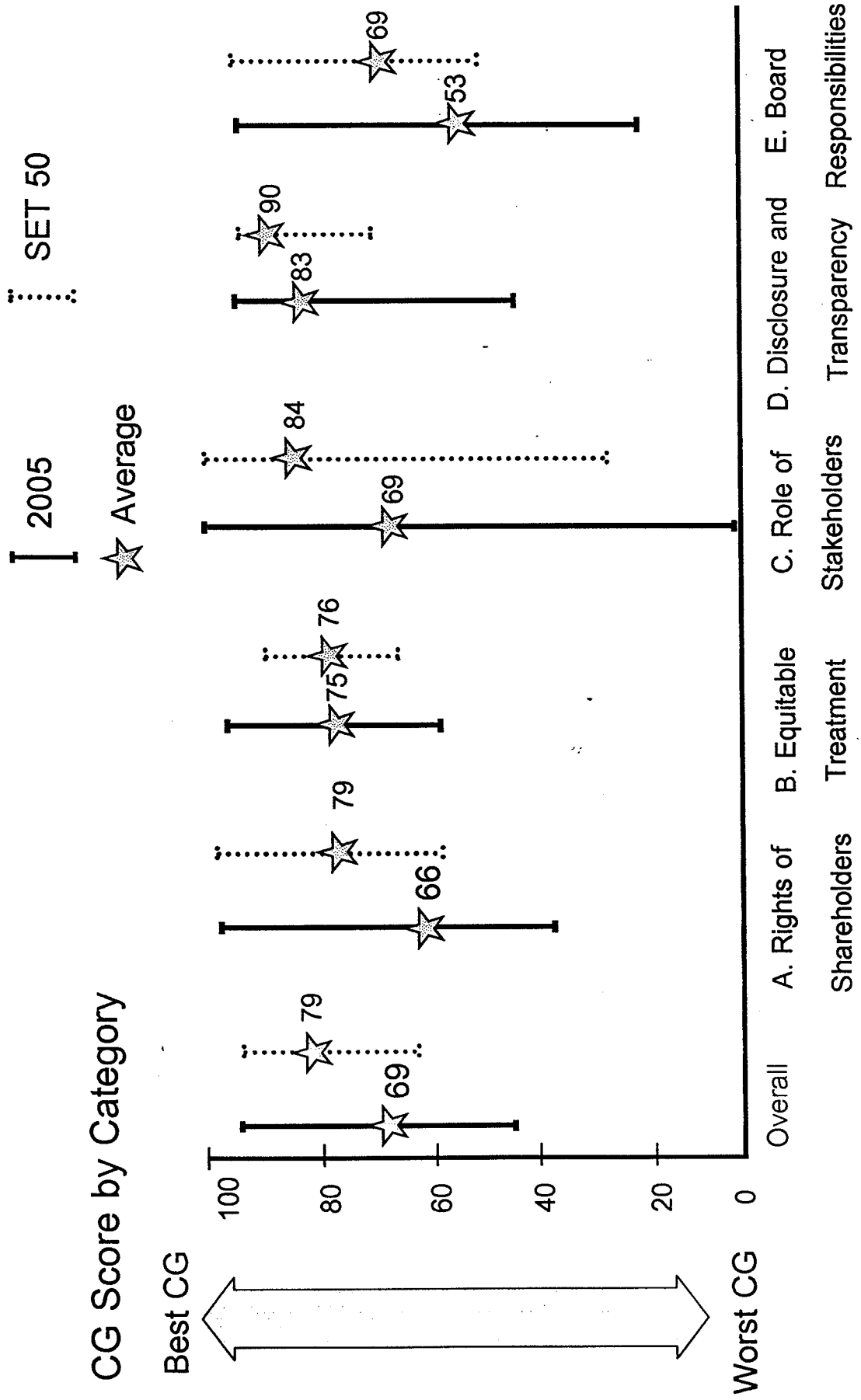
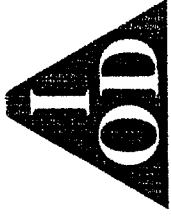
2005 Evaluation Results



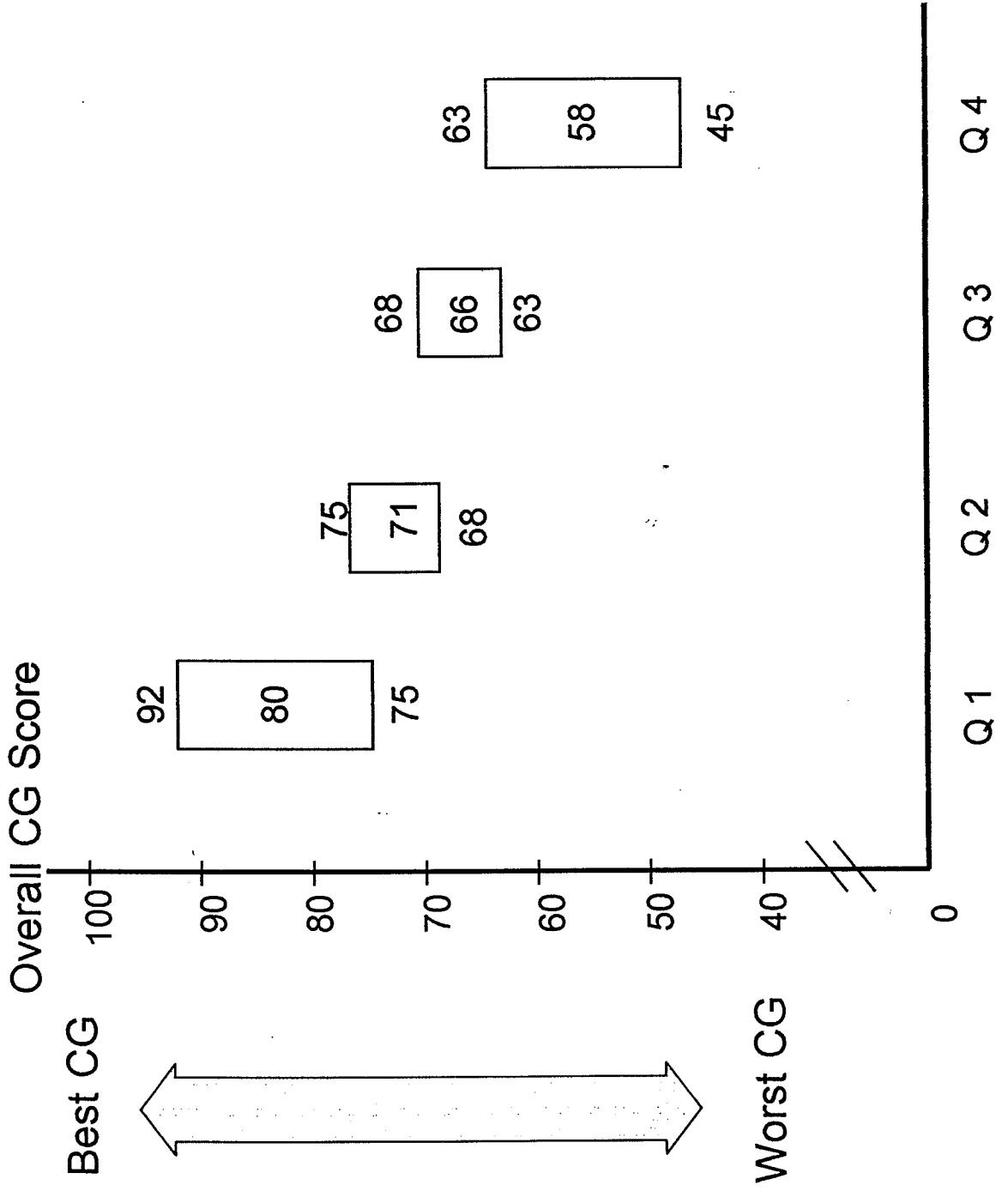
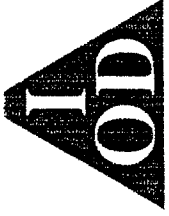
2005 VS 2003 Evaluation Results



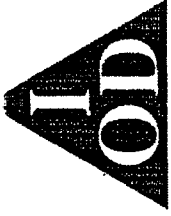
2005 VS TOP 50 Evaluation Results



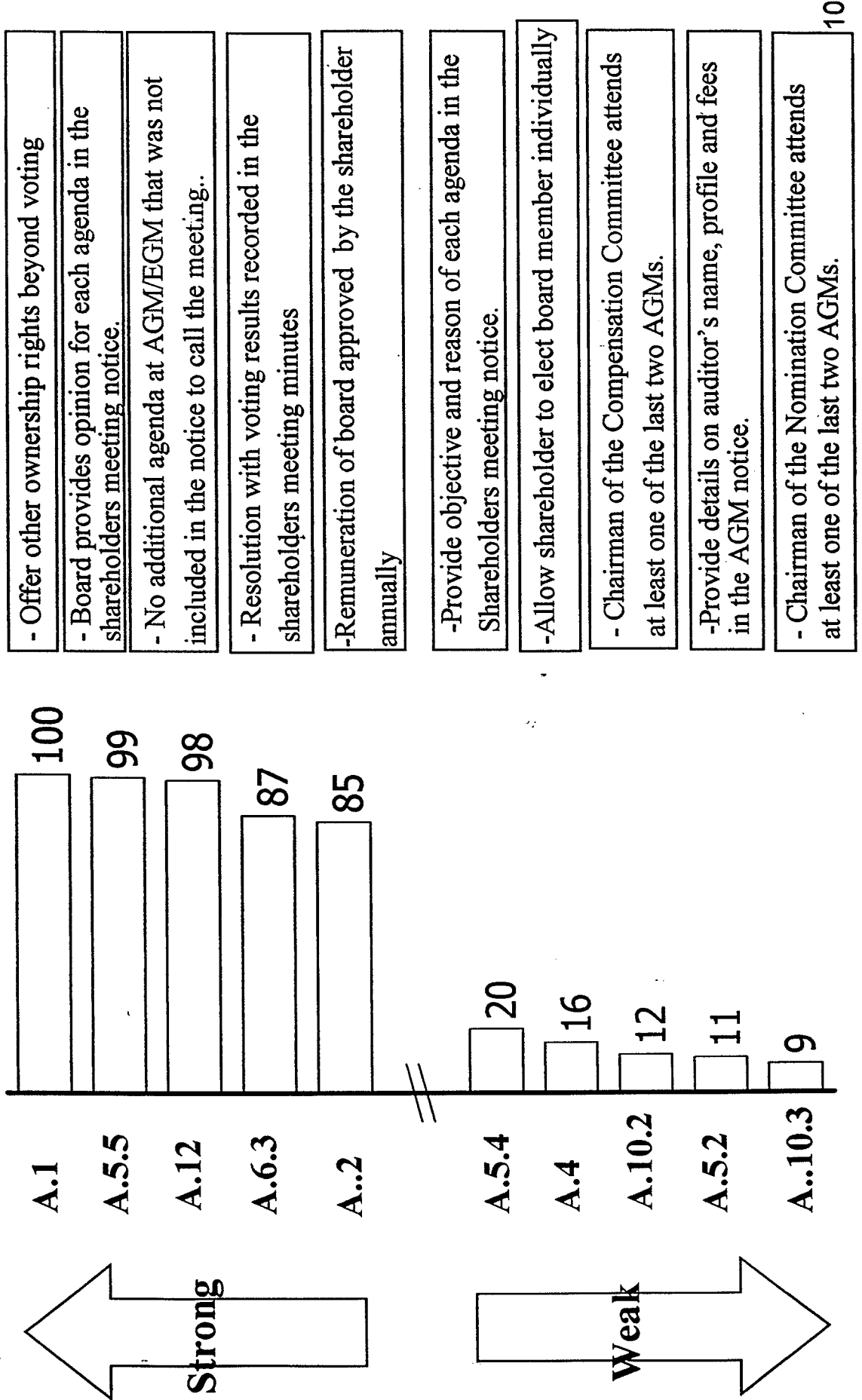
2005 Score by Quartile



Rights of Shareholders



Percentage of analyzed Thai companies with best possible evaluation

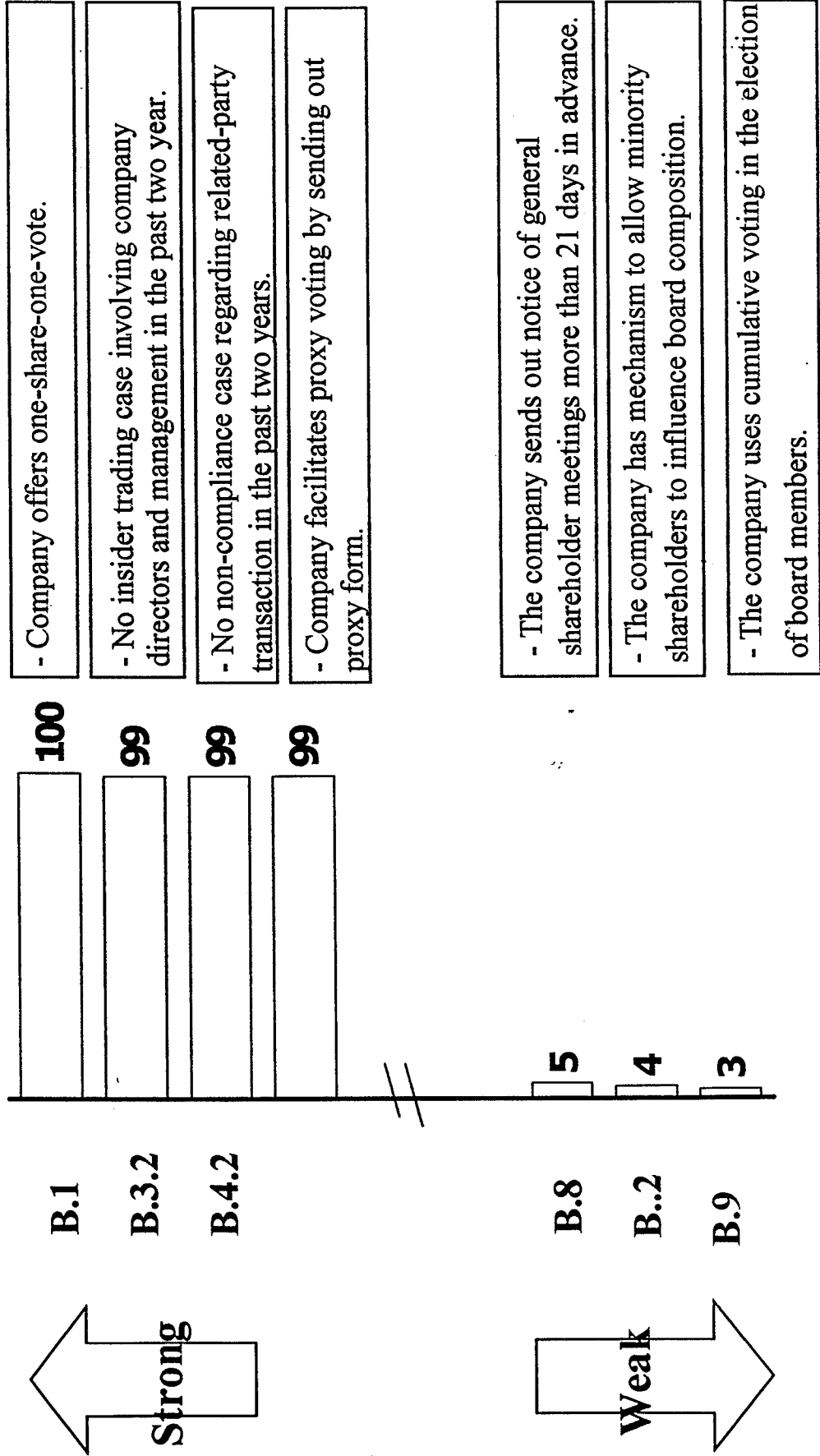


- Offer other ownership rights beyond voting
- Board provides opinion for each agenda in the shareholders meeting notice.
- No additional agenda at AGM/EGM that was not included in the notice to call the meeting..
- Resolution with voting results recorded in the shareholders meeting minutes
- Remuneration of board approved by the shareholder annually
- Provide objective and reason of each agenda in the Shareholders meeting notice.
- Allow shareholder to elect board member individually
- Chairman of the Compensation Committee attends at least one of the last two AGMs.
- Provide details on auditor's name, profile and fees in the AGM notice.
- Chairman of the Nomination Committee attends at least one of the last two AGMs.

Equitable Treatment of Shareholders



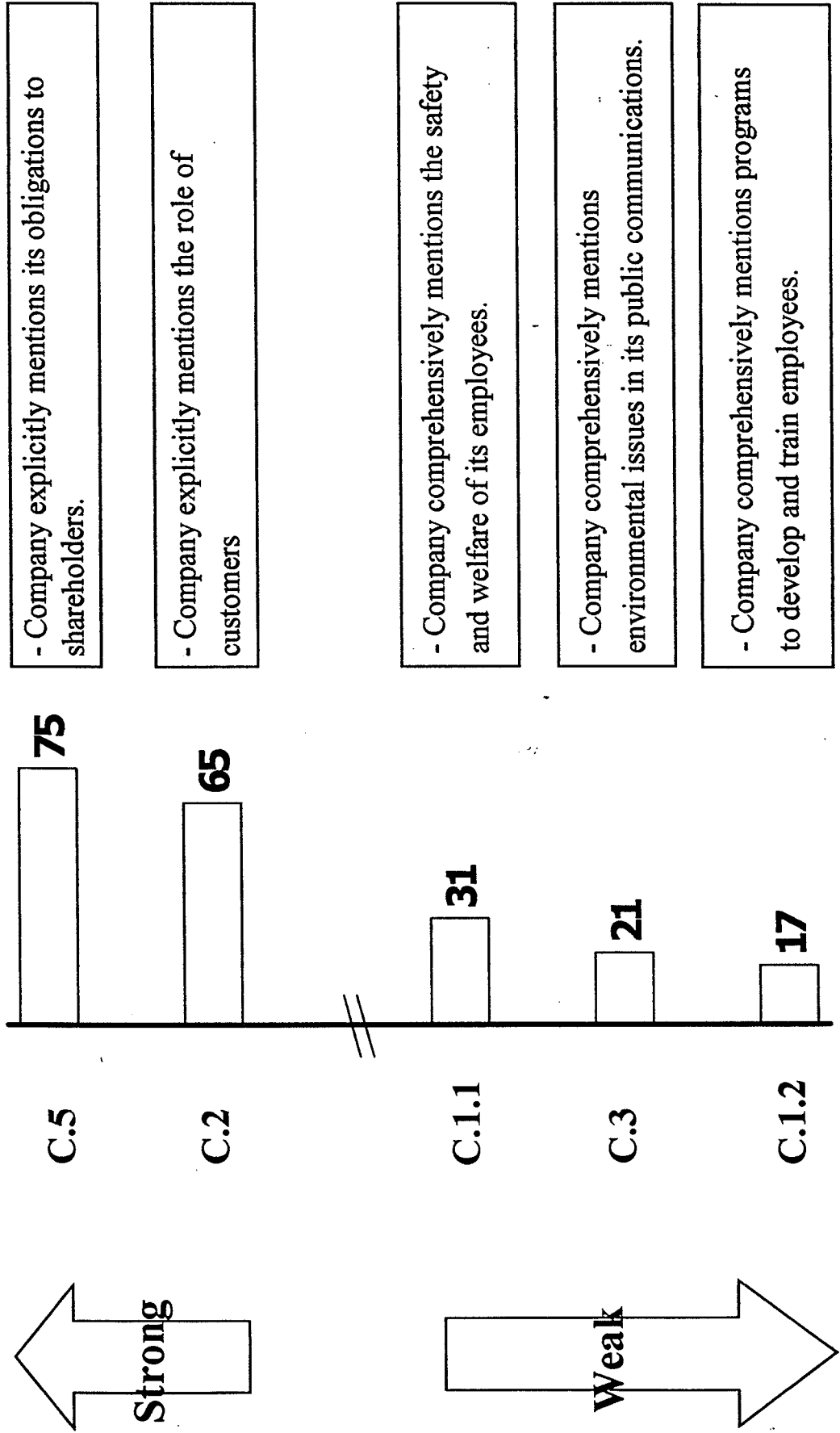
Percentage of analyzed Thai companies with best possible evaluation



Role of Stakeholders



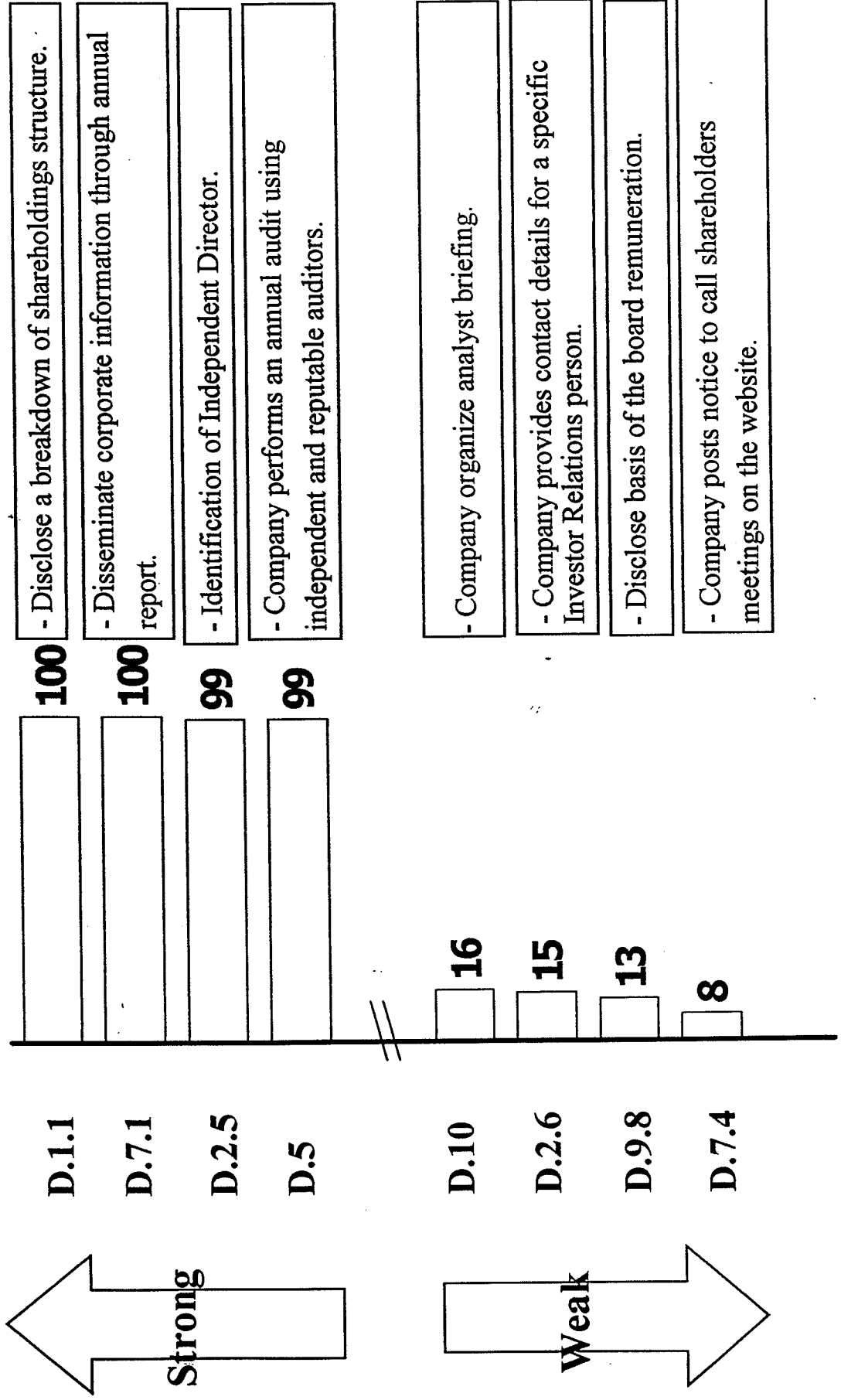
Percentage of analyzed Thai companies with best possible evaluation



Disclosure and Transparency



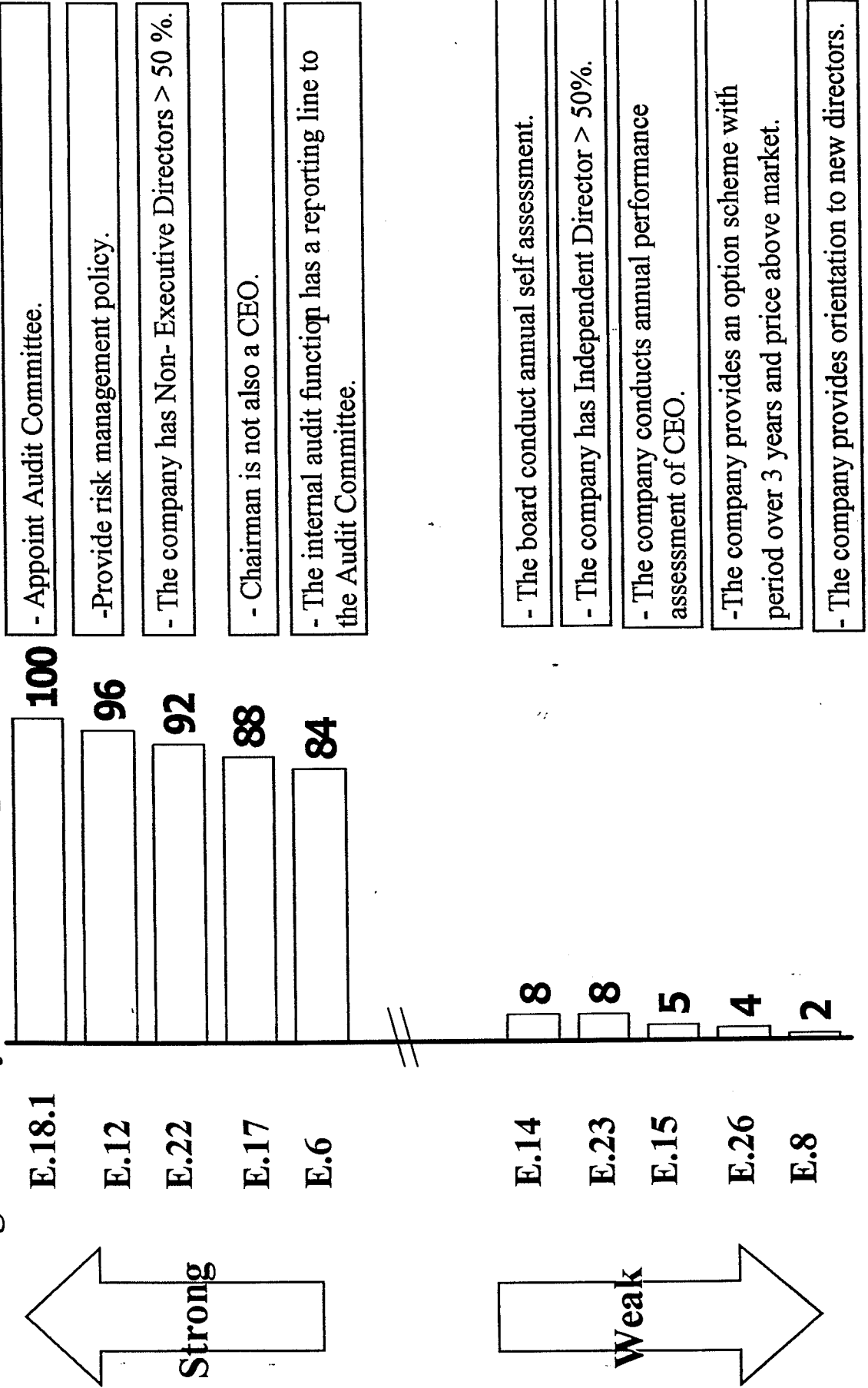
Percentage of analyzed Thai companies with best possible evaluation



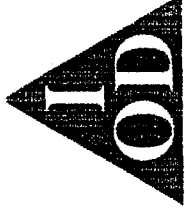
Board Responsibilities



Percentage of analyzed Thai companies with best possible evaluation



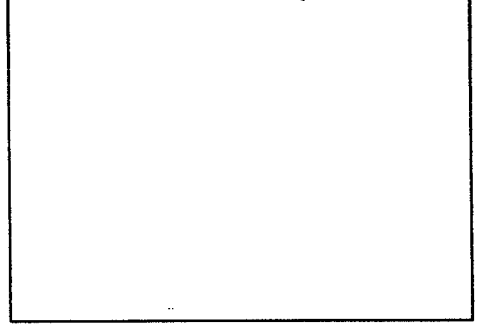
Use of CG Report



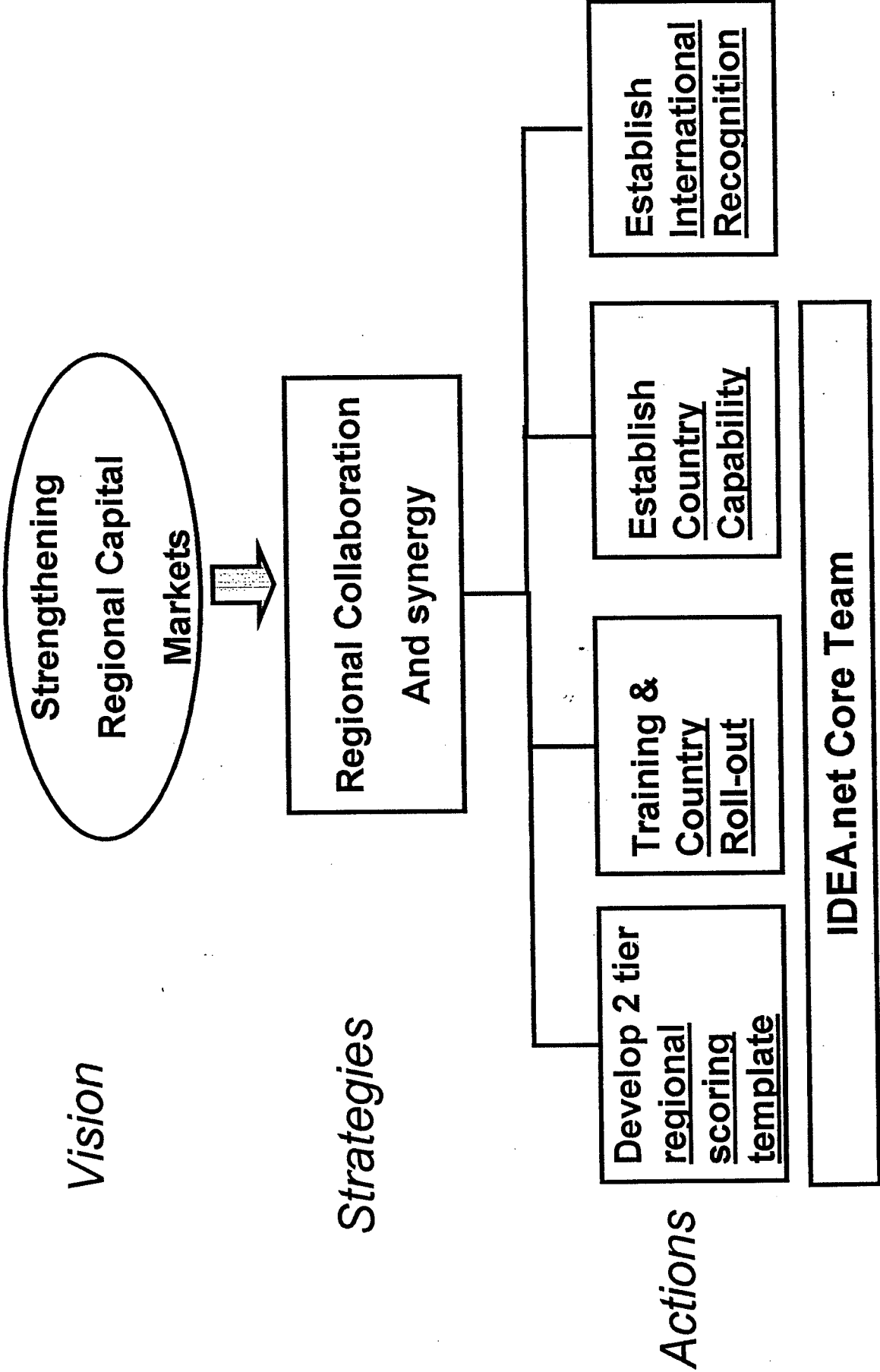
Country Report

- Country Report distributed to listed companies.
- Annual announcement / seminar.
- SET & Board of the Year awards.
- Company Report available.
- Introduce SET / SEC regulations.
- Focus IOD training & activities.

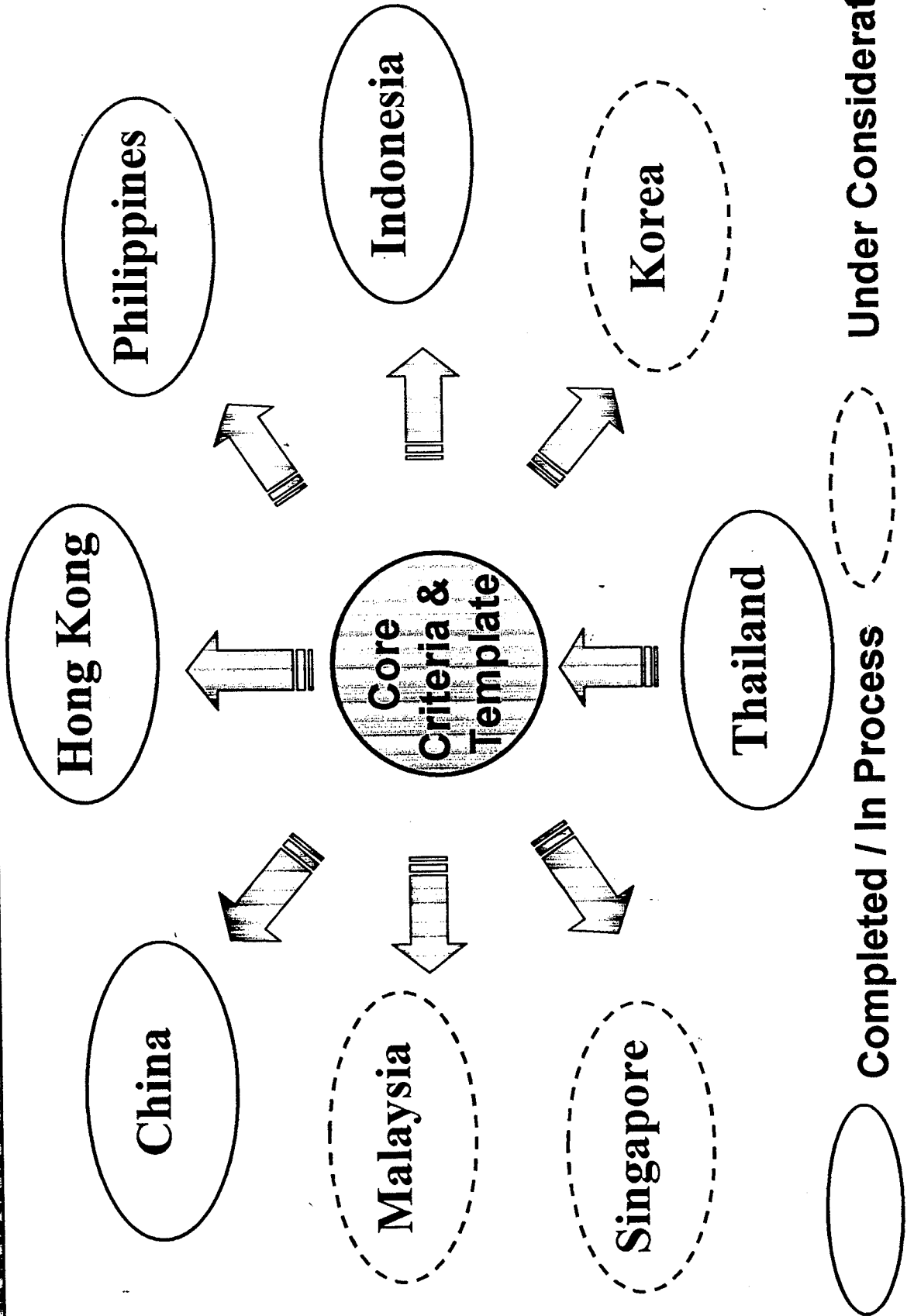
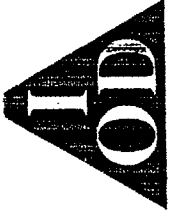
Company Report



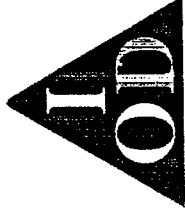
IDEA.net Regional Score Card



IDEA.net Regional Score Card



Commonality & Differences



Country - to - Country Comparison:

Related Questions / Issues :

- How?
 - Market to Market? / Company to Company?
- For what purpose?
 - Benchmark? / Recognition? / Academic?
- Pros & Cons?
 - Depth vs. span of evaluation

The Next Steps

- Endorsement / support from country regulators.
- Critical mass of countries participating at in the regional score card project.
- Funding and support for regional report?
- International awareness / recognition.
- Formal recognition / adoption by PECC.

