



## **The 2007 Asian Roundtable on Corporate Governance**

*“Ten years since the Asian Financial Crisis – where are we heading with corporate governance?”*

### **AGENDA**

**The Regent Hotel  
Singapore  
27-28 June 2007**

**In partnership with:  
The Government of Japan**

**Hosted by:**



## **Background and Objectives of the Asian Roundtable on Corporate Governance**

Established in 1999, the Asian Roundtable on Corporate Governance (ARCG) serves as a high-level regional hub for policy dialogue on corporate governance. The ARCG gathers the most prominent, active and influential policy makers, practitioners and experts on corporate governance in the region<sup>1</sup>, from OECD countries and relevant international institutions.

The overall goal of the ARCG is to assist decision-makers in their efforts to improve corporate governance in the region. Its' specific objectives are to:

- Encourage the implementation of the OECD Principles of Corporate Governance
- Improve understanding of the benefits of sound corporate governance frameworks and practices
- Promote an on-going dialogue between the private and public sectors
- Influence policy making, by providing a forum to compare and evaluate corporate governance developments
- Support viable and effective corporate governance reforms, by discussing and analysing policy options
- Inform the international community about national and regional reform initiatives
- Provide participating countries with access to international corporate governance developments.

Since its establishment in 1999, the ARCG has met eight times. Using the *OECD Principles on Corporate Governance* to focus the dialogue, the ARCG has examined a number of issues that in 2003 resulted in the *White Paper on Corporate Governance in Asia*. The White Paper is a consensus document that identifies policy objectives and formulates a practical reform agenda to improve corporate governance in the region. Following the release of the White Paper, the ARCG decided to focus its work on implementation of policy priorities. A recent tangible outcome is a *Policy Brief on Corporate Governance of Banks* (2006). Future priorities are being developed in consultation with ARCG economies, using also the *Stock-take Report on Progress in Implementing the White Paper* (2006). In addition, last year the ARCG decided to develop, under its auspices, the "Asia Network on Corporate Governance of State-Owned Enterprises" in order to reach the appropriate audience and to address the specific policy challenges ahead. The Network's objective is to raise awareness and promote use of the *OECD Guidelines on Corporate Governance of State-Owned Enterprises*, which were adopted in 2005 as the first international benchmark in this area.

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<sup>1</sup> The participating Asian economies include: Bangladesh, China, Hong Kong China, India, Indonesia, Korea, Malaysia, Pakistan, the Philippines, Singapore, Chinese Taipei, Thailand and Vietnam.

## Wednesday 27 June 2007

8:30 – 9:00      **Registration**

9:00 – 9:30      **Welcoming session**

- ◆ Mr. Tharman SHANMUGARATNAM, Minister for Education & Deputy Minister for Finance, Singapore
- ◆ Mr. Adrian BLUNDELL-WIGNALL, Deputy Director, OECD
- ◆ Mr. Peter STEPHEN, the World Bank

9:30 -11:00      **Showcase: Ten years since the Asian financial crisis - where we are in corporate governance today?**

**Introduction** by Mr. Mats ISAKSSON, Head, Corporate Affairs Division, OECD

**Moderator:** Mr. John PLENDER, Financial Times, United Kingdom

**Speaker:** Mr. Jisoo LEE, Analyst, Center for Good Corporate Governance (CGCG), Korea. Presentation of “2007 Overview of Corporate Governance Frameworks in Asia”

**Discussants:** Mr Farhad AHMED (Bangladesh), Mr Zhaoxi LI (China), Mr Charles GRIEVE (Hong Kong China), Mr Y.S. MALIK (India), Mr Anis BARIDWAN (Indonesia), Mr Seung Beom KOH (Korea), Ms NIK Ramlah Mahmood (Malaysia), Mr Zahid ZAHEER (Pakistan), Ms Atty Fe B. BARIN (Philippines), Mr Andrew KHOO (Singapore), Ms Yuan-ping TSAI (Chinese Taipei), Ms Nataya NIYAMANUSORN (Thailand), Mr Hoang Duong NGUYEN (Vietnam), Mr Hugh YOUNG (Singapore), Mr William CRIST (United States).

### *Discussion among Asian policy-makers and major investors*

1. What are the major lessons learned since 1997 in implementing reform? Also with respect to private and public sector roles?
2. What are the main obstacles to further reform?
3. What is the role of the international community?

**Background:** It is now ten years since the 1997 Asian Financial Crisis prompted the launch of the Asian Roundtable and endorsement of the White Paper, setting broad priorities. Since then, the Roundtable economies have made a tremendous effort to improve their corporate governance frameworks and practices. However, several challenges remain. This session provides an ideal opportunity to convey what the Roundtable economies have done to improve corporate governance and to confirm their commitment to tackle new and outstanding challenges. This will be done in the form of endorsing a policy statement that will accompany a recent cross-country survey on the current corporate governance frameworks across 13 Asian economies.

11:00– 11:30      **Coffee/Tea Break**

11:30 -13:00      **Session I: Current reforms in Singapore**

**Chair:** Mr John LIM Kok Min, President of Singapore Institute of Directors, Singapore

## **Section A (30mins): Corporate Governance in Singapore – An Overview**

**Speaker:** Ms. YEO Lian Sim, Head of Regulation and Risk Management, Singapore Exchange

**Background:** Strengthening corporate governance in Singapore since 1997. Its progress from a prescriptive to principles-based regime. What are some of the recent changes to the legal and regulatory framework? Have companies embraced better corporate governance practices? What are the priorities for corporate governance reforms?

### **Question and Answer Session**

## **Section B (45mins):**

### **1. Presentation on Directors' Nomination and Remuneration**

**Speaker:** Mr. WONG Meng Meng, Independent Director of UOB, Singapore

**Background:** Where to recruit directors? How can the search and nomination process for independent directors' be improved so as to ensure that their ability to exercise independent judgement is not compromised? How should directors be remunerated? How do you tap the directors' potential?

### **2. Presentation on the Independent Director's Role in Practical Terms**

**Speaker:** Mr. Kevin KWOK, Partner and Head of Assurance & Advisory Business Services, Ernst & Young Singapore

**Background:** Addressing the role of independent directors which goes beyond representing the interest of the minority shareholders to playing a meaningful role in the company.

### **Question and Answer Session**

13:00 – 14:30 **Lunch hosted by Ernst & Young**

## **14:30 -16:00 Session II: Moving away from box-ticking - the OECD Methodology for Assessing Implementation of the OECD Principles on Corporate Governance**

**Chair:** Ms Susan BAKER, Financial Attaché for Southeast Asia, U.S. Department of the Treasury, The United States

**Speaker:** Mr. Grant KIRKPATRICK, Senior Economist, Corporate Affairs Division, OECD

**Case study – Experience from Thailand:** Ms Nataya NIYAMANUSORN, Director, Corporate Governance Department, Securities and Exchange Commission and Dr. Roy KOUWENBERG, Chair of the Ph.D. and Finance Program, Assistant Professor, Mahidol University, College of Management, Thailand.

### **Discussants:**

Mr Matthew BRINE, Manager, Governance and Insolvency Unit, Treasury Department, Australia  
Mr. Pawan KUMAR, Director, Ministry of Company Affairs, India

### **Question and Answer Session**

**Background:** *The Methodology for Assessing Implementation of the OECD Principles* specifies assessment criteria for each of the OECD Principles and calls for assessments that look at more than the regulatory framework – what might be called “corporate governance on the books”. It also calls for assessments of actual company practices, whether shareholders have access to useful remedies, whether the regulators are effective and efficient, and whether the corporate governance framework as a whole promotes transparent and efficient capital markets. Examples are provided to guide the users of the Methodology. Like the OECD Principles, the Methodology recognises that there may be different ways to achieve the outcomes recommended in the OECD Principles, depending on the economic and legal context. The Methodology can be used by policy makers for self-assessments and by other interested organisations and researchers, such as director institutes, investor associations, analysts and academics. It will also be used by the World Bank in its *Review of Standards and Codes* (ROSC) programme.

16:00 – 16:30

**Coffee/Tea Break**

16:30-18:00

### **Session III: Shareholder activism and proxy voting**

**Chair:** Dr. William CRIST, Deputy Chairman and Executive Vice President of Governance for Owners, The United States

**Speaker:** Prof. Kyung Suh PARK, Professor of Finance, Associate Director, Asian Institute of Corporate Governance, Business School, Korea University presentation on “CG Fund Activities and Firm Value”

**Discussants:**

Mr. Jamie ALLEN, Secretary General, ACGA, Hong Kong China

Prof. Hasung JANG, Dean, Korea University, Business School, Korea

Mr. Abdul Wahab JAAFAR-SIDEK, CEO, Minority Shareholder Watchdog Group, Malaysia

#### ***General Discussion***

1. How does shareholder activism today compare to ten years ago?
2. What are the impediments to shareholder activism? What can be done and by which constituencies to create incentives and promote shareholder activism?
3. What measures can be taken to facilitate proxy voting at shareholder meetings?

#### ***Summary of Discussion by the Chair***

**Background:** As stated in the OECD Principles of Corporate Governance, shareholders should be able to vote in person or in absentia, and equal effect should be given to those votes. It is also important that investors understand the rationale for their vote and disclose their voting policies. The Asian White Paper on Corporate Governance also recommends that legislators and securities regulators promote effective shareholder participation in shareholder meetings. In particular, rules on proxy and in absentia voting should be liberalised, and the integrity of the voting process should be strengthened. The 2006 Stock-take of Implementing the Asian White Paper notes that policy-makers in some Asian countries have been focusing on how to streamline the voting process and ensure that all shareholders can effectively make use of their voting rights; proxy voting mechanisms have been put in place and will need to prove themselves in the years to come. However, according to a recent *Survey on Proxy Voting* by the ACGA, there are a number of practices across Asia that still prevent or impede effective shareholder participation in shareholder meetings and render proxy voting systems inefficient.

19:00

**Dinner hosted by SGX at Singapore Zoo including tour of Night Safari**

**Thursday 28 June 2007**

9:00-10:30

**Session IVa: Related party transactions – Break out sessions**

**Introduction by** Ms Fianna JESOVER, Senior Project Manager, Corporate Affairs Division, OECD

**Speaker:** Presentation by Dr. Stephen (Yan-Leung) CHEUNG, Chair, Professor of Finance, Department of Economics and Finance, Hong Kong China on “How does the grabbing hand grab? Tunneling assets from Chinese listed companies to the state.”

***Small roundtable debates on the following issues:***

1. What are the actual practices? What are the most difficult kinds of transactions to identify? Provide examples of concrete case studies.
2. What can be done to enhance disclosure and improve the approval process of related party transactions? What is the role of the public versus private sectors?
3. As a reality check and from the perspective of enforceability, do we need a threshold in terms of the amount of RPTs that require approval from the board (or the shareholders meeting), be publicly disclosed or reported to the authorities? If yes, what should be the threshold and how as well as by whom should it be set? Should certain RPTs be banned? If yes, which kind? How do the advantages (e.g. easier enforceability) of this approach compare with the disadvantages?

**Background:** To improve investor confidence and lower the cost of accessing capital for companies, a key priority is to improve transparency of corporate ownership structures and to clarify the responsibility for disclosure of related party transactions. Deals between a company and its major shareholders or others in a position to influence company decisions can play a legitimate role in business life, but they must be consistent with corporate objectives and be subject to checks and balances. There is always a risk that some owners may extract private benefits at the expense of other shareholders. As the OECD Principles note, transactions involving the major shareholders (or their close family, relations etc), either directly or indirectly, are potentially the most difficult type of transactions. Improving reporting and transparency of related party transactions is thus a critical aspect of protecting shareholder rights and enhancing public confidence in the Asian capital markets. This is reinforced in an *Asian White Paper* recommendation that policymakers should consider prohibiting listed companies from engaging in certain types of related party transactions, such as personal loans to directors, officers, controlling shareholders and others.

10:30 – 11:00

**Coffee/Tea Break**

11:00-12:00

**Session IVb: Related Party Transactions - Plenary**

**Chair:** Mr. Jesus ESTANISLAO, Chairman, Institute of Corporate Directors, Philippines

**Summaries by moderators:** Prof. Baqui KHALILY (Bangladesh), Ms Lu TONG (China), Mr. Lawrence LIU (Chinese Taipei), Mr. Gordon JONES (Hong Kong China), Mr Siddharta UTAMA (Indonesia), Ms Selvarany RASIAH (Malaysia), Mr. Asif SAEED (Pakistan), Mr. Sumant BATRA (India), Mr. Seung Beom KOH (Korea).

***Next Steps by the Chair***

12:00 -13:00

**Concluding Session**

**Chair:** Mr. Mats ISAKSSON, Head, Corporate Affairs Division, OECD

Sharing recent private corporate governance initiatives across Asia and international community

Main highlights from the meeting

Discussion on future steps and next meeting of the Roundtable by Ms Fianna JESOVER, Senior Project Manager, Corporate Affairs Division, OECD

Update on Asia SOE Network activities by Mr John LIM Kok Min, President of SID

Closing remarks by Ms. HSIEH Fu Hua, Chief Executive Officer, Singapore Exchange

13:00- 14:30

**Lunch hosted by ABN AMRO**

## 2007 Asian Roundtable on Corporate Governance

Singapore, 27-28 June 2007

### Organisation of the Roundtable meeting

The **showcase session** will be open to journalists (who will leave the meeting after this session). After a presentation of key findings from the “2007 Survey of corporate governance frameworks in the 13 Asian economies participating in the ARCG”, representatives from these economies will be invited to comment for 5 minutes each and to endorse the accompanying policy statement. Participants will then be invited to discuss the questions proposed in the agenda.

The remaining discussion is organised around **two main themes** that emerged as priorities in the *White Paper on Corporate Governance in Asia* and the *Stock-Take of Progress on Priorities and Recommendations for Reform*, namely shareholder activism and proxy voting as well as related party transactions, how they are disclosed and approved. This latter session will have a different format than the others. Participants will split up into small roundtables of about 10-12 people, in order to facilitate more interaction and in-depth discussion. Each roundtable will have a moderator who will be responsible for steering the discussion, focusing on the issues in the agenda and writing up a summary at the end of this session. This will be followed by a plenary session in which each moderator will present their summaries in 5 minutes time. Follow-up may include setting up a Task Force on Related Party Transactions in order to develop an implementation policy brief.

In addition, the **OECD Methodology** on Assessing Implementation with the OECD Principles on Corporate Governance will be presented and discussed.

Finally, participants will be invited to share recent corporate governance initiatives in his/her country or institution. This will be followed by a summary of key conclusions and discussion of next steps.

**Main speakers** are invited to launch the discussion for each session. Their role is to highlight the main challenges related to the specific theme, provide some elements to answer the related questions, and illustrate with their country experience. The objective is to stimulate reflection and encourage the exchange of views and experience on these complex issues among all participants. These initial presentations should last no more than 15 minutes each. Participants are asked to limit the use of slides to a maximum of 5 slides. Participants might also circulate in advance of the meeting or during the meeting descriptive documentation. **Discussants** are then invited to comment (in 5 to 10 minutes) on the main speakers' presentations reflecting on their own country experiences.

The discussion will then be open for **all Roundtable participants** to react, expose their views and discuss the issues raised in the initial presentation and related to the questions provided in the agenda. All participants are encouraged to actively and openly participate in discussions to provide the whole Roundtable with their country experience.

**Chairs** are invited to encourage open discussion among all participants, to maintain the focus on the theme of their session and to be strict in managing time.