Metro Pacific Investments Corporation continues to grow and improve its portfolio of companies by bringing its management expertise, innovation and best corporate governance practices to the delivery of public infrastructure.

Hand in hand with the government, we endeavour to transform, revive and fuel economic growth to uplift the quality of life of every Filipino.

We Invest. We Manage. We Transform.

Corporate Governance Asia has reached the 12-year milestone in its contribution to the professionalization of corporate governance in Asia. In recent years around the world, corporate governance has developed and grown in importance. New theoretical insights have appeared. Company law has changed and corporate regulation been extended. Stock exchanges have increased their corporate governance disclosure requirements.

But the most significant changes have been in board level practice. Responsibility for the governance of risk, which did not feature in early corporate governance codes, is now front stage. Creating the company’s ethical culture, determining its strategy, setting its corporate social responsibility, and integrating economic, social, and environmental performance are increasingly recognized as part of the boards’ corporate governance responsibilities.

Other significant developments have occurred in corporate governance practices. Institutional investors and an investigative media increasingly challenge board level decisions. Investor relation activities have increased in response. Growing concerns are being shown about business ethics, aggressive tax avoidance, alleged excessive executive remuneration, whistle-blowing, relations with auditors, and the proportion of women on boards (including ideas around the world on quotas).

It is apparent that no one ideal governance structure exists for all corporate entities. Many alternative structures can work in the appropriate context. Yet, despite all of the commentary on governance structures - unitary or two-tier boards, the proportion of outside directors, a lead independent director, defining director independence, the separation of chairman and CEO, board committees, and the rest - the issue of effective governance is not really about structure, it is about process: not about procedures, but about people.

Governance involves a political process. Governing bodies need to ensure that the entity fulfills its mission and meets its aims, whether these are providing goods or services to satisfy markets, offering a social service to meet society’s needs, or fulfilling some other purpose. In the process, the entity may create wealth, provide employment, facilitate innovation, and contribute to society, not least by paying taxes. A successful governing body needs a cadre of competent, respected leadership is a crucial driving force. Professionalism, with continuous personal development and learning, is fundamental. In future, governing bodies may have to be less rigid, less bounded, and more adaptable. That could lead to board styles that are transient, more flexible, and certainly less formal.

The growing significance of Asia in world trade, the importance of the financial markets of Hong Kong and Singapore, and the dramatic effect of China’s economic explosion emphasise the importance of the highest standards of corporate governance throughout Asia. Corporate Governance Asia has played an important role in promoting such standards. The next twelve years promise to be just as eventful and important.

Bob Tricker
Author/Professor

Bob Tricker wrote the first book with the title ‘Corporate Governance,’ following five years research at Nuffield College, Oxford. He was Professor of Finance at the University of Hong Kong for many years, was founder/editor of the journal ‘Corporate Governance – an international review’, and helped write the first Hong Kong Corporate Governance code. The third edition of his book ‘Corporate Governance – principles, policies, and practices,’ which was published by the Oxford University Press in February 2015, explores many of the above issues in depth (for more go to www.BobTricker.com).
Sponsored Section

Premium brand – Solid foundations

Recognised brand and reputation for quality set Sun Hung Kai Properties Limited apart

Sun Hung Kai Properties Limited (SHKP) is one of the largest property companies in Asia. It has a well-established corporate brand and has gained a world-renowned reputation for its top-quality developments.

The company’s core business is property development for sale and investment. It has a balanced income profile based primarily on residential sales and commercial rentals. SHKP possesses a large land bank for future business development. An important part of its prudent financial policies is to maintain abundant liquidity and low gearing. The company has always received high credit ratings from Moody’s and Standard & Poor’s. Apart from its complementary operations in the property related businesses including hotels, financial services, insurance and property management, SHKP also has investments in telecommunications, information technology, transportation, infrastructure and logistics. These investments provide growing recurrent income to the company.

Good corporate governance has long been a cornerstone of SHKP’s business philosophy. Managed by seasoned professionals who collectively formulate strategies to drive business forward for the best interests of the company, shareholders and employees, SHKP has received numerous international accolades over the years, which are the best testimony to its high standards of management and effective accountability mechanisms.

SHKP believes in “building homes with heart”, therefore it always puts customers first and strives for excellence in building premium properties, and it also continues to aim at staying innovative. Hence, its reputation for quality is highly trusted by customers. SHKP has received numerous international accolades over the years, which are the best testimony to its high standards of management and effective accountability mechanisms.

SHKP is dedicated to building first-class developments in Hong Kong and on the Mainland. SHKP is optimistic about the long-term prospects for Hong Kong and the Mainland. It has built some defining landmarks in Hong Kong. SHKP’s latest jewel in the crown, the International Commerce Centre (ICC), is the tallest building in Hong Kong spanning Victoria Harbour. It depicts the dazzling image of the Victoria Harbour Gateway together with the International Finance Centre (IFC), which is also one of the company’s finest developments. The company owns one of the biggest shopping centre networks in Hong Kong with malls strategically situated near to stations of the Mass Transit Railway, which helps them benefit from the high visibility flows. In addition, SHKP continues to adopt a selective and focused approach to invest in prime cities of the Mainland. The Shanghai IFC, comprising grade-A office space, a deluxe shopping mall as well as a 5-star hotel, is a stunning new integrated complex wholly owned by the company. The Shanghai ICC, another large integrated project of SHKP located in the busiest commercial area of Puxi, is easily recognised thanks to its innovative design that incorporates both the local metropolitan characteristics and many sustainability features.

SHKP is a good corporate citizen and dedicates its efforts to the community, the environment, education and charity. The company places great emphasis on environmental protection and adheres to green principles in all aspects of its business, from planning and design to material sourcing, construction, landscaping and property management.

SHKP is confidently looking forward to a bright future with its commitment to quality and service. Chairman and managing director Raymond Kwok says: “It takes vision to build a successful company and dedication to make it thrive. Our vision is to create quality developments that reflect our commitment to excellence. SHKP is poised to capitalize on opportunities to grow and solidify our leading position.”

SHKP’s shares are listed on the Stock Exchange of Hong Kong and are traded over the counter in the United States in the form of American Depositary Receipts. It

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The Asian financial crisis of 1997–1998 may now just be a distant past, but it will forever be etched in the corporate landscape in the region. The havoc that it unleashed had exposed the structural defects in several Asian companies that led to their demise and unprecedented bailouts undertaken by the global institutions to restore order in this part of the world.

Through the years since then, there is no doubt that Asia has done a remarkable job in enhancing the standards of corporate governance. This is manifested by the continuing vigilance in policing the corporate ranks and weed out fraud that turned investors off, but the regulators are also accommodating various outside opinions as it expands its businesses both at home and abroad.

In an announcement, SMFG and Sumitomo Mitsui Banking Corporation (SMBC) said the number of outside directors and outside corporate auditors will be increased by a total of eight, and take steps to further strengthen the supervisory functions of the board as part of their efforts to enhance and improve corporate governance with the aim of further increasing managerial transparency and fairness, and increasing its corporate value over the medium to long term.

In Hong Kong, news analysis from international law firm Freshfields Bruckhaus Deringer shows that the territory’s market regulator, the Securities and Futures Commission (SFC), substantially increased its enforcement activity in 2014. Based on the publicly available data, the analysis shows that the SFC has cumulatively issued 56% more disciplinary and criminal enforcement actions against companies and individuals than it issued during 2013.

One of the proponents of good corporate governance in the Philippines is the Ayala group of companies. In a keynote address in January this year, the Financial Executives of the Philippines, the chairman of Ayala Land Fernando Zobel de Ayala stressed that continued governance reform is necessary in the Philippines if the country wants to maintain its growth momentum.

“Growth where we are now as a country, it is imperative that the current momentum of structural and governance reforms that the current administration has put in place be continued,” he said. “The highest standards of governance must be maintained and reform measures must be continued in the next administration if we want to sustain our growth momentum.”

Indeed, for Ayala Land good corporate governance is not just a slogan but an integral part of its value system of the company. It has serve concurrently at both companies, but they have now decided to remove the concurrent service system and have each outside director or corporate auditor focus their efforts on one of the two companies.

In the Philippines, the country’s central bank policy-making body Monetary Board in February 2015 approved the revised guidelines on internal control and internal audit – raising the bar of control standards for the central bank-supervised financial institutions. The guidelines complement the other central bank initiatives to further strengthen the quality of governance in the industry and align existing regulations with international standards and best practices.

The guidelines feature the fundamental elements of internal control, namely management oversight and control culture, risk recognition and assessment, control activities, information and communications, and monitoring activities and correcting deficiencies. These effectively broaden the regulatory expectations on internal control from previously being limited only to the implementation of basic internal control activities to promoting share accountability of the board and personnel at all levels in the control process.

The guidelines also cover the central bank’s expectations on the internal audit function highlighting that it is to both assess and complement operational management, risk management, compliance and other control functions. Financial institutions are generally allowed to outsource the internal audit function to have access to certain areas of expertise or address resource constraints, provided that the scope of audit will not include areas that are covered by the existing statutes on deposit secrecy.

Of course, there are still occasional incidents of fraud that turned investors off, but the regulators are vigilant in policing the corporate ranks and weed out deficiencies. These effectively broaden the regulatory expectations on internal control from previously being limited only to the implementation of basic internal control activities to promoting share accountability of the board and personnel at all levels in the control process.

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How is investor relations shaping the standards of corporate governance at your company?

Melco
Chairman and Chief Executive Officer
Melco International Development Limited
Hong Kong

China Telecom believes that investor relations play a very important role in corporate governance and transparency. It includes a key strategic management responsibility that integrates finance, communications, marketing and securities law compliance to enable the most effective two-way communication between the company, the financial community, and other stakeholders, which ultimately contributes to the company’s securities achieving fair valuation.

Corsec, Compliance, Marketing Communications, among others) and expects that the core CG principles of accountability, fairness and transparency are likewise observed.

BDO Unibank Inc
Philippines

Investor Relations (IR) remains a key pillar of the Bank’s Corporate Governance standards through the promotion of global best practices in transparency, disclosure and compliance requirements.

This is consistent with IR’s strategy of creating a better shareholder interface and information accessibility among the Bank’s various stakeholders. IR presents a balanced yet robust content about the Bank in its active engagement with the local/global investment community. As well, it apprises domestic and foreign investors through prompt dissemination of material and relevant developments about the Bank. Further, IR continually enhances the Bank’s website for greater transparency and easy access.

In doing so, IR interplays with other units of the Bank (i.e.,

The Philippines is raring to go. So are we.
Ride this Asian bull market with the largest bank in the Philippines. BDO understands the country like no one else. Talk to BDO, and see how we can find ways for you.

We find ways www.bdo.com.ph

BDO Unibank
Philippines

China Telecom strives to maintain a high level of corporate governance and has inherited an excellent, prudent and efficient corporate governance style and continuously improves its corporate governance methodology, regulates its operations, improves its internal control mechanism, implements sound corporate governance and disclosure measures, and ensures that the Company’s operations are in line with the long-term interests of the Company and its shareholders as a whole.

Our persistent efforts in corporate governance have been widely recognised by the capital markets. We were accredited with a number of awards and recognition in 2014, including being voted “No.1 Most Honoured Company in Asia” by Institutional Investor for two consecutive years, “No. 1 Best Managed Company in Asia” by Finance Asia for four consecutive years and also “Overall Best Managed Company in Asia” by Euromoney for five years in a row. In addition, we were awarded “The Best of Asia – Icon on Corporate Governance” by Corporate Governance Asia.

We establish an Investor Relations Department, which is responsible for providing shareholders, and investors with the necessary information, data and services in a timely manner. It also maintains proactive communications with shareholders, investors and other capital market participants so as to allow them to fully understand the operation and development of the Company.

The Company’s senior management presents the annual results and interim results in Hong Kong every year. Through various activities such as analyst meetings, press conferences, global investor
The Public Bank Group sees effective investor relations function as an essential prerequisite of high standard of corporate governance. The Group engages and interacts closely with shareholders, investors, analysts and the media. In line with the principles of sound corporate governance, the Group embraces the practice of two-way information flow by adopting high level of transparency and accountability in conveying its views to the investment community and other key stakeholders, as well as listening to the feedback from them. The Group’s adherence to the best practices of investor relations has gained continued trust and confidence of the investment community.

To manage investor relations activities, the Public Bank Group has in place an investor relationship function that provides on-going engagement with the investment community. The Group pursues multiple channels to strengthen its shareholder ties and the general investing public. These include Public Bank’s annual report, half-yearly and annual briefings in conjunction with the release of the Group’s financial results and timely releases of the Group’s latest business initiatives. The investment community is assured of views and information on the Group are appropriate, accurate and timely. The processes typically managed by Investor Relations Department include disclosure of information, which is a key indicator of operational transparency, which is crucial to building investor trust and a performance audit mechanism for PTT.

Pallin Chuchottaworn
President & Chief Executive Officer
PTP Public Company Limited
Thailand

Chinese Viewpoints

The Chinese Viewpoints feature provides the readers with an insight to some of the best companies in China. The viewpoints are written by the senior management of the companies.

Wang Xiaochu
Chairman and CEO
China Telecom Corporation Limited
China

The Public Bank Group regards investor relations as one of the Company’s most important initiatives to communicate with the public and to improve the effectiveness of communication. As a public company, the Group focuses on ensuring that the information disclosed and the communication through investor relations webpage, the telephone hotline and email, and proactively attempt to deliver information over new media.

We continuously improve our corporate governance level and pro-
tect the interest of our investors. The annual shareholders’ meetings are held in Beijing and Hong Kong by real-time video link, allowing shareholders also plan responsibility for disclosing financial information and ma-
tial information to the media with important in-
corporation.

The Public Bank Group has been the key representa-
tive of PTT to reach and connect with institutional investors, creditors, securities analysts and shareholders. PTT’s Investor Rela-
tions department is responsible for disclosing essential infor-
maton and financial reporting which includes performance reports, financial statements and information reported to the Stock Exchange of Thailand (SET), together with quarterly management discussion and analysis (MD&A) reports with updated performance and corpo-
rate directions. These are disclosed to domestic and international shareholders fairly, regularly and thoroughly.

PTT regularly provides information to analysts, investors and employees at analysts’ meetings, roadshows, conference calls and conferences organized by various entities. PTT also holds joint activities with SET and other agencies to meet retail investors in such events like ‘opportunity day and SET in the city’. These helps investors to have more understanding on PTT, which can maximize the value of the company’s shares.

Consequently, the processes typically managed by Investor Rela-
tions Department improve the disclosure of information, which is a key indicator of operational transparency, which is crucial to building investor trust and a performance audit mechanism for PTT.

We are grateful to be honored as “Best IR Company” by Corporate Governance Magazine, which is an important acknowledgement to our efforts in improving investor relations work, as well as establishing public integrity and market reputation all these years.

Bank of China Limited (BOC), the most internationalized and diversified bank in China, fully understands the importance of investor relations for the development of the Group. Investor relations, as the key content of corporate governance, not only can help to boost the company’s market valuation, but also can support the management to timely receive suggestions from investors, which may enhance the company’s business management competence and strategy imple-
mentation ability. We always adhere to the principle of “Transparency, Integrity, Responsible and Trustworthy” to enhance our IR works and provide added value for investors.

We are dedicated to enrich diversified communication channels to improve the effectiveness of communication. As a public company listed on both Shanghai and Hong Kong stock exchanges, we release financial results four times a year. The senior management groups the opportunities to enhance communication with the capital market. On average, we provide over 130, reliable and timely manner, so that PTT’s shareholders and other stakeholders can receive such information with fairness and equitable treatment to support their decision-making. In addition, PTT shall establish departments to be responsible for providing information to the investors and the general public.

We also provide on-line voting system for A-share holders, to ensure that minority shareholders are properly informed and able to participate and make decisions. We constantly improve mechanisms for the smooth operations of the board of directors, information dis-
closure and shareholder engagement, to support the operations of the Board. We continue to promote the transparency to fulfill our responsibilities to the stakeholders including shareholders, customers, employees and society.

We are dedicated to improving the business management to increase the shareholders’ value. Since our IPO in 2006, RMB291.70 billion cash dividend had been paid out accumulatively, representing an aver-
ave yield of 39%, which is considerably above market average. In 2014, our business performance recorded further achievements and was widely recognized by our investors. Our A share and H share prices performed extraordinarily in 2014, leading most of our peers, JP Morgan, UBS and other investment banks upgraded our ratings to “BUY”. Standard & Poor’s and Moody’s both upgraded our credit rating to the highest level among our domestic peers.

In 2015, we will be a year with more opportunities for banks. We will keep developing our international business, enhancing our internal control, strengthening our Investor Relations and Corporate Governance performance, to fulfill our strategic goal as “Serving Society, Delivering Excellence”, and reward our investors and public.

Chen Song
Vice Chairman and President
Bank of China Limited
China

The relationship between effective investor relations and robust corporate governance lies at the heart of the modern corporate landscape. Companies must conduct business in a manner that not only maximizes shareholder value, but also balances the interests of other stakeholders so as to achieve long-term sustainable economic performance. A measure of a successful modern company goes beyond its economic performance. It must also be gauged by its ability to maximize value for all stakeholders, and for our positive social and environmental impact. In this context, CSR has become a focus of shareholder engagement, disclosure and dialogue. Henderson Land has always considered our social responsibilities to be a priority, placing our stakeholders at the heart of everything we do and being accountable to them. Understanding their issues and acting on them truly to promote their interests is fundamental to the way we conduct our business. Engagement also ensures that our ongoing sustainability and CSR objectives remain on track and that we pursue appropriate future strategies.

We pursue our best practices in corporate social responsibility at all levels of our operations undoubtedly continues to contribute to the growth and success of the company. Whether through carefully designed projects, close cooperation with our supply chain partners, or our significant-jer community initiatives in Hong Kong and on the mainland, Henderson Land’s approach centers around investing in a sustainable future.

As one of the first developers to apply internationally recognized green building standards and adopt new sustainable building technolo-

gies, we have been at the forefront of green building in Hong Kong and the company has been honoured with many major green awards. We have assembled an extensive team of professional green building specialists across our operations and we adequately support our envi-
ronmental education and the promotion of industry best practices and standards.

Our community investment activities are targeted at core areas that matter to society such as poverty alleviation, youth development, education, and social enterprise, and art and culture. We have established meaningful long-term partnerships with community bodies who are delivering innovative projects and initiatives that are creating positive change.

The Public Bank Group has always considered our corporate social responsibilities to be a priority, placing our stakeholders at the heart of everything we do and being accountable to them. Understanding their issues and acting on them truly to promote their interests is fundamental to the way we conduct our business. Engagement also ensures that our ongoing sustainability and CSR objectives remain on track and that we pursue appropriate future strategies.
Corporate governance and sustainable development are intertwined, with the latter playing an instrumental role in shaping the success of a corporation.

Hang Lung pursues high level of transparency in corporate governance that serve the best long-term interests of our stakeholders. We Do It Right corporate culture, quality buildings are constructed, high ethical standards are attained plus zero-tolerance policy is accompanied with the latter playing an instrumental role in shaping the success of good governance. This notion of sustainability is prominently embedded in Hang Lung’s structures and culture for more than half a century ago. Hang Lung pursues high level of transparency in corporate governance that serve the best long-term interests of our stakeholders.

At Hang Lung, we believe that measuring up to our own merituous standard is the best way to ensure We Do It Right. This motto shows how the Company expresses the concept of a high level of corporate governance in a few simple words. Under the We Do It Right corporate culture, quality buildings are constructed, high ethical standards are attained plus zero-tolerance policy is accompanied throughout the operations.

We set ourselves high standards of corporate governance which goes beyond regulatory requirements. Effective corporate governance requires more than just compliance with legislative and regulatory requirements but commands a broader scope to cover the relationships among the many stakeholders involved and the goals for which a corporation is governed. It must evolve and adapt to fit an ever-changing business environment and society's increasing expectations.

We believe in working closely with local partners to enhance the positive contributions we can make to the development of the local community. Hang Lung is committed to maintaining the highest and most rigorous standards of corporate governance to earn the confidence of our stakeholders as a whole. We Do It Right, and this will be an added competitive advantage for us to excel in the marketplace.

Philip N. L. Chen
Managing Director
Hang Lung Properties Limited
Hong Kong

It’s safe to say that the relationship between corporate governance and investor relations has grown increasingly intimate in recent years, particularly under pressure from European investors who have historically led the way in transforming traditional relationships and traditional ways of doing things. As strong corporate governance has grown increasingly crucial to successful investor relations practices, we have seen the rise of CSR advisory businesses who help fund managers decide which investments have been naughty and which have been nice. These circumstances quite inevitably thrust the IR function to the front in establishing CSR norms and carrying out CSR practices. In all, good investor relations acts as a force for good corporate governance, and that’s good for society.

First Pacific Company Limited
Hong Kong

"China Overseas Land and Investment Limited persists in upholding the highest standards of the capital market and industry, actively boosting the information disclosure and work quality of investor relations. Our management values productive exchange and effective communication with shareholders and the investment community. We are responsive to enquiries and open to suggestions. We strive to continuously improve corporate governance standards, increase the transparency of information, and strengthen our ability to deliver value to shareholders."

Hao Jian Min
Chairman and Chief Executive Officer
China Overseas Land and Investment Limited
China

Hang Lung is committed to maintain the highest and most rigorous standards of corporate governance to earn the confidence of our stakeholders as a whole. We Do It Right, and this will be an added competitive advantage for us to excel in the marketplace.
Investor relations is essential to ANTA Sports Products Limited (the “Company”), and allows the Company to maintain close contact with its shareholders and investors and keeps them well informed of the Company’s business developments. We recognise the value and importance of meeting high corporate governance standards to enhance corporate performance, transparency and accountability. We understand that effective and profitable growth with shareholders and the investment community and fair information disclosure in a timely manner through multiple and accessible channels not only give us credibility, but also facilitate the flow of constructive feedback and ideas that support our future development.

Besides annual reports, interim reports and announcements providing up-to-date information on the Company, we facilitate communication with our shareholders and the investment community and answer their inquiries through the results announcement presentations, conference calls, meetings and non-deal roadshows. The Company has held reverse roadshows such as headquarters visits, trade fair visits and store visits, and has also given them a better understanding of its business development and operations.

The Company has also launched a user-friendly investor relations website (http://m.anta.com) to keep its shareholders and investors updated on its business developments. The Company not only announces its financial results and holds AGMs without delay, but also uploads a vast array of relevant information such as annual and interim reports, press releases, announcements and webcast presentations onto its investor relations website. To stay abreast of the rapid development of mobile communications, the Company has also developed a mobile version of the investor relations website (http://m.anta.com) for smartphone users as an additional channel to provide easy access to its information.

In envisioning the future and sustainability of the Company, and in line with the spirit of integration espoused by the ASEAN Economic Community, alignment of the various interests of investors, PLCs and stakeholders is imperative. The unswerving commitment of all parties is equally crucial to ensure that the Company reaches its full, international potential – to be a world class company and service provider of choice while fulfilling the Company’s mandate of providing its customers and stakeholders the best value in energy, products, services and returns.

High corporate governance standards yield and attract high investments, which in turn translate to economic progress from within the Company and beyond. High corporate governance standards are believed to prove that what is ethically espoused is economically sound.

Oscar S. Reyes
President and CEO
Anta Sports Products Limited

The management of COSCO International believes that good investor relations work is crucial for excellent corporate governance. The IR office is responsible for setting up a bridge between the Company and shareholders. Through this bridge, COSCO International not only provides up-to-date and complete corporate information for shareholders and investors to enhance their understanding of the Company and enable them to make proper investment valuation, but also collects shareholders’ opinions and recommendations as valuable references for future decision making and continued improvement of corporate governance.

Casco International Holdings Ltd
China

Effective investor relations is good corporate governance. For this reason, investor relations is of significant importance because it is related to the future development and success of the Company. A plethora of business cases attest to the lofty corporate governance standards to engage, retain and at-tract more investors to the Company. The Company participates in corporate governance scorecard assessments to evaluate objectively the Company’s strengths and weaknesses in the areas of: a) rights and equitable treatment of investors and shareholders; b) role of stakeholders; c) disclosure and transparency; and d) the responsibilities of the Board. The assessment results provide the benchmark with which the Company is expected to improve its current corporate governance standards. The pursuit of these higher corporate governance standards is in line with the vision of growth of investment capital flows not only to the Company but also and more importantly, to the country.

Building the Company as a company with high standards of governance requires strong and continuing collaboration with investors, capital market regulators, industry players and independent corporate governance experts. The Company is dedicated to笠culturing and ultimately, building a culture of fairness, accountability, integrity and transparency across the ranks and firms top to bottom.

The Company ultimately aims to raise the standards of corporate governance to be at par with, if not exceed, its counterpart publicly listed companies (PLCs) in the ASEAN region. In an era when ASEAN PLCs are commencing to establish regional footprint, the underlying principle is for the convergence to facilitate cross border investor relations, operations and help companies expand their markets within the ASEAN region.

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In envisioning the future and sustainability of the Company, and in line with the spirit of integration espoused by the ASEAN Economic Community, alignment of the various interests of investors, PLCs and stakeholders is imperative. The unswerving commitment of all parties is equally crucial to ensure that the Company reaches its full, international potential – to be a world class company and service provider of choice while fulfilling the Company’s mandate of providing its customers and stakeholders the best value in energy, products, services and returns.

High corporate governance standards yield and attract high investments, which in turn translate to economic progress from within the Company and beyond. High corporate governance standards are believed to prove that what is ethically espoused is economically sound.

Oscar S. Reyes
President and CEO
Anta Sports Products Limited

The management of COSCO International believes that good investor relations work is crucial for excellent corporate governance. The IR office is responsible for setting up a bridge between the Company and shareholders. Through this bridge, COSCO International not only provides up-to-date and complete corporate information for shareholders and investors to enhance their understanding of the Company and enable them to make proper investment valuation, but also collects shareholders’ opinions and recommendations as valuable references for future decision making and continued improvement of corporate governance.

Casco International Holdings Ltd
China

Effective investor relations is good corporate governance. For this reason, investor relations is of significant importance because it is related to the future development and success of the Company. A plethora of business cases attest to the lofty corporate governance standards to engage, retain and attract more investors to the Company. The Company participates in corporate governance scorecard assessments to evaluate objectively the Company’s strengths and weaknesses in the areas of: a) rights and equitable treatment of investors and shareholders; b) role of stakeholders; c) disclosure and transparency; and d) the responsibilities of the Board. The assessment results provide the benchmark with which the Company is expected to improve its current corporate governance standards. The pursuit of these higher corporate governance standards is in line with the vision of growth of investment capital flows not only to the Company but also and more importantly, to the country.

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We believe that sound corporate governance is the foundation of a company’s sustainability. In investors’ relations, we are dedicated to keep investment community informed of the company’s business activities fairly, transparently and in real-time.

We set up investor relations department to serve the needs of communication with institutional investors. The team regularly organizes investor conferences, participates in seminars and roadshows to communicate Fubon’s operating performance, financial results, strategic development and direction with the investment community.

As a fair and transparent approach to manage company disclosure is shown in our daily operation. Our example is our practice in monthly earnings release. A general market practice in Taiwan is to disclose bottom-line figures to fulfill regulatory requirement. In Fubon’s case, we not only follow the practice of posting the information on stock exchange website. Additionally, we prepare documents to highlight key aspects of the company’s performance of the month. The information is disseminated through company website in both Chinese and English to ensure fair disclosure. We constantly review the webpage content to ensure sufficiency of information disclosure.

Another role investor relations team plays in the corporate governance practice is to provide investor feedback to the company management. Forms of feedback can be in a formal meeting presentation to the senior executives, and in emails to circulate internally with investors and analysts to share updates on our business, exchange market insights and ensure we are doing our part to help the investment community gain a deeper understanding of our business model.

The annual general meeting is another platform that allows shareholders to directly engage with our senior management and the Board of Directors. To address the wider investment community, our award-winning website (which was revamped in 2014) has a dedicated ‘Investors’ section where useful information can be easily accessed, such as stock exchange announcements and circulars, annual reports and presentations from past earnings and more.

We are pleased that our perseverance in upholding good corporate governance has earned the recognition and confidence of the investment community. Going forward, we will continue to raise the bar on corporate governance through enhanced communication with the investment community.

Spencer Fung
Group Chief Executive Officer

Li & Fung Limited
Hong Kong
that the highest standards of corporate conduct are in place within the Company and places great importance on corporate governance processes and systems so as to achieve its corporate objectives, ensure greater transparency and protect shareholders’ interests.

We believe that good corporate governance results from sound processes that ensure that our Directors are well supported by accurate and timely information, sufficient time and resources and unstrained access to management. The business judgment of the Board must be exercised independently and in the long-term interests of our shareholders. Efficient cooperation between the Board and the management, respect for shareholder interests, openness and transparency of corporate communications are key aspects of good corporate governance.

COSCO Pacific has always regarded investor relations as an important aspect of corporate governance. Effective communication through investor relations is one of the keys for upholding high standards of corporate governance. Our investor relations team supports designated executive directors and senior management in maintaining regular dialogue with institutional investors and analysts to keep them abreast of the Company’s developments and in attending to any queries promptly. The Company has established a Shareholders’ Communication Policy and reviews the policy from time to time to ensure its effectiveness. An open communications channel is maintained with the media, analysts and fund managers through one-on-one meetings, roadshows and conferences.

In addition, high corporate transparency through efficient investor relations is another key for upholding high standards of corporate governance. The Company believes regular and timely communication with shareholders forms part of the Company’s effort to help shareholders understand its business better. We release accurate information in a timely manner, according to standards higher than those of the disclosure regulations governing the Company’s listing.

To increase corporate transparency, in addition to announcing our business results voluntarily on a quarterly basis as usual, in 2015 we will publish our first corporate social responsibility report, giving stakeholders a more comprehensive understanding of the Group’s operations, and further improving the Company’s governance.

The Company believes that commitment to good corporate governance is essential to the sustainability of the Company’s businesses and performances. Effective and efficient investor relations are the key to uphold high corporate governance standard.

QIU Jinguang
Vice Chairman of the Board and Managing Director, Executive Director COSCO Pacific Limited China

SAN MIGUEL CORPORATION
We understand that good governance is key to developing investor confidence. The investing public should be able to make investment decisions based on factual and relevant information, as provided by the company.

The important role of Investor Relations in Corporate Governance is to ensure that information provided to the investing community—whether through research analysis, brochures or institutional investor calls—are timely, factual and consistent.

To this end, we continue to proactively engage analysts and investors in order to communicate to them our performance results and any relevant company developments, through investor briefings, one-on-one meetings or conferences. We also work with different departments within San Miguel to ensure that disclosures are immediately made available to the public.

Ramón S. Ang
Vice Chairman, President and COO San Miguel Corporation Philippines

CNOOC Limited
CNOOC Limited is committed to delivering value for our shareholders and stakeholders through effective communications and information disclosure. The investor relations function of CNOOC Limited plays a vital role in integrating finance, communications, and securities law compliance to enable the most effective and proactive two-way communications between the Company and the investing community at large. This strengthens the Company’s corporate governance by ensuring a high level of transparency and effective information disclosure.

Our long-term shareholders and investment analysts are also provided with ready, equal and timely access to balanced and understandable information about the Company (including in financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders and other market participants to engage actively with the Company. Maintaining a two-way communication with shareholders is one of the main goals.

Our professional practice in investor relations programs echoes and reinforces the Board’s primary role to protect and enhance long-term shareholders’ value. CNOOC is committed to a timely disclosure of information as a mean to further increase the transparency of the Company and as a commitment to heighten our high standard and consistent practice of corporate governance. Latest information of the Company including annual and interim reports, announcements and press releases, presentations, and webcasts are updated on CNOOC’s investor relations website (www.cnooc.com) in a timely manner.

To ensure our investors have a good understanding of the Company, our management engages in pro-active investor relations programs. Our Group Chief Financial Officer and Investor Relations Department communicate with research analysts and institutional investors in an on-going manner. In addition, our Chief Executive Officer and Chief Financial Officer meet with research analysts and the press after the release of announcements, attend major investors’ conferences and participate in international non-deal roadshows to communicate the Company’s financial performance and global business strategy.

In addition to its investors, the Company is concerned about other stakeholders and for years has factored in corporate social responsibility into every business decision.

Thomas Tang
Executive Vice President, Group CFO Esprit Holdings Ltd Hong Kong

• At Esprit, we recognize and value the importance of effective and clear communication to its shareholders as well as to potential investors and the public. We are fully committed to ensuring the highest standards of transparency and accountability in the disclosure of pertinent information relating to the Group.
• Our Investor Relations (IR) team, together with our Corporate Communications team, actively engages with research analysts, fund managers, shareholders, financiers and media to convey the Group’s strategies, and management’s execution plans to the investment community. Further to this, the team will also provide periodic updates on the Group’s performance.
• The Group’s engagements include institutional investors’ meetings and site visits as well as participation in non-deal investment road shows, one-on-one meetings and press conferences with the media.
• The Group’s top management includes the Group Managing Director/Group Chief Executive and/ or Executive Directors who also take an active role in engaging our stakeholders through their participation in the IR programme. During the financial year, the Company met 428 members of the investment community.

Liang Yidong
Vice President
CNOOC China

As a leading retail chain in Mainland China, New World Department Store China Limited (“NWDS” or the “Group”) has been striving in maintaining a seamless two-way communication with our investors. Fruitful comments and feedbacks provided by investors on the Group’s operations during the exchanges always motivates the management to

Esprit believes effective communication with shareholders would strengthen our commitment in high standard practice of corporate governance, which will translate into long-term value and ultimately maximizing returns to shareholders.

Esprit Corporate Governance Code was adopted by the board of directors of the Company aiming at providing greater transparency, quality of disclosure as well as more effective risk management and board control. Correspondingly, the Company has adopted a shareholders communication policy to ensure that shareholders, and in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including in financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders and other market participants to engage actively with the Company. Maintaining a two-way communication with shareholders is one of the main goals.

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Other effective communications enabled by the Group include making timely and informative disclosures in interim and full year financial results announcements, Annual Report and other announcements on Bursa Securities on relevant transactions undertaken by the Group.

Mahl Sing’s IR team also gathers feedback from investors. The Company will then consider whether there is a need to make any adjustments to the current policy, strategy and execution for further improvements based on the feedback gathered.

We believe that the high-frequency of 2-way communications between the organisation and the investment community will improve transparency and further strengthens Mah Sing’s corporate governance.

Additionally, the Group believes that timely releases of financial information and updates on other developments are important to enable shareholders and the general public to receive information on the performance and prospects of the Group on a regular basis. Shareholders, investors and members of the public are able to access announcements on Bursa Securities’ website at www.bursamalaysia.com and other information via the Company’s website at www.mahsing.com.my. The summary of interim results is also published in at least one (1) national newspaper.

TAN SEI DATO’ SEI LEONG KUEH YUN
Group Managing Director and Group Chief Executive Mah Sing Group Berhad Malaysia

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sharp up the standards of our corporate governance in order to live up with their and the society’s ever-changing expectations. Maintaining good corporate governance, including providing greater transparency and reliability of the Group, is our priority to safeguard the interests of shareholders and stakeholders.

Nowadays, more investors attach importance to the triple bottom line, the financial, social, and environmental effects of a company’s policies and actions, in determining its viability as a sustainable organization. Some investors even go an extra mile to adopt socially responsible investment approaches and only invest in sustainability companies. NWDS is at the forefront in this regard and has made progressive achievements in fulfilling corporate social responsibility (“CSR”) over the years. Back in February 2010, we established an inter-departmental NWDS Environmental Committee to formulate green policies and guidelines of the Group. In March 2012, the Environmental Committee was upgraded and renamed as the NWDS Sustainability Steering Committee to formulate more comprehensive sustainability policies. In April 2013, the Group set up NWDS Volunteer Team to encourage employees to take part in volunteering.

The proven track record and dedication of the American and European companies in promoting corporate social responsibility and environmental responsibility inspires its Asian counterparts. In recent years, more Asian companies have started to embed CSR culture in their business thanks to the improving corporate CSR landscape and tightening regulatory requirements, for instance, Hong Kong Exchanges and Clearing Ltd. plans to upgrade the obligation level for environmental, social and governance reporting to “comply or explain” for listed companies in 2015.

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We believe that PTTEP will be able to maintain high standards of corporate governance and continue to enhance our standards in order to achieve international best practice.

Cheong Fai-Yet, Philip
Managing Director and Executive Director
New World Department Store China Limited
Hong Kong

PTTEP

As PTTEP, we believe that to achieve substantial growth, prosperity, stability, sustainability and development, pride is through our strong commitment towards good corporate governance. Corporate Governance provides transparency and monitoring system as well as fosters positive relationship between PTTEP and all stakeholders. Investor Relations is one of the key functions that involves shaping up the standards of corporate governance especially on Information Disclosure and Transparency. Over the past several years, we put enormous amount of effort to improve the outreach and quality of communication to our stakeholders and strengthen the investor relations (IR) team to meet the new heights of investor’s standards.

Information disclosure and transparency is one of the essential elements of corporate governance as it is a channel for the public to access the company’s information. Hence, IR is committed to a disciplined set of conducts to ensure that information is available to the analysts, shareholders, retail and institutional investors and the general public on equitable access with utmost timeliness, transparency and accuracy. For instance, in addition to quarterly analyst meetings, PTTEP also put up a webcast and transcript of the meeting on our website. IR also hosts a quarterly conference call right after the financial results are announced. During the same period, IR participates in a retail investor event, organized by the Stock Exchange of Thailand (SET), to explain the financial results. Moreover, IR discloses the team’s contact information for better accessibility or inquiries from the general public.

Not only is IR responsible for providing information in a timely, accurate and transparent manner, but also accountable for collecting feedback and comments from the analysts and investors. IR reports the feedback from its stakeholders to the company management and the Board of Directors on a monthly basis, which is valuable to enhance the internal corporate governance practice, communication and work processes within our company. As our institutional investors are based both in Thailand and around the world such as in the United States of America, the United Kingdom, Europe, Hong Kong and Singapore, we believe that PTTEP will be able to maintain high standards of corporate governance and continue to enhance our standards in order to achieve international best practice.

Tevio Vongnueanich
President and Chief Executive Officer
PTT Exploration and Production Public Company Limited
Thailand

PTT Exploration and Production Public Company Limited

Nowadays, Environmental, Social and Corporate Governance (ESG) have become more important to investors. At the same time, many institutions set ESG as criteria for investment decision. In this regard, as one of global leading companies, PTT Global Chemical Public Company Limited (“PTTGC”) places high importance on Good Corporate Governance with the strong belief in long-term sustainable business operations. PTTGC, therefore, establishes Good Corporate Governance Framework for staff at all levels. Each individual has an obligation to know, understand and comply with the framework, including creation of long-term value, responsibility, capable treatment, accountability, transparency and ethics. In addition to the core framework, PTTGC considers “Investor Relations”, one of the company’s key front-line functions that has high interaction with investment community and...
Silent period for 14 calendar days before the result announcement date. Regulations to enhance Investor Relations personnel’s effectiveness—any inside information for personal benefits are strictly prohibited and inquire for necessary information. Confidential information and ethical disclosure and all of its acts adhering to the code of conduct for investors’ confidence in the company’s business operations, but also to conducting survey to collect feedback as well as suggestions from investors in key aspects. This approach has helped the company enhance its investor satisfaction as well as raise Good Corporate Governance levels.

With the ongoing development of Investor Relations and efforts of all other functions striving to reach our vision, “TO BE A LEADING CHEMICAL COMPANY FOR BETTER LIVING”, in 2013, PTTCGC has proven itself in the global arena. For instance, the Company is recognized by the ASIAN CG Scorecard, Dow Jones Sustainability Indices (DJSI) for second consecutive year and Corporate Governance Asia Award 2014 from Corporate Governance Asia Magazine for its successes in domestic and international venues. At last, PTTCGC’s Good Corporate Governance demonstrates that the company can bring sustainability to stakeholders, employees, clients, and investors. Under this, Investor Relations is the company’s key channel to fulfill better standards of Corporate Governance and raise PTTCGC to be one of the leading and best trustworthy companies in the world.

Manila Water: Investor Relations (IR) team adheres to the highest standards of disclosure, transparency and information dissemination. It facilitates programs and activities by which the company keeps its various stakeholders and the broader investment community informed of the developments in the Company’s business.

The IR team conducts Quarterly Analysts’ Briefings, attended by the Company’s Management Committee for both equity and credit analysts. Apart from this, the IR team lead by the Chief Financial Officer (CFO), communicates directly with institutional and individual investors by attending roadshows, investors’ conferences and conducting one-on-one meetings. During these activities, the different stakeholders were provided with relevant material information including operational and financial performance and other details on the transactions of the Company. The Company utilizes several communication channels to reach out to its various stakeholders. The IR website contains relevant information which may be required by the investors and other stakeholders. The IR team ensures timely uploading of information and disclosures in the website. The website also contains Corporate Governance and Enterprise Risk Management sections. The site has been designed to be user-friendly and easily accessible at all times. Aside from the website, the IR team communicates to its investors through electronic mails and phone calls.

Manila Water: Philippines

Pacific Basin: Philippines

Dry bulk shipping is a cyclical industry so offering a high degree of transparency is all the more important to our shareholders and investors. We are committed to ensuring the investment community is provided relevant information about Pacific Basin on a timely and regular basis, so that they have a comprehensive picture of our business, our performance and our prospects with which to assess the value of the Company.

Corporate governance serves to protect the interests of shareholders and to give shareholders a greater voice. We proactively engage with a broad range of institutional and retail investors as well as media and other interest groups. We believe that the transparency stimulated by active stakeholder engagement builds recognition of our brand and ultimately enhances shareholder value.

Maintaining and providing a high standard of investor relations is important in shaping Pacific Basin’s culture and the standard of our corporate governance. We consider every member in the company is part of the Investor Relations team and everyone is responsible for presenting the Company. It delivers the same corporate message to our customers, vendors and other stakeholders through their own roles and positions. We monitor our Investor Relations performance through a number of KPIs including Investor Engagement, Sell-side Analyst Engagement as well as Investor Perception Studies. We conduct annual customer and investor surveys every year. The feedback is carefully considered in our efforts to evolve and improve our corporate governance, so that we know we are doing the best we can to support investor confidence in Pacific Basin as a safe place to invest.

Pacific Basin Shipping Ltd
Hong Kong

MINOR INTERNATIONAL

Minor International, from the board of directors’ level, all the way to management and employees, realizes the importance of corporate governance, which is an important factor assisting us to achieve long-term growth objectives in a more sustainable manner. With this in mind, we place great emphasis on the rights of our stakeholders, whether they are our customers, employees, business partners or shareholders and investors, to receive the information on Minor International in an adequate, accurate and timely manner. Our investor relations function is responsible for the disclosure of information of our company, ranging from strategic direction of the company, growth prospects and financial performance to our corporate governance principals and practice, as well as our sustainability and corporate social responsibility strategies and execution. Our investor relations function also ensures the existence of efficient communication process and channels with all main-objectives of providing up-to-date and stand information and convenient access to our targeted audience of investors and shareholders through various communication tools including news releases, corporate website, annual reports, fact sheets, conference calls, presentations, publications and other IR materials. Given transparency being one of our core principles for our information disclosure, we strive to continue improving our corporate governance standards, through the voice of our investor relations function.

Chaipat Patium
ProVice President and Investor Relations Minor International PCL Thailand

The Company fully recognizes that maintaining timely and effective communication with shareholders is crucial to enhancing investor relations. From this, it endeavours to communicate promptly with shareholders and investors through various channels. This creates opportunities for more investors to gain in-depth understanding of the company’s business strategies and operations, while on the other hand, also allows the management to have a better understanding of the feedback from the capital market, so as to promote the continuous development and bring returns to shareholders and investors with better results. For instance, a report on investor relations is on the agenda of the meeting of the board of directors which is held every quarter. The results of such a report keep the management well informed of investors’ opinions. In an annual general meeting, the chairman of the board of directors and the chairmen of a number of committees under the board meet with the shareholders and answer their queries. Moreover, the Company’s executive directors, senior executives and personnel in charge of investor relations frequently attend investor conferences, seminars held by investment banks and regular meetings with institutional investors.

Yue Xin Property Company Ltd
China

Philes Mining: Philippines
Investor Relations has become a vehicle for transparency, especially with respect to financial and other information, to the investment community. Timely disclosures and a high degree of transparency, which are part of the IR function, enables the company to be appreciated more by investors and reflects on the level of corporate governance a company practices.

Philippine Mining: Philippines

Asian Viewpoints

Publications at large, as a company’s spokesperson not only to ensure investors’ confidence in the company’s business operations, but also to promote the company’s Good Corporate Governance by means of its ethical disclosure and all of its acts adhering to the code of conduct for all Investor Relations personnel as follows:

- Perform duties with integrity and in a professional manner - Disclose sufficient information by considering stakeholders’ benefits, rights, and fair treatment - Ensure that relevant stakeholders are able to access and inquire for necessary information - Confidential information and inside information for personal benefits are strictly prohibited - Conduct regular update to refresh wider knowledge, rules and regulations to enhance Investor Relations personnel’s effectiveness - Silent period for 14 calendar days before the result announcement date - Investor Relations personnel should not compete or meet with investor or analyst 14 calendar days before the result announcement date - Investor Relations personnel are prohibited to trade the company’s stock 14 calendar days before the result announcement date - Conduct a survey to collect feedback as well as suggestions from investors in key aspects. This approach has helped the company enhance its investor satisfaction as well as raise Good Corporate Governance levels.
At Bangchak, we have focused on cultivating an understanding of good corporate governance as well as an awareness of how to apply such principles in our daily life, which had turned into our company culture for 30 years and had been recognized internally and externally. This brings us to the core purpose of Investor Relations, by which, we are responsible for expressing, communicating, at all times, and conveying confidence and integrity through accounting & financial reporting responsibilities and company related information releases. And a crucial connecting point, we try our best to use Investor Relations to step up and lead the existing standards of responsibilities. We keep on building awareness and stressed out the aspect of good governance and corporate responsibilities through the use of multimedia like a report tailored for the matter, Sustainability Report, and our online Newsletters materials and contents. Not only that, our company has a guideline on how managers and employees are expected to comply in regards to uphold such values.

Chaiwat Kovavisarach
President
Bangchak Petroleum
Thailand

Over the past year, under the premise of ensuring the effective implementation of IR scheme, Li Ning Company Limited and the management further enhanced the ongoing communication with the investment community expressing interest in our business development. Timely grasping the opportunity to communicate and interact with investors to enable them to have a better and more personally and understanding in the ever-changing market environment is pivotal. As such, our IR team strives to maintain uninterrupted communication channels, and listen to questions and feedback from the investment community on the progress of business development of the company, as a proactive measure to safeguard two-way communication of information.

New market opportunities arising in the Chinese sportswear industry was accompanied by the intensifying cut-throat market competition among peers. Against such a backdrop, with various business measures implemented by the company in mind, the IR team actively communicated with the investment community and opened up communication channel to let them have a clearer understanding of our recovery trend and key progress of the company, and introduced indicators for measuring operational performance.

On the basis of compliance with the various information disclosure requirements imposed by the regulator, we strive to expand the depth and breadth of information dissemination to enhance information transparency, and stabilising market confidence.

We always value the continuous support of the investment community, recognise the paramount importance of maintaining a good shareholder base, and firmly believe that efficient IR practice is part and parcel of the management philosophy of the company. As we move onto a new stage of development in the current year, our IR team will continue to adhere to the principle of accessibility, credibility and timeliness (the “ACT”), and help the investment community fully comprehend the strategies and philosophies of the Company and uphold confidence of the market on our long-term development through continuous communication and exchanges.

Angus Yiu
Head of Investor Relations & Corporate Planning
Li-Ning Company Limited
China

For nearly half a century, CTBC Holding has undergone many changes that strengthened our dedication to teamwork and a sound corporate governance system where employers’ area of responsibility is properly defined for greater efficiency. We are the most proactive financial institution to expand beyond the borders of our home country and we have become the number one bank in Taiwan and a leading brand in Asia and are committed to delivering long term strategic and sustainable growth to all stakeholders—are customers, employees, shareholders, and society at large.

As one of the leading providers of financial services in the industry, CTBC understands the high expectation that is placed upon us. Every decision the company makes has profound impacts to our stakeholders and we have worked in pursuit of excellence to improve and fine-tune the efficiency of our corporate governance. From 2009 through 2012, CTBC assembled functional committees with the purpose of supporting the Board of Directors in their professional and independent supervision of the company and ultimately to protect the interests of shareholders. These committees are directly under the Board of Directors and they are the “Audit Committee”, the “Remuneration Committee”, and the “Risk Management Committee”.

In an effort to develop a proper board of directors system, the company implemented a series of reforms since 2007, including the introduction of independent directors, professional management and requiring independent directors to account for one-third of board members to enable greater transparency in board decisions. Furthermore, the company appointed legal, financial and management expertise from outside the company to serve as directors. Furthermore, a “Corporate Governance Officer” position was created under the Chairman of CTBC Holding to assist the Board of Directors implement sound corporate governance practices throughout the financial holding company and its subsidiaries.

The Board is the key to implementing important corporate policies. In order to help them better understand the diversity of CTBC businesses and facilitate the overall corporate management development, CTBC arranged various initiatives for the Board members, including regular research through courses and lectures as well as overseas onsite observation. This has allowed them to better understand the domestic and international trends in the industry.

In 2013, the company undertook a “CG0001 Advanced Corporate Governance Assessment” conducted by an independent third party (the Taiwan Corporate Governance Association) to determine how well directors and managers run the company and help determine whether the company’s corporate governance practices are adequate to protect shareholders’ interest. In 2014, we received a formal certification from the TCGA.

Corporate governance is the cornerstone to achieving a sustainable business and we continue to refine management system and series of controls that ensure that we remain guided by the standards set in years ahead. Looking forward, we will devote even more effort and resources in transforming CTBC Holding into a world-class institution and fine-tuning our corporate governance system to ensure the success of our future operations which we aim to exceed the expectations placed on us by all our stakeholders.

Daniel Wu
President and CEO
CTBC Financial Holding Co Ltd
Taiwan
Where is Asia now in terms of promoting corporate social responsibility and environmental responsibility? Are we in this region doing enough to embed this culture in our corporate landscape?

Melco

During recent years, Asian companies are becoming more proactive in carrying out corporate social responsibility initiatives, including environmental protection measures. Businesses are making a lot of effort to embed good corporate citizenship into their corporate cultures by incorporating CSR initiatives into their daily operations. As a leading gaming operator in Asia with deep roots in the local community, Melco has always been dedicated to good corporate citizenship by driving innovative CSR initiatives and supporting local charitable projects. As one of the Group’s core values, its employees’ participation in various CSR initiatives has been growing significantly.

Internally, the Group has been broadening the scope of its stakeholder engagement process by incorporating input from our staff while formulating our CSR strategies, and also running several charitable funds. Externally, Melco has made meaningful contributions through donations and sponsorship supporting charitable projects of NGOs in order to help improve the lives of the needy in the region, focusing on education, environmental preservation and youth development to create a sustainable future for the next generation.

In recognition of its outstanding contributions to CSR in the region, Melco has garnered a number of prestigious awards, including the Gold Label for its “Low-carbon Office Operation Program” awarded by WWF Hong Kong and the “10 Years plus Caring Company Logo” awarded by The Hong Kong Council of Social Service.

With the firm belief in the importance of serving and giving back to society, Melco will continue its efforts in CSR to broaden its role as a responsible corporate citizen in the region.

Lawrence Ho
Chairman and Chief Executive Officer
Melco International Development Limited
Hong Kong

Public Bank

Malaysia

The concept of corporate social responsibility (CSR), including the environmental responsibility is gaining greater prominence in Asia with more companies undertaking initiatives to address environmental and social concerns in their business activities. Most companies disseminate information on CSR through their website, annual reports and other communication channels. It is also very encouraging to see that CSR concept is being integrated into governance practice in many Asian companies today as these non-financial aspects such as environment and social issues are part of the environment in which the businesses are operating in.

In Malaysia, many companies have come forward to embrace CSR practice. The Government actively supports CSR and this is reflected in policy and regulation, tax incentives, reporting and voluntary standards, as well as their endorsement of CSR awards. In an effort to embed this culture in the corporate landscape, the Government requires all Public Listed Companies to disclose their CSR activities in their annual reports. Malaysia has also taken one step further in the sustainability road path with Bursa Malaysia introducing the Environmental, Social and Governance Index in 2014, encouraging companies to look into non-financial aspects such as a company’s environmental and societal initiatives in operating their business. For the Public Bank Group, CSR initiatives are focused on four key areas, namely, the community, marketplace, workplace development and environment sustainability, as guided by the principles and values as articulated in the Group’s corporate philosophy. The CSR activities undertaken by the Group clearly demonstrates the Group’s commitment to contribute sustainably to the community and the environment.

Nevertheless, there is still greater scope for Asian companies to enhance their CSR practices. CSR is not only meant for large companies. CSR can also be a strategic tool for the small and medium enterprises to enhance their competitiveness.

Public Bank

Malaysia

Broadly speaking, Asia still has a lot of catching up to do to meet the standards of corporate governance common in other jurisdictions. I expect great strides over the short to medium term with the firming up of regulatory practices and increasing transparency in social government when the regulators insist on clean hands, we will soon see that everyone will have clean hands. But let us not allow those in more mature markets look down their noses at Asian corporate governance practices, the greatest failures of corporate governance
As an international fashion company, Esprit has always been focused on social, environmental and ethical matters as a core part of our DNA. For us, sustainability means creating high quality fashion that lasts and that our consumers can enjoy for a long time. Our commitments include creating sustainable products, fostering a sustainable environment for future generations to enjoy, developing and supporting our people, and respecting laws, regulations and standards.

In recent years, we have seen an increasing awareness in corporate social responsibility and environmental responsibility within the industry, especially public concerns over the social compliance of suppliers/partnerships in Asia. Being a global company, Esprit strives to conduct business in accordance with the highest ethical, social and ecological standards that apply globally. Esprit takes its responsibility very seriously in offering our customers ethically produced merchandise. We strive to ensure that esprit’s products are manufactured under conditions where workers are treated fairly, safely and with respect, taking into account local laws and international standards (including anti-corruption regulations).

Furthermore, Esprit recognizes that partnerships are vital to increasing the impact of our work and to achieving the systemic changes necessary to improve working conditions globally. We maintain informal contact with a wide range of stakeholders, and focus our efforts on three formal multi-stakeholder initiatives that give structure to our programs, thereby extending its reach. Some programs we have engaged in include: i) joining the Business Social Compliance Initiative in 2009 to commit to improving the transparency and improved working conditions in the global supply chain; ii) becoming a “Better Work” global buyer partner in 2013 to support and improve workplace conditions in our supplier factories in Vietnam, Indonesia, and Cambodia; and iii) focusing on The Bangladesh Accord on Fire and Building Safety to improve fire and structural safety among factories following the factory disasters occurred in Bangladesh in 2012 and 2013. Nonetheless, Esprit has a supply chain that thoroughly reflects our broad reach. This is particularly true when addressing social and environmental challenges by identifying priorities and striving for continuous progress in a step-by-step manner.

Thomas Tang
Executive Director and Group CFO
Esprit Holdings Ltd
Hong Kong

Regionally, companies in Asia are more aware of their share in promoting corporate social and environmental responsibility and this becomes an integral part of their business practices. In the Philippines, specifically, companies have been involved in various activities and created a group to handle their CSR initiatives. In Vista Land, we also dress our commitment to the environment and society by launching our green efforts through “Greencorex,” a comprehensive program dedicated to implement eco-friendly practices in our communities. This program includes Waste Segregation, where biodegradable materials are turned into fertilizer and non-biodegradables are recycled; Coconut coir netting, which is a sustainable material to prevent soil erosion; Tree planting, where pine trees are being planted in the cities and villages to create green areas that purify the air, hold the soil, and soothe the spirit; Greencapes, which focuses on growing and proliferating endemic plant species on property grounds. As a company, the commitment we make to sustainable practices ensures the longevity of our business and the planet’s shared resources.

Manuel Paolo A. Villar
President & CEO
Mah Sing Group
Philippines

In Asia, the role of corporate social responsibility (CSR) and environmental responsibility has taken time to evolve from simply being a brand-building tool to becoming an expectation from external stakeholders for good corporate governance. Whereas previously companies viewed CSR as more of a cost center, I think today we’ve moved beyond that and more and more companies see the benefits and opportunities of having a sustainability strategy. An effective strategy incorporates sustainability initiatives into daily operations and business planning is required to maximise the positive impacts to communities in which we live and work. We don’t view sustainability as simply measuring specific metrics or counting our charity donations, it is a guiding principal for how we do our business so it is important that all stakeholders, both internal and external, understand and support the business. Internal and external stakeholders are engaged through various community sporting events such as The Edge Rat Race and the Frost & Sullivan Run. The Company is an ardent supporter of community sports as it unites people regardless of their age and cultural backgrounds while inculcating a healthy lifestyle amongst the community. The Company also aims to foster creative spirit, teamwork and camaraderie through community sports as these values are essential to achieve greatness - be it on the track, at work or at home.

The Company is also no stranger when it comes to caring for the environment. The Group continues to work on ever-improving designs, layouts and where possible, to incorporate environmental-
friendly green features and innovations in its property development products. Under the project design & planning stage, the Group has registered many of its development projects for green certification such as World Green Building Council which include Malaysia’s Green Building Index - GBI, Singapore’s Green Mark, or United States’ Leadership in Energy and Environmental Design (LEED); or Real Estate and Housing Developers’ Association Malaysia’s (REHDA) GreenRE; Icon City, Petaling Jaya

• Phase 1 & 2 (Plan 1): GBI Certified Provisional Certificate obtained (various components)
• Tower 1 (Plan 1): GBI Certified Provisional Certificate obtained
• Tower 2 (Plan 1): LEED (Gold) Provisional Certificate obtained

M-City, Kuala Lumpur

• GBI Certified Provisional Certificate obtained.
• Finding issuance of GBI Mark (Certified) Provisional Certificate

Ferronight Residence, Penang Island

• Phase 2: GBI Certified Provisional Certificate obtained
• Phase 3C — Target to register for Green Mark (Gold)

Icon Residence Mont’ Kiara, Klang Valley

• GBI (Certified) Provisional Certificate obtained
• GBI Mark (Certified) Provisional Certificate obtained

Southbay Plaza, Penang Island

• GBI Mark (Gold) Provisional Certificate obtained
• GBI Certified Provisional Certificate obtained

Lakeview Residence, Kuala Lumpur

• GBI (Certified) Provisional Certificate obtained

Southville City, KL South

• Office Tower - Target to register for GreenRE (Gold)

Additionally, The Group’s divisions demonstrated continual commitment to provide its customers with the highest standards in product delivery processes and systems towards quality products. Both the property and plastics divisions IQS 9003:2008 “Quality Management System” certified. Mah Sing has many of its development projects which are Building and Construction Authority of Singapore’s Construction Quality Assessment System (CONQUAS) assayed. Contractors of the CONQUAS-assayed projects are required to comply with CONQUAS requirements, allowing Mah Sing to set targets on the desired standard and quality of its developments. As a measure of product quality, close to 90% of the CONQUAS-assayed projects were above 70%, both architecturally and structural scoring combined.

Tan Sri Dato’ Sri Leong Hoy Kum
Group Managing Director cum Group Chief Executive
Mah Sing Group Berhad’s Malaysia

ASIAN CSR

The ASEAN integration is a positive and definite step towards promoting corporate social and environmental responsibility in Asia. For many years, social and environmental responsibility and business ethics varied across Asian economics because of differing cultures and social structures. However, the ASEAN efforts to deepen integration will put an end to this barrier to allow for common principles across borders. As the ASEAN integration pushes not only economic goals, but also equitable economic development and reduced socio-cultural disparities that will facilitate integration into the global market, Asian economies will be worked to adopt a more holistic view of corporate social and environmental responsibility and gradually accept the idea that business success goes hand in hand with common policies and principles on social responsibility, environmental and business ethics.

RCBC Philippines

Our country is also hit by numerous natural calamities every year, and always, our local business sector is quick to respond at these times. In the case of San Miguel Corporation, we are currently implementing a Meycauayan housing project in Leyte province for victims of typhoon Haiyan. More than 1,300 families will benefit from this project. Previously, we also committed to build 1,000 new homes for victims of typhoon Sendong in Cagayan de Oro, Negros Oriental, and Bislig province. These housing projects are done in partnership with Local Government Units and an international non-governmental organization.

Environmental stewardship is also important to us, because so much of our businesses depend on sustainable practices. We have a good number of projects across different businesses—that aim to protect our bodies of water and forests. The company always goes beyond compliance. We advocate good environmental practices as a Standard Operating Procedure and incorporate these as part of the day to day operations of our company. We also subject our projects to Environmental Impact Assessment before they are implemented.

Apart from these, San Miguel and its subsidiaries also have many projects in the area of education—such as building schools, training teachers, and providing scholarships—and livelihood generation, capacity-building for communities, healthcare, disaster management, and nutrition.

Ramson S. Ang
Vice Chairman, President and COO
San Miguel Corporation Philippines

International Finance Corporation (IFC): Performance Standards and Environmental & Social Principles

Our commitment to always try to do the right thing, to take a long-term view, to support our clients and customers and the communities where we operate. Our core markets, including Asia, are continuing to see strong economic growth and increasing demands for financial services. This represents a massive opportunity to promote sustainable, balanced and inclusive growth consistent with our IFC’s goal of a good brand promise.

Sustainability is integrated into how we do business. We focus on three main areas: contributing to sustainable economic growth, being a responsible company, and investing in communities (focusing on youth, health, education and the environment).

Our sustainable finance policies and position statements set out the standards that we expect of ourselves and encourage the same from our clients. Referring industry-wide benchmarks such as the
TCL Communication recognizes the importance of corporate governance and this is an all-embracing issue for all levels in the company. As part of the company’s approach to corporate governance best practice, TCL Communication has developed a corporate disclosure mechanism and has established a process for timely disclosure of material information.

In order to address the interests of our shareholders, potential investors, analysts as well as the media, TCL has set up various channels including investor meetings, AGM, company visit and teleconference, etc. which allow openness, transparency and barrier-free corporate communications.

We take our corporate social responsibility by heart and have initiatives to apply CSR principles in the fabrics of our day-to-day operations practiced by each member of our staff force. As such, the Company strictly complies with the business convention and the Code of Ethics, meanwhile we conduct ethics training sessions to help employees make ethical decisions. We see enhanced employee loyalty and pride in working as a TCL employer.

With a team of experienced and competent investor relation experts in TCL Communication, we will continue to embrace good corporate governance in all levels of the company and enhance the standards in accordance with national and international standards.

Thomas Yuk Tung LIU
CFO
TCL Communication Technology Holdings Ltd
China

The concept and practices of corporate social responsibility and environmental responsibility globally are Western-led. Asian entities are picking up the conversation upstream and the concept has taken root more firmly in developed countries than in developing Asia.

It is a fact that Asia is made up of diverse countries in vastly different stages of development, so is the sustainability movement characterized by a huge disparity. On one end of the spectrum, there are many companies still trying to get their head around the basics of corporate social responsibility (CSR). In the Philippines, social and environmental responsibility has become an integral part of the corporate existence, to the extent that the government even requires a portion of a company’s capital expenditures to be dedicated to CSR efforts. Across Asia, we believe that the practice of social and environmental responsibility is also increasing but we understand that more needs to be done and regulatory bodies can provide assistance to further champion initiatives towards these.

Philex Mining
Philippines

“Social and environmental responsibility has already been a major awareness to companies in Asia, including Philex. It’s become a corporate culture and embedded into business strategy. We realise that it has a major part in developing sustainability both to business and stakeholders.”

PT Pertamina
Indonesia

In a world with depleting natural resources, increasing rate of urbanization and rapidly changing consumers’ expectations, corporations need to be more ambitious in addressing the global social and environmental responsibility on equal footing with the financial bottom line. In other words, we must fully embrace corporate sustainability into every aspect of our operation. Collectively, in Asia we’ve made tremendous progress in embedding this value into business strategy, operations and culture. However, those high-impact, interconnected and complex global sustainability-related events in Asia has been growing, with more businesses, particularly in extractive and other “controversial” sectors have made great strides to project themselves as socially- and environmentally-responsible organizations.

Warawar Tippawanich
Senior Vice President – Corporate Affairs and Corporate Secretory
PTT Global Chemical PLC.
Thailand

In general, Asia is one of the more active regions insofar as corporate social responsibility (CSR) is concerned and there are enough companies that are truly seeking to make CSR – and sustainability more broadly – integral to their strategy and operations. What is needed is appropriate policy, legislation and regulations at a national level – and thus companies look to government as a key driver in the promotion of CSR. Better monitoring of compliance is also required to promote better implementation of long-term CSR strategies and the development of CSR-savvy, professional staff.

Another important driver are discerning international clients who increasingly expect their Chinese/Asian suppliers and partners to develop a better understanding of the CSR concept and establish more comprehensive and effective CSR practices.

Pacific Basin Shipping Ltd
Hong Kong

In Hong Kong we are fortunate to see a number of companies that truly seek to make CSR – and sustainability more broadly – integral to their strategy and operations. Such companies see the value of CSR to their performance, are willing to make the necessary investment to develop a CSR framework, and are willing to meet the challenge of CSR best practice.

To other companies in the region, CSR and sustainability remain a dark art, and/or conflict with systemic issues that they and their countries still need to overcome. Nonetheless, this is more evident than in China where understanding and implementing CSR remains largely limited to philanthropic activities. In China, environmental impact and workplace issues have received growing attention, but fair operating practices (especially anti-corruption) do not receive the attention that international best practice demands.

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Pacific Basin Shipping Ltd
Hong Kong
With the global trend of the ever-changing economic, social, and political environment, sustainable development, while taking into consideration the expectation of and impact to stakeholders, have become more and more critical to an organization’s success and long-term growth. Companies are increasingly encouraged by various parties, including investors and governmental agencies, to focus more on their sustainability development. A positive sign is evidenced by the increasing number of Thai companies being included in the Dow Jones Sustainability Index.

In 2011, only one company was included in the Index, while in 2014, the number of companies increased to 10, including Minor International. Asian companies are therefore moving in the right direction to implement and promote corporate social responsibility and environment responsibility. Take Minor International as an example. Today, sustainability is part of our five-year strategic plan, which is approved by our board of directors, and carried out by our management and employees. We believe four key factors - people, customers, partners, and environment - drive the sustainability not only of Minor International, but also of our key stakeholders and our community, and we embed the practice into our everyday life. Going forward, we will see more and more sustainability development of Asian companies, and Minor International will continue to be a part of the sustainability drive into the future.

Chaiwat Kovavisarach
President
Bangkok Property Thailand

On a macro level, Asia’s transformation is encouraging as we see more corporations of various sizes pledging their resources in driving corporate social responsibility initiatives, as well as committing towards a better environment. A continued growing number of corporations in Asia have started the journey and some have even taken the lead in developing, innovating and implementing various CSR initiatives that we can be proud of on a global scale. Today, more than ever, CSR is an important means to provide a positive impact towards key stakeholders and the environment. Having a social responsibility is now a way of life with significant impact to many industries in the region. For instance for us, it is evident in the travel and tourism industry as we observe a growing demand in green tourism and eco-tourism, especially in Asia, making CSR an important arm in any corporation. There is of course always room for improvement and opportunities to do more in enhancing the culture of social responsibility not just on a corporate level, but also on an individual basis. Creating such cultures require continued education, taking small but important steps to help raise awareness. At Genting Hong Kong, we remain committed in playing a key role in the communities that we strive to be worthy to serve, as well as in sharing their aspirations. It is in our value system and part of our fundamental belief that in our small little way, we can make a difference in the everyday life of the communities we live in.

Genting Hong Kong Ltd
Hong Kong

We believed that we are at the forefront of these issues, as well as our regions, and global investors. The evidences are found from the newly developed investment products (i.e. Green fund, ESG Fund, etc.) and awareness of authorities like an continuously growing number of signatories of The United Nations-supported Principles for Responsible Investment (PRI) Initiative which represents a growing number of asset under management in which its fund manager incorporated the implications of sustainability into their investment decision making and ownership practices.

The challenge is not how to run the industry, but how a corporate like us urges the investment community to recognize the impact of Environmental, Social and Governance (ESG) and incorporated those factors into their investment. These values were true and embedded deeply into our culture and business direction which we believed it was a challenge that lays ahead for us to help on promoting and made its significant in the future.

Chaiwat Kovavisarach
President
Bangkok Property Thailand

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Asian Corporate Directors Index

NEW SERVICE
to Asian Corporations
advancing the POWER of your Board and Management
Will Alibaba-Style Corporate Governance Take Off?

For investors looking at corporate governance, it is still the maxim of caution that rules the day - high risk, high return.

Investor Concerns

From a governance perspective, the sensitivity of Alibaba stems not from the magnitude of the share-offering. Rather it is in the way shareholders are treated in the listed Alibaba. The most notable concern is that shareholders do not have the power to elect directors to the board. Instead this power is vested in the so-called “Alibaba Partnership” which is a group of some 30 of the firm’s original founding members and associates.

So after finding the path blocked in Asia, it was the New York Stock Exchange that could permit such unique governance mechanisms as in Alibaba.

US stock exchanges are probably some of the toughest in the world for their listing requirements while the broader regulatory environment there is also very exacting and elaborate.

While the share prices may stagger, Alibaba’s record breaking New York IPO in September 2014 has left an indelible mark on the global corporate governance landscape.

As the largest ever listing, raising over US$25 billion, the Chinese e-commerce giant has garnered close attention amongst investors and regulators across the world. Alibaba had initially considered listing in several Asian markets, and this was reportedly its preferred choice.

But in key regional markets such as Hong Kong and Singapore regulators were unwilling to bend their stringent listing requirements over shareholder voting rights.

Market Acceptance

Yet, the Alibaba IPO passed the market test. On the first day of trade, the price shot up by a hefty premium of 38 per cent.

The creative mode of IPO by Alibaba with control a collective body - Alibaba Partnership - is not a new concept in the Chinese way of governance.

As a nation, China is ruled effectively by the Politburo of the Communist Party of China. So it is not too much of a stretch for some to call the Alibaba method as “corporate governance by Politburo.”

Indeed this is probably the next big thing in the so-called “corporate governance with Chinese characteristics.”

Tipping Point

The key question in many people’s minds is whether there will be more of Alibaba-style IPOs.

Certainly, Alibaba’s share price declined after the high point a few months after the IPO. However, analysts pointed to uncertainties in the business environment rather than prevailing issues in corporate governance as the cause of the downturn.

While there may be purported business problems in product authorizations and trading practices, it appears that no major governance-centric controversies have arisen other than the persistent hounding of regulatory authorities by specific lobbyists.

If anything, the concerns and risks in corporate governance have been discounted in the trading price just after the IPO.

So now that the dust has settled the question is whether Alibaba will be a forerunner for a new era in corporate governance? Will we see more of such types of governance structures particularly at IPOs?

Alibaba, it seems that the traditional notion of shareholder democracy has taken a back seat. Or is it too early to tell?

Bundesbank Effect

Alibaba may indeed be a beginning of a new trend. However, there may be several conditions after Alibaba-style corporate governance in companies can take off on a wider scale.

First, the company must have mastered power. It must be a potential game-changer in the industry.

Alibaba has wielded considerable supremacy in being a pioneer in creating online trading platforms, especially in the business-to-business domain.

Second, the company must have deep pockets, with access to plenty of ready cash.

For investors looking at corporate governance, it is still the maxim of caution that rules the day - high risk, high return. And of course, it is also no risk no return.

In any case, investors know full well what they are buying into the Alibaba and they buy with their eyes open.

Optimism and Caution

Alibaba is probably not a one-shot phenomenon. There will be others in the pipeline.

Eventually, it will not be China-specific or Asia-specific; it may well be a new global wave, just like any corporate governance innovation can happen anywhere.

There is optimism in seeing more Alibaba’s coming into the scene.

As they often allude in the US, what is good for General Motors is good for the country. In our case, what is good for Alibaba is probably good for China.

The debate is whether corporate governance is being altered to serve this good for one country, and less for the world.

For investors looking at corporate governance, it is still the maxim of caution that rules the day - high risk, high return. And of course, it is also no risk no return.
Diversity Matters: Adding Colour to Boards in Asia

Clearly, much more work is required to improve board diversity, especially gender diversity, in the region. This finding should elevate the addition of more women to boards to a best practice and allay the concerns of those who view it as a concession to tokenism. Besides gender, we examined diversity with respect to age and educational qualifications. It is widely accepted that a more diverse board better reflects society’s progress, strengthens decision-making and risk-management by adding varying perspectives, and improves communication with shareholders and the credibility of the company.

While board diversity in the broadest sense has become an important corporate governance benchmark, it is gender diversity that has attracted global attention. Much of the debate has centered on ways to tap the talent of women for top management positions, including the use of quotas.

The issue of gender diversity has particular relevance for Asia given the growing number of women entering the workforce in the region and entrenched attitudes that tend to pose a barrier to their advancement. Our study found some optimistic signs. The number of all-male boards decreased in 2015 while the average female percentage on Asia Pacific boards rose to 9.4% from 8.0% in 2012. That compares with 19.2% for S&P 500 companies in the U.S. and 22.0% for FTSE 100 companies in the U.K.

Not surprisingly, figures vary across Asia Pacific. Australia continues to have the highest proportion of female directors, followed by New Zealand and China. South Korea has the least with Japan faring slightly better. Indonesia and Hong Kong have above average female representation in the double digits while Singapore, despite showing some improvement over the years, is below average and marginally better than India.

Domestic factors such as policies and guidelines, rapid changes in the economy and social perceptions played a role in boosting the number of female directors in some countries. In China, the percentage of women on boards surged 57% between 2012 and 2013, reflecting a more inclusive business environment, which has increased the need for talent. In India, changes to the Companies Act in 2013 made it compulsory for listed companies to have at least one woman on their boards. As a result, the percentage of female directors increased to 7.3% that year and we expect the percentage to increase further in the near future.

However, women remain under-represented on Asian boards. Just 24 of the 1000 largest Asian companies examined have at least four female members on their boards. Of the 24, nine are in China, nine in Hong Kong, and six in Indonesia.

Few women hold top leadership positions such as chair of the board or CEO. China has the highest percentage of female CEOs while New Zealand has the highest percentage of female chairs. Japan does not have a single woman in either position while India and South Korea do not have any female chairs.

Clearly, much more work is required to improve board diversity, especially gender diversity, in the region. As the report shows, some countries that have opted for mandatory measures have made quick progress in increasing the number of women at senior levels. Elsewhere, suggestions to implement quotas for women in senior management have met with resistance.

Ultimately, much depends on a company’s readiness to acknowledge the advantages that a diverse board can bring to the business and to address any imbalance. We hope the findings of this report will spur such action.

REPORT BY: Korn Ferry and National University of Singapore Business School Centre for Governance, Institutions & Organisations

KORN FERRY and Centre for Governance, Institutions & Organisations NUS Business School
Maximizing Asia’s Economic Potential: Corporate Governance is Key

As we look ahead, the pressure for better governance in all of the region’s markets is only going to mount

By Rita Benoy Bushon

More Scrutiny Needed for Private Placements

As an overarching principle the places should be made known and how they can add value to the company if such placement exercises are desperately needed by the company.

The arguments, as I have often asserted, not favouring and limiting private placements are monumental. Yet there continues to be numerous examples of this kind of corporate exercises that enable the interest of minority shareholders, especially in cases when the reasons are not compelling.

The reasons for our dissatisfaction, in no particular order, are as follows:

- When the company is doing well and having sufficient cash flows, where the capital structure is not highly levered nor the public company signals its interest to discount shares that are offered to others. If the company is not doing well and is in need of capital and has insufficient cash flow, where the capital structure of the company is highly levered, then the newly issued shares will dilute the value of shares held by minority shareholders.

The detriment to the minority shareholder is clear. If the share price rises once the private placement exercise is announced, the effective discount to the market price is further widened. The places suffer minimal down-side, while enjoying tremendous upside if and when the exercise goes through.

And depending on the size of the placement, the new stock has a dilutive effect on the minority shareholders.

Which should be in line with other exercises.

Further, we would suggest that limits be imposed on private placements, such as for example, limiting the issue to no more than 10% of the issued shares at the time of the minimum public spread (subjected to regulatory mandate or the amount required to meet the minimum public spread).

Recent examples have surpassed the typical thresholds of 10% of outstanding shares capital some even hitting 30%. In one case, an additional share option scheme was issued thus diluting the effect could be as high as 50% of the company’s share capital.

This move in our opinion could be interpreted by the market as one way as a means of fending off hostile takeovers. However, it is to the detriment of the other minority shareholder rights since their interests have been ignored in favour of the major owners protection of their interests by way of a private placement. Though this is within the laws, minority shareholders will be disadvantaged if all companies start doing such corporate exercises. Especially in a region where bully blocking structures are so prevalent.

We assert that there should be far greater scrutiny over private placement exercises by regulators, shareholders and directors.

A recent study by the Asian Corporate Governance Association has long focused on corporate governance as a critical aspect of our efforts to deepen markets, encourage new investment, and help companies grow so they can create jobs, boost incomes and stimulate economic development.

In East Asia, we are working in emerging markets such as Indonesia, Mongolia, and Vietnam to help identify governance weaknesses and establish roadmaps for improvement, enabling them to better compete for the global capital flows that could contribute so much to their future economic growth.

Rita Benoy Bushon
Chief Executive Officer
Minority Shareholder Watchdog Group (MSWG)

By Philip Armstrong
Senior Advisor
Corporate Governance, International Finance Corporation

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DBS Championing Social Entrepreneurship

“We believe in being a force for good!”

Our journey began in 2008 when our SME banking colleagues came across social enterprises (SEs) during their interactions with the business community. They learned more about how SEs offer sustainable solutions to bridge inequalities by generating social returns.

We spoke with partners on the ground and realized that we could meet the fundamental banking needs of SEs. Hence, the DBS Social Entrepreneurship Banking Package (SEB package), the first cash transaction banking account customised for SEs in Singapore and Asia, was introduced. DBS also made the first step to engage with SEs that year through volunteering programmes and by engaging students in Hong Kong, which is a mature market for SEs.

As a bank born and bred in Asia, we understand the challenges faced by communities. As Asia grows, businesses need to increasingly aware of their social responsibilities and do their part to build a better and more inclusive community.

We increased our footprint in traditional philanthropy and voluntarism, as seen in our ‘Happy Fave Asia’ project in 2009, which focuses on children and learning. However, we needed to find a more sustainable platform that played to the strengths of our business.

We reflected on our heritage: DBS was born of the Economic Development Board to finance the development of Singapore. With our roots as the Development Bank of Singapore, we rolled out many fast initiatives and supported the nation on its journey to where it is today.

We saw that SEs are the way forward to addressing social inequalities and helping to build a more inclusive and sustainable society. SEs are critical in bridging the gap between private entities and social enterprises.

We believed SEs offer innovative and sustainable solutions to social challenges in a constantly evolving Asia. By developing commercially viable solutions, SEs strive to provide jobs, goods and services to the disadvantaged and act as vehicles through which positive change can be delivered to communities.

Entrepreneurship is a part of DBS’ DNA and we have always believed that small and medium-sized enterprises (SMEs) are the backbone of Asian economies. Having worked closely with the SMEs sector since 2008, we decided to dedicate our efforts to championing Social Entrepreneurship as it plays to our lineages and strengths.

We announced our official CSR mandate to Champion Social Entrepreneurship and started dipping our feet in a number of initiatives to drive awareness.

Senior management came together to strategize our social responsibility efforts and put together a 3-pronged framework, which presents a holistic approach to our support for SEs. The three prongs were:

- Increase awareness of SEs and the social entrepreneurship sector by working closely with like-minded academic institutions, government bodies, industry associations, sector developers and the media.
- Support SEs through seed funding, mentorship and volunteering.
- With the talk and integrate the support of SEs into our culture and operations through special banking packages, procuring goods and services from SEs and encouraging our employees to volunteer at various SE-related initiatives.

The SE package was rolled out to the other five markets we operate in: China, Hong Kong, Taiwan, India and Indonesia, giving more SEs access to virtually free banking services. We further enhanced the DBS SE package to allow a zero balance, allowing them to enjoy more flexibility. A business loan component was added to the banking package in Singapore; offering loans to SEs at half the market rate, providing much-needed capital support.

Subsequently, programmes for supporting SEs were rolled out in India, China, Indonesia and Taiwan, with partners in the social enterprise sector.

What differentiates us is our proactive approach and full-suite of different SE initiatives. SEs are not only supported in terms of funding and business mentorship, but also receive training and networking opportunities. Furthermore, supporting social entrepreneurship is in itself as many corporates still view CSR through a traditional lens, focusing on philanthropic initiatives like donations. Social entrepreneurship is a nascent stage in Singapore, and few corporations focus solely on SEs.

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We also believe in involving and educating our customers on social entrepreneurship.

In 2014, we held our first Social Good Clinic at the DBS Asian Insights Conference to educate our customers on responsible capitalism and social entrepreneurship. We invited Andrew Hsiwitt, Founder of GameChangers 500 — a list of the world’s top-purpose driven organisations using business as a force for good, to discuss how social good is shaping the Asia of Tomorrow.

In order to engage the private sector, DBS sponsored the SE pitch at the 5th Annual Singapore Institute of Director’s (SID) Conference 2014, which was attended by 500 senior executives and directors. Panel discussions on the emergence of a new capitalism model which sees profit as purpose and business imperative were also held. This enabled networking and opened up collaboration opportunities for SEs and corporates.

Given the nature of social entrepreneurship is still not clearly understood in Singapore, we have worked to raise awareness of the positive impact that SEs bring to a wider audience through thought leadership engagement. We featured four local SEs in a series of articles in Straits Times in 2014. These articles also contained practical advice for SEs on available financing options.

We believe that our staff are our strongest advocates and as such, we strive to embed social entrepreneurship into our culture by involving staff in SE-related activities. Our initiative was the establishment of a permanent Social Enterprise Exchange at our headquarters, which gives us the opportunity to showcase our staff’s skills, services and causes.

To be effective, SEs must also be successful businesses. They need to be able to deal with commercial realities like access to capital, cash flow and day-to-day management. Hence, we strongly encourage our employees to share their experience and expertise with SEs through mentorship and volunteering.

We are aware that SEs are highly driven in achieving their social mission, but often lack the capacity to address their strategic, operational and financial challenges.

We conduct regional skilled volunteering programmes that leverage our people and knowledge to provide business expertise, such as financial management, operational and marketing communications, as well as skills such as business development and fundraising.

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In 2014, we launched our inaugural DBS Scallion which leveraged the skills of our talents to help two SEs, Billion Brickles and Kervala Gourmet, strengthen their business strategies and scale up their operations and social impact. Senior executives from within the bank also provided strategic counsel for social enterprise in the areas of finance, such as cash flow and financial modelling.

In 2014, we launched the PACT Incubator programme, in partnership with Hub Singapore and National Youth Council, to help social entrepreneurs grow and scale SEs. Grants given to SEs in 2014, provided financial modeling.

Having progressed over the years together with the nation, DBS Foundation will help scale up our support for SEs that benefit communities in Asia and make an explicit greater and lasting impact in addressing the region’s evolving social issues. As the only corporate foundation in Asia solely dedicated to championing social entrepreneurship, DBS Foundation contributes towards building a more inclusive society so that those at society’s margins can enjoy productive and rewarding lives. DBS Foundation works with SEs and social entrepreneurs in our six key markets, engaged in activities ranging from basic training & workshops to intensive incubation, project grant support, forums for knowledge sharing and senior management mentoring.

In addition to supporting social enterprises, DBS encourages its staff to volunteer for worthy causes. In 2013, the bank established the People of Purpose movement to facilitate staff volunteerism efforts. The movement had a participation rate of 15%, with 3,500 employers providing 18,000 hours of volunteer work. Some examples of how we have given back to the community through active volunteerism include home visits to seniors living alone and hosting the elderly on an outing to the aquarium, which had close to 1,000 employees touching the lives of 300 senior citizens. To encourage staff to play a more role within the communities, they are given two days of annual volunteer leave to work on causes of their choice.

To signal our serious commitment to addressing the region’s evolving social needs, DBS launched a SGD 20 million foundation in 2014, in conjunction with Singapore’s 50th year of independence.

“As DBS, we are of the view that we share a positive relationship with the societies and communities which we operate in. We believe in having a focus for good. Apart from creating long-term economic value, we also seek to positively benefit the communities we live in and deliver social value. The DBS Foundation will enable us to be a further catalyst of change”, - Piyush Gupta, CEO, DBS Bank said at the launch of the 50 million DBS Foundation.

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although this is down markedly from last year’s 69%. This is likely due to the fact that oil prices are higher in North America, rising to 43% from 33%. CEOs in Western Europe (31%) and Central and Eastern Europe (30%) are least optimistic about their company’s growth prospects.

Looking country by country, India’s CEOs top the list, with 62% very confident in their country’s short-term prospects. Other leading countries include Mexico (50%), the US (46%), Australia (43%) the UK and South Africa (39%). China (36%), Germany (35%) and Brazil (30%). Among the least confident countries are France (23%), Venezuela (22%), Argentina (22%); and, at the bottom of the list, Russia, with only 16% of CEO’s very confident in growth for 2015. This is down from 35% last year when Russia’s CEOs were the most confident in the world.

Commenting on the survey results, Yeo Hoon Jin, Executive Chairman, PwC Singapore, said: “The world is facing significant challenges: economically, politically and socially. Globally, CEOs overall remain cautious in their near-term outlook for the worldwide economy, as well as for growth prospects for their own companies. While some mature markets like the US appear to be rebounding, others such as the Eurozone continue to struggle. And while some emerging economies continue to expand rapidly, others are slowing. Finding the right strategic balance to sustain growth in this fast changing marketplace remains a challenge. CEO confidence is down notably in oil producing nations around the world as a result of plummeting crude oil prices. Russia, the US and Canada are worst hit, with 20% of CEOs extremely confident in their company’s growth prospects. Other leading countries include Mexico (50%), the US (46%), Australia (43%) the UK and South Africa (39%).

The Competitive Landscape
Asia Pacific CEOs worldwide say their company has recently entered or considered entering one or more new industries in the last three years, and more than half (56%) believe that organisations will increasingly compete in new sectors in the next three years. Asia Pacific CEOs share similar sentiment, at 58%.

CEOs worldwide think a significant competitor is emerging or could emerge from the following sectors: technology (32%), retail and wholesale distribution (19%), and communications, entertainment, media, and technology (19%).

Globally, CEOs are concerned in all regions compared to last year with the exception of energy costs where they are slightly down at 39%.

The Digital Age
The emergence of digital technology has completely changed how companies do business; 50% of CEOs say the world is concerned about the speed of technological change compared with 47% last year. Mobile technologies are seen by 81% of CEOs globally as most important to their company, followed by data mining and analytics– 78%. Cybersecurity (78%) and social networks (77%) are seen as particularly high.

CEOs know that they must be adaptable to disruptive changes in technology impacting their markets. They need to put technology at the core of their business strategy to create value for customers.

Talent Diversity and Adaptability
Half of CEOs around the world say they will increase their headcount over the next 12 months, while 21% expect a decrease (this remains about the same as last year).

In ASEAN, 67% of CEOs expect to increase headcount in the next 12 months, with only 13% planning to cut their work force this year. As CEOs seek to meet the challenge of finding the right people, 81% globally say they are looking for a broader range of skills to help them take advantage of disruptive changes. Singapore is well-placed to leverage on digital technology both at a national and business level, thanks to the sound infrastructure put in place by the Singapore government, and Singapore businesses should seize this advantage to work faster; smarter and more securely,” concluded Yeo Hoon Jin, Executive Chairman, PwC Singapore.

TABLE 1:

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<th>Country</th>
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<td>Argentina</td>
<td>11%</td>
<td>10%</td>
<td>16%</td>
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<td>Russia</td>
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* The ASEAN countries in which interviews were conducted are Cambodia, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.
of skills, compared with 87% in ASEAN. Interestingly, while nearly two-thirds of CEOs’ organisations (64%) worldwide have a diversity and inclusiveness strategy, only 55% of ASEAN CEOs have one. Of those who have such strategies, 95% say it has improved their bottom line in ASEAN, compared with 85% globally.

ASEAN highlights can be found below as Appendix A.

Notes:
• Survey Methodology: For PwC’s 11th Annual Global CEO Survey, 1,322 interviews were conducted in 77 countries during the last quarter of 2014. By region, 439 interviews were conducted in Asia Pacific, 453 in Europe, 147 in North America, 167 in Latin America, 49 in Africa and 45 in the Middle East.

The full survey report with supporting graphics can be downloaded at www.pwc.com/crusery.

List of country/regional CEO saying they are very confident of 12 month growth. (See table 3)

List of CEOs planning job increases by industry. (See table 2)

Appendix A

PwC’s 2015 Global CEO Survey

ASEAN highlights (CEOs from Cambodia, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam participated in the survey)

47% of ASEAN CEOs very confident of 12-month company growth
80% of ASEAN CEOs have said they think changes in industry regulation will be disruptive for their industry over the next 5 years.

Note: global figures in brackets.

Company growth prospects
47% (39%) of ASEAN CEOs anticipate very confident of growth in their company over the next 12 months. This is up from 45% last year.

• In the longer term, 54% (49%) are very confident about their own company’s prospects for revenue growth over the next 5 years.

Global economy
49% (37%) of ASEAN CEOs anticipate global economic growth will improve in 2015.

Growth opportunities
71% (76%) of CEOs said there are more growth opportunities for their company today than there were 5 years ago.

• When asked to name the countries most important to them for their growth over the next 12 months, 46% of ASEAN CEOs named China, 38% the US, and 21% Indonesia.

Structuring
61% (73%) of ASEAN CEOs plan to implement a cost-reduction initiative over the next 12 months.

Reconstructing
53% (51%) plan to enter into a new strategic alliance or joint venture.

Headcount talent and diversity
67% (56%) of ASEAN CEOs expect to increase headcount in the next 12 months.

63% (21%) plan to cut their workforce this year.

55% (64%) of the CEOs in ASEAN said they have a strategy to promote talent diversity and inclusiveness.

50% (83%) of the CEOs ranked the possibility of enhancing business performance as one of the main benefits of having a strategy to promote talent diversity and inclusiveness.

50% (83%) voted for strengthening brand and reputation, with 79% (91%) opting for attracting talent.

10% (31%) of CEOs agreed that they always equip employees with new skills through continuous learning or mobility programmes.

47% (91%) agreed that they look for a much broader range of skills when hiring than in the past. Finally, in place three, 80% (78%) said they always use multiple channels to find talent, including online platforms and social networks.

Threats
66% (59%) said there are more threats to the growth of their companies today than there were 5 years ago.

• The top three potential economic and policy threats highlighted by ASEAN CEOs: 87% (72%) cited geopolitical uncertainty, 82% (70%) increasing tax burdens, and 79% (70%) over-regulation.

• Of those threats, 79% (51%) cited bribery and corruption, 73% (73%) availability of key skills, and 72% (59%) high or volatile energy costs.

Disruptive trends
37% (42%) asked about disruptive trends that will transform their business over the next five years, a high 89% (56%) cited changes in industry regulation, followed by an increase in number of significant direct and indirect competitors – traditional and new – with 79% (64%).

Competition and opportunities
58% (56%) of ASEAN CEOs believe that industries will increasingly compete in sectors other than their own, over the next three years.

• When asked if CEOs are currently engaged with partners through joint ventures, strategic alliances or informal collaborations, ASEAN CEOs said with suppliers 41% (41%), and business networks, clusters or trade organisations 34% (29%).

• 51% (47%) considered the access to new consumers as the reason for collaborating in joint ventures, strategic alliances or informal collaborations, and 51% (42%) said the reason is the access to new geographic markets.

• When asked about industries outside the one that could emerge as significant competitors, 50% (32%) of CEOs cited the Technology industry, and 21% (39%) Retail and Wholesale Distribution.

Government
64% (87%) of CEOs in ASEAN thought a priority for government should be to work on an internationally competitive and efficient tax system. 89% (54%) thought their government has been ineffective in achieving this.

61% (60%) said their Government should give priority to creating a skilled and adaptable workforce. 57% (41%) thought their government has been ineffective in achieving this.

• When asked if they were seeing changes in international policies and regulations, 50% (53%) of ASEAN CEOs said they were seeing changes in the way governments are increasingly implementing more competitive tax policies, which are influencing organisations and decisions on where to operate.

• On the other hand 62% (47%) said they weren’t seeing any changes in the way collaboration among governments and businesses is more effectively mitigating climate change risk.

Data, thank you for the kind introduction, and thank you to Christopher Tartle and the Council on Foreign Relations for the opportunity to speak today about the outlook for the global economy in this New Year 2015.

The Council and the IMF have much in common: they both take a global perspective; they were both founded after global conflicts – World War I and World War II; and they both joined the post-war period for a more peaceful and more prosperous world. I am glad to say that we are still on the same team.

Good teamwork and strong leadership will be needed this year. The latest update of our World Economic Outlook – with all the specific numbers and more – will be formally presented next year. But before I delve into the details of the challenges ahead, I would like to share with you a brief story that has resonated with me.

Late last year, on November 12, a little spacecraft operated by the European Space Agency made the first-ever landing on a comet after a three year journey. The touchdown on the comet, called 67P, was part of the ongoing “Rosetta” mission, which is led by a multinational team of scientists. Together, these scientists have extended humanity’s reach into the cosmos and, by doing so, they have found a new place in the universe: the Rosetta Stone to decode the ancient Egyptian hieroglyphs.

Why is this story relevant right now? Because this year the global economy will face what we might call three “Rosetta moments.”

These are major policy challenges that require decisions based on political courage, decisive action, and multilateral thinking – in short, true global leadership.

The first Rosetta moment is all about boosting growth and employment in the next 12 months – overcoming what is called “growth headwind” that I mentioned. The second Rosetta moment is about achieving more inclusive, shared growth, and the third is about attaining more sustainable growth.

These three moments are, of course, deeply interconnected and mutually dependent. All are important, and all demand strong leadership, all require cooperation. But – surely – if we can catch a comet in space, can’t we address the policy challenges here on Earth?

1. Global outlook, risks, and policy actions – injecting new momentum

I will start with the immediate challenge of how to inject greater momentum into the recovery.

As for the U.S. economy, it performed well in 2014 and should strengthen further this year – largely due to more robust household spending. U.S. unemployment continues to decline; cheaper oil is boosting real incomes and consumer sentiment; and there is continued support from accommodative monetary policy.

As for the EU and U.S., what is the catch? The oil price and U.S. growth are not a cure for deep-rooted weaknesses elsewhere. Too many countries are still weighed down by the legacies of the financial crisis, including high debt and high unemployment. Too many companies and households keep cutting back on investment and consumption today because they are concerned about slow growth in the future.

In fact, the United States is the only major economy that is likely to break the trend this year, while growth is being held back – mainly by lackluster investment. A promising recovery continues in the UK, but growth remains very low in the Euro Area and Japan. And emerging economies, led by China, are slowing down, relatively speaking.

Risks
Overall, we believe that global growth is still too low, too unstable, and too lopsided. Moreover, there are significant risks to the recovery. What are these?

The obvious question is this: should lower oil prices and a stronger recovery in the United States make us more upbeat about the prospects for the global economy? The answer is most likely “No,” since there are still powerful factors that weigh against this.

Certainly, the drop in oil prices will remain at low levels, this could provide a positive contribution to global growth for some time.

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Risks
Overall, we believe that global growth is still too low, too unstable, and too lopsided. Moreover, there are significant risks to the recovery. What are these?
First, the asymmetric normalization of interest rates is an advanced economy. There has been a lot of talk about this, but this year we should expect it to actually begin. The US will see its first modest tightening and the rest of the world will follow. This process will be gradual and will have a significant impact on financial markets, driving up borrowing costs for many countries.

Second, emerging and developing economies could face a triple threat of a strengthening US dollar, higher global interest rates, and slower capital inflows. A stronger dollar will have a significant impact on financial markets in emerging markets, leading to a sharper rebalancing of the global economy.

Third, there is a risk that the Euro Area and Japan could remain stuck in a state of low growth and low inflation for a prolonged period. This is because the ECB has already provided a plentiful supply of liquidity to the banking system, but there is still a risk that it may not be sufficient.

Fourth, there are increased geopolitical risks. In Ukraine, for example, increased interference by Russia has led to a crisis. At the same time, there is a risk that the US and China could engage in a trade war, which would have a significant impact on the global economy.

Moreover, policymakers should be cautious when making structural reforms. While they are necessary to promote growth and reduce inequality, they must be carefully implemented to avoid unintended consequences. For example, introducing labor market reforms may increase unemployment in the short term but could have positive effects in the long term.

As we look ahead to the second quarter of 2015, there are several key challenges that policymakers will need to address.

**Economic Reforms**

- **Fiscal Reforms:** Fiscal consolidation is essential to reduce government debt and improve fiscal sustainability. Policymakers should focus on targeted reforms that reduce spending on non-essential goods and services.

- **Monetary Policy:** Central banks should continue to support the economy by keeping interest rates low. However, they must also be prepared to respond to changes in the global economy, such as a rise in oil prices or a slowdown in China.

- **Trade Policies:** Trade liberalization can help reduce trade barriers and improve economic growth. Policymakers should work towards reducing trade barriers and promoting free trade agreements.

**Infrastructure Investment**

- **High-Speed Railways:** The first rail link between Beijing and Guangzhou began operating in December 2014. The construction of high-speed rail networks can help improve connectivity and reduce travel times, which can have positive effects on economic growth.

- **Renewable Energy:** The lowest coal price in at least five years has led to a rebound in the use of renewable energy. Policymakers should support the development of renewable energy sources to reduce reliance on fossil fuels.

**Gender Policies**

- **Equal Opportunities:** There is a need for greater gender equality in the workforce. Policymakers should promote policies that support women's participation in the labor market, such as better childcare and equal pay.

**Financial Regulation**

- **Systemic Risks:** The risk of systemic risk has increased with the use of complex derivatives transactions. Policymakers should work towards reducing the use of such instruments and improving financial stability.

**Climate Change**

- **Emissions Targets:** The United Nations is due to adopt new climate change targets this year. Policymakers should support the adoption of these targets and work towards reducing greenhouse gas emissions.

**Conclusion**

A quote from the Rosetta spacecraft--"There is a lot of weaving to be done this year." Thank you.
The Philippine Economy Going Forward

Let us therefore continue to work together to keep the Philippine economy growing and make lives better for Filipinos.

By

Novera Bangko Sentral ng Pilipinas

In Retrospect

In retrospect, we faced national and global difficulties -- we had typhoons, uneven growth in the world economy, political unrest in the Middle East and Russia, and market uncertainties from divergent moves in the global markets.

But because we have done our homework and continued to implement our reform agenda, the Philippine economy stayed the course and continued to grow above trend.

In particular, for the first three quarters of 2014 the economy grew by 5.8 percent, in an environment of low and stable price movements. Full year inflation averaged 4.1 percent, marking 2014 the 4th consecutive year that inflation was within the target range of the Government.

Ladies and gentlemen, this was achieved because we were vigilant and took timely calibrated responses to unfolding events. In mid-2014, for instance, inflation edged higher on market talk of possibly tighter monetary conditions in the US. At the same time, inflation expectations began to rise while real and financial assets continued to climb.

To forestall a situation where our inflation target could be breached and to prevent potential asset bubbles, the BSP implemented a series of pre-emptive, calibrated monetary measures to tighten monetary conditions. Among others, we raised reserve requirements, our policy rate and also our SDA rate. We did these steps in order to help guide the market's inflation expectations and to help the market better appreciate the risks inherent in the shifts in the monetary policy stance of major central banks, especially the US Fed. We also carefully communicated our policy intent to the market.

At the same time, international oil prices started to drop. Subsequently, inflation started to moderate and fall to the middle of the target range of 3.5 percent inflation. We are pleased about this outcome. Inflation management is a crucial function of the BSP as it provides the stability that our economy and its stakeholders need.

Even as uncertainties in global markets fed to some capital flow reversals and depreciation pressures on the peso, we were able to maintain a strong external liquidity position. The current account maintained its surplus because remittances, receipts from the tourism and BPO industries remained strong.

As a result, our gross international reserves settled at a robust $79.8 billion in December 2014, providing us buffers from possible external shocks. The reserves are enough to cover 10.2 months’ worth of imports of goods and payments of services and income; it is also equivalent to 4.6 times the country’s short-term external debt based on original maturity and six times based on residual maturity.

In an environment of low and stable price expectations and to help guide the market's inflation expectations, our strong external position continues to be a source of confidence for our creditors and investors.

Another source of strength for the Philippine economy is our sound, stable and liquid banking system as public confidence has kept deposits growing to record-high levels. Among others, this has sustained double-digit growth rates in lending, particularly to the productive sectors of the economy.

Overall, our banks have strong balance sheets, solid asset growth, low NPL ratios and above-standard Capital Adequacy Ratio as a result of good governance practices and adherence to international best practice in risk management.

Thus, our banking sector continues to be highly rated by third party assessors. In particular, the Philippines received the only positive outlook among 63 jurisdictions assessed by Moody’s, a major international credit rating agency.

Indeed, our banks are fully engaged with us in our efforts to help ensure that our system is sound, that its operations are aligned with international standards, and that its reach covers more of the previously unbanked or underserved areas.

In 2014, we endorsed Republic Act 10641 that allows the full entry of Foreign Banks in the Philippines and prepared the IRR for its implementation. With the approval of the IRR, additional foreign banks can now apply to operate in the Philippines either as a branch or as a wholly-owned subsidiary.

There are clear economic benefits for us from this new law: first, foreign banks can serve as vehicles for foreign direct investments into the Philippines; transfer of technology is second, and enhancement of human resource skills is third. All these will strengthen our banking system at a time when we are gearing up for the ASEAN Banking Integration Framework.

The IRR of this law reflects enhancements in the entry criteria for foreign banks – in particular, the new law abolished the demonstrated expertise of a potential entrant as an established, reputable and financially sound bank. In addition, foreign banks interested to enter the Philippines are required to be widely-owned and publicly listed in their home country.

In evaluating the market applications of foreign banks, the Monetary Board shall also consider strategic relationships and reciprocity rights. This should reassure some sectors who fear that this law opens the floodgates to foreign entry. Indeed, there are requirements foreign banks have to meet and standards they have to hurdle.

I am also pleased to share that our regulations and programs enabled us to gain more ground in our goal to develop an inclusive financial system. In this connection, we continued to widen the reach of our financial learning program. We have also started the groundwork for a forgiveness program to face challenges from both domestic and external sources and move on to sustain growth amidst new challenges.

Independent credit rating agencies affirm this. In October 2014, Moody’s joined Standard and Poor’s in raising the Philippines one notch above the minimum investment-grade credit rating. In raising the rating, Moody’s cited the government’s ongoing efforts to reduce debt, improve fiscal management, and minimize vulnerability to external developments.

Risks Moving Forward in 2015

Moving forward, what do we see in 2015? What can I tell you with certainty is that 2015 will be a year of challenges and opportunities.

Externally, we see global growth continuing to be uneven – strong in some countries and fragile in other economies. As a consequence, monetary policy actions across the globe will continue to diverge as their economies move into opposite directions.

We see, on one hand, the US Federal Reserve and the Bank of England taking steps toward monetary policy normalization, as growth in their jurisdictions gain traction. On the other hand, the European Central Bank and the Bank of Japan are weighed down by their struggling economies and therefore anticipated to continue or accelerate their unconventional monetary policies or stimulus measures. China is in the same boat, as it is anticipated to go through a process of reforms in its financial sector, to prop its slowing economy.

To us, having protracted uneven global growth is a cause for concern as this could have significant implications for our own growth dynamics and impact trade and the services industry. At the same time, policy divergence among advanced economies would also have an impact on our own domestic financial markets. Risks to price and financial stability have continued to strengthen, yields on US dollar assets could also continue to rise. The growing difference in policy stances among major economies could result in polar destinations of capital flows and in the process...heighten volatilities in our own financial markets – including the peso, equity prices and yields on bonds.

BSF’s Policy Threats

Given this scenario, we at the BSP will continue to be watchful and ready to deploy appropriate policy actions in a timely manner to minimize potential adverse impact of volatile capital flows and strong external pressures.

In the meantime, our earlier decisions to act preemptively to address potential risks to price and financial stability have continued to be borne out.
consider measures that may be required by emerging monetary conditions.

Ladies and gentlemen. What I have given you so far is the big picture. At this point, I wish to share the process we go through in operationalizing our policies. This should reassure you that the BSP does NOT rely on a crystal ball nor does it craft policy in a vacuum.

We coordinate with various government agencies. For instance, the BSP is a resource agency of the Development and Budget Coordinating Committee (DBCC). With the inputs of the DBCC members and the BSP, the DBCC formulates growth projections and approves inflation targets for the country.

The BSP then incorporates the growth targets into our own inflation forecasts, and makes appropriate adjustments to our policy rates to ensure that inflation would be within the approved target over the policy horizon. For 2015, the DBCC is projecting that the economy would grow 7–8 percent within an inflation target range of 2 to 4 percent.

The way we see it, the risks to inflation in 2015 are broadly balanced. Higher utility rates and LRT fares will be counterbalanced by lower international oil prices, which fell to around $30 per barrel this week, the lowest since 2009. For 2015, therefore, we expect inflation would be well within the target range. We should provide the BSP the flexibility to keep policy rates at low and stable levels in support of economic growth.

On the exchange rate, another metric the BSP is always asked about, I can tell you that our policy remains the same. This means we will allow the exchange rate to be essentially determined by market forces.

As the monetary policymaker, the BSP will continue to promote an enabling environment for business and develop a more inclusive financial system that supports sustained and inclusive growth.

During these periods of volatility, you can expect the BSP to maintain a presence in the foreign market to keep the movements aligned with fundamentals and with those of our peers in the region.

Aside from working on monetary stability, the BSP will continue its banking reform agenda appropriate to our own operating environment. These reforms will impact on the way banks do business with you, but these are calibrated to enhance the protection of bank clients and to ensure the stability of the financial and the economic system as a whole.

Conclusion

Ladies and gentlemen of the Rotary Club of Manila, whatever the Philippines has achieved in the past years is a result of close coordination between the public sector and the private sector.

As the monetary policymaker, the BSP will continue to promote an enabling environment for business and develop a more inclusive financial system that supports sustained and inclusive growth.

You will be happy to know therefore that from 2009 to 2013, the Philippines has consistently ranked as the best in the world in terms of the regulatory environment for microfinance.

In 2014, the Economist Intelligence Unit (EIU) named the Philippines as the top country in East and South Asia and the third in the world, with the most conducive environment for financial inclusion.

But beyond these recognitions, what we value is the impact of our gains in improving the lives of millions of Filipinos through financial inclusion, and particularly through microfinance. Nevertheless, we are mindful that there are so many more that we need to reach out to.

This is where successful professionals such as yourselfers and organizations such as the Rotary Club of Manila can help make a difference.

The actual use of financial resources to create jobs and generate production for our country’s economic growth are in your hands. We at the BSP also look forward to working with you on financial inclusion programs that will attract more Filipinos to be part of the financial mainstream where money would be more widely available at prevailing commercial rates. Rates that are significantly lower than the 1,000% a year rate in the informal sector.

Imagine the beneficial impact this can bring to millions of our microentrepreneurs.

Let us therefore continue to work together to keep the Philippine economy growing and make lives better for Filipinos.

IPBES Forges ahead with its Mission to Assess the Planets State of Biodiversity and Ecosystems

Green light for strategic partnerships and stakeholder engagement, and adoption of a policy addressing conflict of interest

In only one year since the Platform’s work programme was adopted, more than 20 workshops were organized involving the participation of more than 500 experts and scientists, who have committed their time and energy to the cause of IPBES.

Governments established IPBES in 2012 in response to concerns about the lack of policy-relevant information to tackle threats to biodiversity. The platform’s aim is to enable decision makers to make well-informed decisions that could halt biodiversity loss, and thus promote human wellbeing and sustainable development through the sustainable use of biodiversity.

One of the first two IPBES assessments, to be available as early as December 2015, will look at pollination and forest production and it will be accompanied by another assessment on biodiversity scenarios and modelling. The latter will review existing methods to model future changes in biodiversity and ecosystem services as a result of various socio-economic pathways. These two assessments will be the first in a series of ambitious biodiversity assessments that IPBES hopes will inform policy decisions.

Overall, the work of the Platform will require contributions from thousands of scientists from all over the world in the fields of natural and social sciences, as well as the involvement of indigenous people and local communities. They will work together to synthesize, review, assess and critically evaluate relevant knowledge and produce tools in order to support the creation of the best possible policies.

Malaysian Zakri Abdul Ha-
Biodiversity

The risks of this kind of system are obvious: the presence of large sums of cash in offices can pose a temptation to even the most honest employee.

Ms. Irina Bokova
Director-General of the United Nations Educational, Scientific and Cultural Organization (UNESCO):

“I am very pleased with the decision by the UNESCO Executive Board to formalize the Organization’s institutional relation with the Platform, which will facilitate in this way, four UN Organizations - UNESCO, FAO, UNEP and UNESCO: the United Nations Environment Programme (UNEP):

Ms. Helen Clark
Administrator of the United Nations Development Programme (UNDP):

“Decision-making based on sound science and taking into account traditional knowledge is critical for maintaining and enhancing the goods and services which our ecosystems provide. They underpin both long-term human well-being and sustainable development. UNDP’s support for the platform is aligned with its mission to help countries eradicate poverty and reduce inequality. We are especially focused on the needs of those who depend directly on biodiversity and ecosystem services, and will be essential for the implementation of the Sustainable Development Goals to be adopted in September.”

Ms. Helena Clark
Administrator of the United Nations Development Programme (UNDP):

“IPBES-3 confirmed once again the need for scientifically independent, credible and policy-relevant information to strengthen the science-policy interface for biodiversity and ecosystem services. This information is key to sustainable development and thus to the elimination of poverty, hunger and ill health and it will be essential for the implementation of the Sustainable Development Goals to be adopted in September.”

About IPBES

IPBES was established in April 2012 in Panama City, Panama, and currently has 121 Member States. The Platform is an independent intergovernmental body, open to all member countries of the United Nations. The IPBES secretariat operates from Bonn in Germany.

Biodiversity in terrestrial, marine, coastal, and inland water ecosystems provides a basis for ecosystems and the services they provide that underpin human wellbeing. However, biodiversity and ecosystem services are declining at an unprecedented rate and the world failed to reach the Convention on Biological Diversity targets of a significant reduction in the rate of biodiversity loss by 2010. In order to address this challenge, decision makers need scientifically credible and independent information that takes into account the complex relationships between biodiversity, ecosystem services, and people. They also need effective methods to interpret the scientific information in order to make informed decisions. The scientific community also needs to understand the decisions of decision makers better in order to provide them with relevant information.

Additional Quotes

Ms. Achim Steiner
UN Under-Secretary-General and Executive Director of the United Nations Environment Programme (UNEP):

“With the launch of its inaugural set of regional and subregional assessments on biodiversity and ecosystems, it is clear IPBES has now become fully operational and ready to deliver on the unique mandate for which it was created. “

By providing decision makers with scientifically credible and independent information that take into account the complex relationships between biodiversity, ecosystem services and human needs, IPBES will support the adoption and implementation of appropriate policies to help achieve the Aichi targets and improve the science-policy system that underpins human development and well-being. This comes as a critical moment as the international community works towards concluding a meaningful climate change agreement in Paris and a new Post-2015 Development Agenda.”

Ms. Irina Bokova
Director-General of the United Nations Educational, Scientific and Cultural Organization (UNESCO):

“I am very pleased with the decision by the IPBES Scientific Council, and, if necessary, asks for expert advice should it be warranted by the nature of the decision.”

The duty of loyalty relates to directors’ duties to be disinterested, avoid conflicts of interest or “self-dealing,” and generally act in good faith. To comply with the duty of loyalty, a director is required to disclose any actual or perceived conflict, refrain from acting when that director’s personal interest conflicts with that of the company, disclose all material information when seeking approval of a transaction, exercise proper oversight by implementing reporting or information systems, and controls, and take particular care to act in good faith and in the best interests of the company when that director appears on both sides of a transaction.

Directors’ fiduciary duties in distressed companies

A situation of distress in a company may bring uncertainties regarding the reach of directors’ fiduciary duties. While such duties are focused on the best interests of the company and usually create secondary or derivative rights to shareholders relative to directors, stakeholders with higher statutory payment priority such as creditors and employees — may become the actual residual owners of a corporation in distress (in the assumption that the equity value in the company is not wiped out or has negligible value).

The expanded scope of directors’ fiduciary duties may require the board to shift its focus from simply protecting the interests of the company and maximizing profits for shareholders to also — and perhaps primarily — protecting and preserving the company’s assets in order to honor contracts or maximize recovery of claims for creditors. To satisfy their duties under these changed circumstances, directors must act with the object to maximize the enterprise value of the company, not favor equity over the debt, and ensure that no decision benefits only a single group or stakeholder (for instance, controlling shareholders over minority shareholders).

What should a director in a distressed company do?

If you are a director in a company in distress, what should you do to mitigate possible liability exposure? In other words, what should you pay attention to, in addition to discharging your primary responsibilities as a board member? As a preliminary matter, you should recognize that you may be insolvent or im the brink of insolvency.

Signs of financial distress include repeated contractual breaches, cash flow difficulties, failing supplier relationships, inadequate or

...
Informed judgment were not liable even if “business judgment rule,” where courts have gations that would be triggered by by operation of law, and whether tors, including the scope of director explanations of the nuances of the should immediately consult with new role. As there are variations legal framework applicable to distressed situa- tion of the company’s situation, you should In addition to having a full understand- Get to know the applicable legal frame- liability risks:

- While it is impossible to foresee and pre- raise questions about the adequacy of the proper time to discharge your duties or you cannot influence the decision-making process in the company, the likely conclusion should be your resignation by making a noise with- that directors may be personally liable for willful or negligent conduct in con- stant that compliance is not met (for exam- appeal, because judgments are based on some jurisdictions expressly limit the ability of directors to resign if the corporation is in an insolvency Get on the flipside, resignation may have legal implications if it is viewed as discharges of duties on your part when your involvement is most needed. Further, resignation could constitute breach of fiduciary duties if it was harmful to the company or not in its best interests. Examples of resignations that may be harmful to the company include situations when it would be difficult or impossible to find a re- placement director and voting quorums may be left unmet, jeopardizing altogether the de- cision-making process in the company. Also, a resignation with or without prior notice or replacement director may hammer you could have a particular set of skills and experience, you should obtain a replacement director who has experience with insolvency and turnaround.

Conclusion

This nonexhaustive guidance paper highlights the need for you to engage in case-specific ad- vance investigation and planning to substan- tion of the company’s current financial situ- ation, including whether the company is solvent and how any contemplated transac- tion such as the sale of significant assets, major spinoff of a subsidiary, incurring of additional debt, would affect the company’s financial position, identified as the need to evaluate the impact of the decision on all stakeholders; be substantial or would be fair to them; options to structure a com- pany’s contemplated transaction or alter- natives to proposed course of action; c. why each option/alternativa- tive would affect the interests of various stakeholders; d. applicable regulatory obliga- tions (including environmental, securities and other regulations) and how to handle these obligations (for example, issues of disclosure for public companies become highly sensitive, as the very disclosure of the company’s financial difficulties could harm the potential to maximize the compa- ny’s enterprise value and put it into a tailspin to bankruptcy); and e. risk of director liability for contemplat- ed transactions (for which the board may need to retain independent counsel if the board and the company management have different 

Revisit governance and transparency: The board may create separate committees and/or have a chief restructuring officer to as- sist with the handling of the distressed situation. Management may need to be changed. Re- view and scrutinize the form and substance of the information-gathering and decision-mak- ing process and ensure that the board and management. Before imple- menting any decision, the board must ensure that appropriate information-gathering and decision-making processes are in place and properly recorded. To that end, you should make sure that: If you become informed and stay in- formed — understand critical functions such as financial statement preparation, verify that adequate financial reporting is in place, continue to monitor closely the company’s financial condition, and investi- gate thoroughly all relevant facts and their consequences as well as all alternatives and options again, obtaining independent and trustworthy advice is critical; you have (or require) adequate time to evaluate and make decisions, and that both/ or all legal requirements are met (for ex- ample, the court process or other legal require- ments are complied with, and so on). Check the D&O insurance: If the com- pany has a D&O policy, you should verify that premium payments are current, that the company should become familiar with the terms and conditions of the policy, the policy coverage limits, substan- tive policy changes (such as expanding the policy covers creditor claims), procedural require- ments (such as notice requirements, deadlines for submission of claims, whether the insured need to provide notice of any poten- tial claims), and other any limitations that may preclude coverage of director liability. If there is no D&O policy in place, you should explore the availability and cost of possible coverage and assess the option of obtaining a director-only policy, which is cheaper and also protects directors from coverage exten- sion after lawsuits against the company and its officers.

Keep your own paper trail: Observ- e corporate formalities and create extraneous and accurate records for yourself. The decision- making process must also be well-documented, reflecting all legal and business advice that the directors sought, received, and evaluated. Corporate minutes must accurately reflect what happened at a meeting and what substantive discussions took place, what fact-ors/insures were taken into consideration, and what resolution for the action was adopted. Keep in mind that most if not all of this in-

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Succession Planning for the Board

Taking a more strategic approach

By

George M. Anderson, Texas Bamford, Julie Hembree Daum, Bertrand Richard, Spencer Stuart

In recent years, boards throughout the world have acknowledged the vital importance of long-term CEO succession planning. This approach allows boards to be proactive and rigorous in protecting the best leadership for the business. But despite their progress in this area, many boards are far too casual in planning their own succession and composition. There is much to be said for stability on a board, for it may reflect an effective culture of collegiality, trust and consistency. But a board, for it may reflect an effective culture of collegiality, trust and consistency. But a board, for it may reflect an effective culture of collegiality, trust and consistency. But

The hallmark of a successful business is its ability to assemble the right executive and leadership talent capable of navigating these changing conditions.

For instance, boards should be prepared to evolve in a similar way in order to provide effective guidance to management when the organization is facing a new direction, entering new businesses or exploring new geographies. This article considers how boards can take a more strategic approach to planning for their own succession – in short, how boards should welcome rather than resist the opportunity to change.

Changing the board – embracing the inevitable

There is a growing recognition that boards with a good mix of age, experience and backgrounds tend to foster better debate and decisions-making and less group-think. Directors increasingly say that thoughtful succession planning can improve the composition and effectiveness of their boards.

What's more, a recent PricewaterhouseCoopers survey found that nearly 60 percent of directors believe that someone on their board should be replaced.

Spencer Stuart's own research indicates that there is a positive correlation between the number of new directors and the degree of change in the board.

We believe that when boards are not being refreshed on a continuous cycle, the business loses out, a view shared by a number of large institutional investors who are increasing the pressure on such boards to focus more attention on director succession planning.

Markets are inherently dynamic, industries change shape, and companies have to continually evolve, adapt and restructure. As they wrestle with the issue of change, boards have to be prepared to shed convention, rethink long-held ideas and embrace new ways of thinking about how, collectively, they can make the most effective contribution to the business. Like management, they must be agile, anticipating the need for change rather than lagging behind.

Progressive boards continually consider whether they have the optimum composition that reflects the strategic priorities of the business and the diversity of stakeholders. The need for careful planning of board succession is greater today than in the past, in light of aging boards, pressure from shareholders, rating agencies, governance watchdogs and the demand for diversity and a broader set of skills to support changes in company strategies in a dynamic environment. All boards, from major corporations to nonprofit organizations, need to demonstrate their willingness to change.

One manifestation of static boards is that they get older. This situation is exacerbated in markets where there is a late retire-ment age, or none at all. Of course, with seniority comes wisdom, but in a fast-changing world some of the skills and experiences that directors bring for their relevance over time, particularly when the board is focused on a topic that is vital to the board to overcome the common challenges.

Some boards are prioritizing new areas of expertise when recruiting nontraditional candidates, especially younger, active executives, to bolster their knowledge in areas such as digital or social media, finance or emerging markets. This can be a valuable tool for addressing the suitability of the present board to the business.

We believe that the business is facing a new external challenge that requires some board-level expertise, for example in the area of digital, multichannel retail, cybersecurity, sustainability or government relations (at home or in new markets).

There are a number of questions where it makes sense for the board to add an expert, rather than simply make do with the current team or rely on outside advice and consultants.

Dealing with risks and obstacles

Synchronizing the composition of the board with the strategic evolution of the business is easier said than done. The levers boards can pull are far more limited than those available to management when hiring or replacing new talent. Consequently, they need to be exercised with even more forethought and care than is relevant.

One of the ways in which a board can make an efficient and effective contribution to the organization’s future is through the thoughtful use of assessment, which is a valuable tool for addressing the suitability of new directors as well as those who have been around for a while. Many seasoned board members are defensive about going through some form of assessment to determine their availability for a job they feel they are doing perfectly well. That is understandable. There is a more palatable alternative, however, involving the creation of a skills matrix that helps stimulate a conversation about whether the optimal mix of skills, expertise and experience is available on the board and, if not, what needs to be done about it.

This work is sometimes facilitated by an outside advisor who can bring an objective eye to determining the makeup between the board’s current attributes and the future needs of the business.

The annual board evaluation is also a natural platform for the full board to review its composition and discuss the expertise that it will need in the future. Providing the right questions are asked, it can help teams to evaluate the areas of knowledge the board should possess in the coming years based on the company’s strategic direction and the competitive landscape. Without subjecting itself to a rigorous evaluation of skills and experiences, a board is in a difficult position.

There will always be some natural attrition, increases and open-ended arrangements. There will always be some natural attrition, increases and open-ended arrangements. There will always be some natural attrition, increases and open-ended arrangements. There will always be some natural attrition, increases and open-ended arrangements. There will always be some natural attrition, increases and open-ended arrangements. There will always be some natural attrition, increases and open-ended arrangements. There will always be some natural attrition, increases and open-ended arrangements.

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Insights
Whole board succession - a holistic approach

The nomination committee plays a key role in ensuring that the board composition be adjusted to complement the capabilities of the next generation of leadership.

A holistic succession planning process begins with the board reviewing and confirming the desired expertise and qualifications for new directors.

While there are some significant regional differences in how boards address the issue of director succession, we have developed a series of questions that may help boards think through how best to shape the composition of the board over time.

1. What is the anticipated business context and how well-suited is our board for it?
   • What executive leadership transitions (e.g., CEO succession) do we anticipate? How can succession planning help make our board more effective and efficient?
   • How can we use our succession planning to ensure that we achieve appropriate levels of diversity on our board?
   • What is the timeline for developing a successor?

2. What are the practical benefits of board succession planning and how can we maximize those benefits for our company and its shareholders?
   • How can succession planning help us attract and retain high-quality directors?
   • How can we use our succession planning to ensure that we have a sufficient number of qualified candidates for open board seats?

3. What do we know about the company and the board in the coming years?
   • How should the succession process be influenced by the business strategy?
   • What is the timeline for developing and refreshing a board succession plan?

4. How can we evaluate the need for a board succession plan?
   • How well are we prepared to replace outgoing directors?
   • How do we ensure that our board is well-versed in the company’s strategic plans?

What Do Boards Need to Know About Corporate Culture

Corporate culture is one of several critical levers for creating shareholder value – one that many companies underutilize.

By George M. Anderson, Michael J. Anderson, Jeremiah B. Lee, Spencer Stuart

Boards can help foster long-term shareholder value by shaping the understanding of their company’s culture, placing it on the board agenda and ensuring management is forging a culture aligned with the business strategy.

C orporate boards continue to become more engaged, independent and effective stewards of business performance and shareholder value. In the past decade, boards have recognized the need for greater board oversight of critical levers of business performance such as strategy, risk, major transactions and “people”- including succession planning and executive compensation. And they have adopted more rigorous and transparent processes around these levers.

One lever of performance, however, rarely appears on board agendas: culture. Despite its sizable contribution to business results, few boards oversee culture with the same rigor they do strategy, risk or CEO succession planning.

A company’s culture can make or break even the most insightful strategy or the most experienced executives. Cultural patterns can produce innovation, growth, market leadership, ethical behavior and customer satisfaction.

But the path to a new, damaged culture can be fraught with outcomes that boards and management teams must work to prevent: turnover, low employee engagement and, in some cases, even employee sabotage.

Boards that want to improve their oversight of this important performance lever can work with their management teams to define the current culture and understand how it does and does not support the strategy.

In our work with boards, we have found that having a framework for understanding organizational culture is critical to this effort. Boards can ensure that the CEO and executive team have the cultural literacy needed to define culture, and that they are attuned to culture and its impact on business performance. To this end, boards may decide to consider an executive’s ability to manage culture as part of individual performance reviews and the succession planning process. Just as they evaluate the soundness of the business strategy and challenge its underlying assumptions, boards should be willing to speak dis-
product? What do these findings tell us about our culture relative to our strategy? Where do organizational behaviors open up to risk?

What is the difference between our current and ideal cultural fit?

Effective leaders can describe both the culture as it currently exists and the culture to which the organization aspires. This ability is sometimes called “cultural acuity” and is critical skill for leading on board. Can assess management’s cultural acuity with questions such as: What is the difference between our current and ideal culture? What cultural impediments do we face and how will we overcome them? Where do our most influential people, those who “get” our ideal culture, reside within the organization? Are they being deployed effectively?

How well do our organizational structure and practices support our ideal culture?

Structures, processes and practices exert significant influence on shared behaviors, and business success can be impeded when these are not aligned with the ideal culture. This lack of alignment can become most apparent when a company is making a change to its organizational structure or processes. For example, a company wishing to centralize key functions in a new culture characterized by autonomy will be at risk. Similarly, a company creating a new role for an “innovation leader” will find that the organizational culture is not set up to support it. How will these positions shape different types of organizational factors?

• Structure: How do our organizational structures support the ideal culture?
• Processes: How do our processes support the ideal culture?
• Practices: How do our practices support the ideal culture?

When in the board agenda should we put questions about culture?

As expectations on boards continue to grow, so has the board agenda. Given their current demands, boards are unlikely to tackle questions about company culture unless the issue is explicitly part of the agenda. Because of the importance of aligning culture and strategy, the organization can only carry out strategy review and make key decisions about the right tone to discuss culture. To make sure culture is on the agenda, boards can ask Where on the annual board calendar should culture take place? What culture models or frameworks could be useful to adopt? Are we embarking on a period of change – the arrival of a new CEO, a crisis, a new strategy or a merger – that could influence our values and culture?

A FRAMEWORK FOR THINKING ABOUT CULTURE

What role does culture play in the performance—or underperformance—of a business? Whether the goal is to sustain company performance or implement transformative change, the board must understand how the culture of the company must be aligned with the strategy, the organizational structure and operational practices. Otherwise, performance is likely to suffer and strategic goals will be unmet. Consider the example of a private-equity-backed global manufacturer of specialized consumer products. Two years after a $500 million for-year investment, the company was plagued by stagnant performance and an uncertain identity and struggled with a leadership transition. Although the company strategy emphasized growth through product innovation, our assessment revealed that the company had a culture built around results and stability, more in keeping with a sales and distribution company than an innovative products company. By fine-tuning the strategy, reassigning a few executives as part of a larger organizational restructuring, and promoting a culture that emphasized learning and experimentation, the company got back on track.

Spencer Stuart’s framework for assessing organizational culture is rooted in the insight that a surprisingly limited set of rules can result in highly complex and diverse behavioral patterns. Every organization, and every executive, must address the inherent tension between two critical dimensions of organizational dynamics:

• Attitude toward change: Open to change (flexibility, innovation, inquiry) versus manage change (stability, proven processes, control).
• Attitude about people: Independent (individual initiative, self-empowerment, act) versus interdependent (collaboration, power through groups, interact).

A company’s culture is defined by WHERE an organization falls on these two dimensions, and this reflects HOW employees make individual decisions to manage costs and benefits associated with these tensions over time. Individuals come “pre-wired” for how they deal with other people and with change (referred to as Right vs. Left). Applying this insight, our culture model and diagnostic tools help companies understand their current culture, identify the cultural styles that support its strategic imperatives and diagnose how the culture may need to evolve in order to align with strategy. Conclusion

Corporate culture is one of several critical levers for creating shareholder value — one that many executives and boards are not focusing on. Boards are more likely to help ensure that senior management is effectively monitoring and guiding corporate culture and making the most of this important contributor to business performance. By placing culture on the board agenda and asking the right questions, boards can help to ensure that culture supports business strategy, while preserving the boundary between governance and management.

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Solutions for Inclusive, Green, and Resilient Cities

ADB will continue to play an important role in the development of inclusive, green and resilient cities and the success of the SDGs and the global Climate Change agenda.

By Takeshii Nakano

President, ADB

Speech by ADB President Takeshii Nakano at the Solutions for Inclusive, Green, and Resilient Cities Delhi Sustainable Development Summit (SDS) 2015: Sustainable Development Goals and Dealing with Climate Change on 5 February 2015 in Delhi, India

I am very pleased to speak to you today about “Solutions for Inclusive, Green, and Resilient Cities,” aiming to get specific into this topic, I would like to set the stage by talking more broadly about the international development agenda in 2015 – in particular, the Sustainable Development Goals (SDGs) and the prospects for a new global climate agreement.

2015 will be a milestone year for international development. An agreement on the SDGs and the post-2015 agenda is expected to be reached at the September United Nations (UN) summit in New York. In December, a new climate deal is expected to be agreed at COP 21 in Paris.

In July 2014, the UN Open Working Group (OWG) on the SDGs delivered its final report. The SDGs place environmental and social sustainability at the core of the new integrated development agenda. At the same time, the SDGs aim to eradicate extreme poverty and tackle other unfinished business of the Millennium Development Goals (MDGs) by 2030 including for education and health. Economic transformation will be key to achieving many of the goals.

The global development community is now finalizing the MDGs and Global Climate Change proposals of the SDGs. I want to stress 3 points about the transition from the MDGs to the SDGs. First, we will need to fully achieve the MDGs agenda. Second, poverty and inclusive growth cannot be set aside on environmental grounds. Third, neither can the environment be neglected in the pursuit of growth. Upholding these principles will be essential for sustainable development.

Along with the MDGs, the international community has never been so close to agreeing on a global deal on climate change involving all the important players. Intense negotiations are ongoing in the lead-up to COP 21 in Paris in December.

The Lima Call for Climate Action agreed at COP 20 last December provides the framework for several elements of the new agreement and establishes ground rules on how nations can submit their contributions to the climate change agenda. Countries also agreed to raise adaptation to the same level as mitigation action.

The issue of climate finance will be critical for the new agreement. Recent pledges for the Green Climate Fund is an encouraging signal. Developed countries need to show leadership in global climate actions including technological innovation and transfer while developing countries will also contribute according to the principle of common but differentiated responsibility.

I believe ADB and other multilateral development banks should make a key contribution to financing both SDGs and global climate actions. In doing so, special attention should be paid to their role of catalyzing public and private resources.

Reshaping Asia’s booming cities is the key to meeting the SDG and Climate Change goals.

Now I would like to go to the main topic of my discussion today, “Solutions for Inclusive, Green, and Resilient Cities.” Cities are the key to meeting the SDGs and the global climate goals. The proposal for SDGs identified sustainable urban development as a critical area of focus. Several SDGs call for actions mainly in urban areas where most economic activities and investments take place. And cities are where much of the climate mitigation and adaptation action will have to take place.

While cities are engines of growth, poverty and disparities are increasing. Cities have driven economic growth in Asia – now producing about 80% of GDP – and have lifted 500 million out of poverty, especially in the last two decades. Asia is the most rapidly urbanizing region in the world. More than half of the world’s largest cities are in Asia. By 2030, 3 billion people – about...
Inclusive cities should also expand quality job opportunities and access to basic services such as primary health care, education, water, affordable transport and adequate housing. Inclusive cities should also expand quality job opportunities for the poor.

ADB supports such efforts in our developing member countries. For example, in India, we are working with the government to support its National Urban Health Mission (NUHM) to strengthen urban primary health systems. The improved quality of urban health services is expected to benefit about 400 million people, including about 70 million currently living in urban slums. More than half the beneficiaries will be women, since maternal and child health services comprise a large part of urban primary health care.

ADB is also firmly committed to supporting India’s 100 Smart Cities Initiatives. The use of technology and intelligent systems will improve urban services for the poor; including sanitation and affordable transportation.

Second, to make cities greener, they must become more energy and resource efficient through promotion of low carbon development and smart use of land and water. They need to invest in more mass public transport systems and better waste and wastewater management. Transport systems need to be more eco-friendly. For example, in Vientiane, Laos, ADB is supporting mass public transport systems including Bus Rapid Transit (BRT) linked to cycle and pedestrian pathways. In this way, 700,000 people can easily switch from one mode of transport to another.

Another example of ADB’s support for “green” cities is a private sector loan to develop waste-water treatment projects in more than 20 secondary cities across the People’s Republic of China. As of June 2014, 12 of these plants are already in operation. Together, they process about 4.4 million tonnes of household waste annually, generating approximately 1.3 billion kilowatt hours of grid electricity each year.

Third, to make cities more resilient, decision makers should always consider natural hazards and climate change risks when designing cities and urban infrastructure. Relatively small up-front investments can save lives and avoid large scale infrastructure rebuilding and rehabilitation costs later. Asia needs to invest more in climate resilient infrastructure such as

In closing, I would like to commit that ADB will continue to play an important role in the development of inclusive, green and resilient cities and the success of the SDGs and the Global Climate Change Agenda.”
Gartner Highlights the
Top 10 Strategic Technologies
Impacting Education in 2015

Gartner has identified the top 10 strategic technologies for the education industry in 2015 and provides recommendations to education CIOs and IT leaders regarding adoption and benefits. It is not a list of what education CIOs spend the most time or money on; rather it is a list of strategic technologies that Gartner recommends education CIO should have a plan for in 2015:

1. Adaptive Learning
Adaptive learning is a concept that traces its roots back at least the 1500s, but the ability to capture learner data through online learning has provided a breakthrough. True adaptive learning is a type of crossboarding and big data collection. The real value of adaptive learning lies in the metadata attached to each learning “morsel,” which must then be combined with enough empirical data of students trying to make people to allow personalized learning. It is extremely valuable in designing the pedagogy of the future.

2. Adaptive E-Textbooks
Unlike traditional print materials, e-textbooks can be edited to include up-to-date information, be assembled or disassembled, or include content from other sources and social interactions. Adaptive e-textbooks add the element of tracking student interaction with the text, and adapting to the learning style. E-textbooks are the first key step of going from analog to digital education.

3. CRM
Customer relationship management (CRM) is now a widely recognized tool for tracking and managing relationships with constituents, including prospective and current students, parents, alumni, corporations, benefactors and other friends of the institution. However, institutions are grappling with the difficulties of standardizing and integrating the institutional data to achieve success with these solutions, and to enable rapid and informed decision making on their campus.

4. Big Data
Big data in education is associated with collecting vast amounts of information from a variety of sources, but the ability to aggregate, analyze, and act on that data is what sets truly successful institutions apart. A true data-driven culture is one where data is used to inform decisions and support strategic planning.

Global Education Sector Technology Spending to Exceed $67.8 Billion in 2015

The launch of ETF options and other upcoming financial products broaden investment strategy, encourage product innovation, and will aid the development of the ETF market. Shanghai, 9 Feb 2015 - Exchange-traded funds (ETFs) assets under management (AUM) is expected to at least double, to reach US$5 trillion or more by 2020. This exponential growth comes as new investment segments continue to integrate ETFs into their portfolios and fund sponsors continue to introduce new products.

In fact, ETFs will play an increasingly prominent role in the growth of professionally-managed financial investments globally which are expected to grow at 9% annually, reaching US$100 trillion by 2030. These findings are revealed in a PwC’s new report ‘ETF 2020: Preparing for a new horizon’ (ETF 2020). PwC surveyed executives from 60 ETF sponsors, asset managers and service providers around the world that account for over 70% of global ETF assets.

According to ETF 2020, asset flows in the developed markets of the US and Europe will continue to dominate the ETF landscape. However, the highest rates of growth will be found in the less mature markets, particularly Asia, although the region currently only accounts for about 7% of global ETF assets. Survey participants expect ETF demand in Asia, and will aid the development of the ETF market, to continue to dominate the ETF landscape.

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of data from the digitized activities of students, par- ticipants, faculty and staff, transforming that into in- formation, and producing or recommending actions aimed at improving institution outcomes. Big data in higher education has been around for decades, mainly focused on research. Now, it is a very promising technology-based strat- egic capability that has the possibility to im- prove the whole education ecosystem.

5. Sourcing Strategies
Not a technology in itself, sourcing strate- gies represent a collection of technologies and vendor services, from hosting to cloud, homogenous to open source, to subscription models for acquiring software/hardware capabilities. A sourcing strategy is a set of sce- narios, plans, directives and decisions that dynamically define and integrate internal and external resources and services required to fulfill an enterprise’s business objectives. Strategic sourcing helps IT to focus from administrative transactions and operational support toward activities that enable differentiation and innovation for the institution.

6. Exostructure
Exostructure strategy means acquiring the critical capability of interoperability as a deliberate strategy to integrate the increasing numbers of partnerships, tools and services in the education ecosystem. When done right, an exostructure ap- proach enables institutions to leverage services from the cloud, rather than having to bring them inside the campus walls. Enabled by standards, it can allow the ins- titution to adapt faster. With the increasing interdependencies in the education ecosystem, Gurstein sees it rising in importance for at least the next decade. The future belongs to exostructure rather than to infrastructure.

7. Open Microcredentials
Microcredentials in the form of various badges or points have ex- isted for some time in digital social environ- ments in general, and in learning environ- ments in particular. A key problem is that these environments are proprietary, which makes it difficult to display achievements outside of them. The aim of open micro- credentials is to remedy that problem for education institutions, issuing open microcred- erentials in a low-cost, high-value, technol- ogy-based capability that will provide more value and motivation to students. Open mi- crocredentials is still relatively immature as a technology, but it is gaining traction in the education community. Gurstein sees it as a clear strategic technology with a relatively small investment involved, thereby making it a low-hanging fruit with good ROI.

8. Digital Assessment
Assessment within education is in itself a vast and complex area. Digital assess- ment is ultimately about being able to do any assessment digitally, to remove the need for physically tethered as well as human- proctored tests and improve modes of testing, grading and data analysis. The first- level application of digital assessments is to increase trust in online education by applying identification mechanisms, such as keystroke identifi- cation or cloud-based face recogni- tion. Digital assessment is a very practical technology with a clear high-level goal, but with many problems in the implementation. However, good digital assessment is a necessity for trustworthy and scalable online or hybrid (di- tallered) education, and will re- main a strategic technology until it is solved.

9. Mobile
Mobile is a popular term for pervasive access via many types of devices. Mobile is not simply a synonym for mobile smartphones or tablets. Mobile in educa- tion includes use in all aspects of the academy – administration, education and research. However, the domain is maturing surprisingly slowly. Inhibi- tors in 2014 still include smartphone cost, device limitations (such as battery life), the development of m-learning course materi- als, lack of skills and the wide diversity of mobile devices. Education CIOs will need to treat mobile as a strategic technology for several years.

10. Social Learning
Social learning gives learners the abil- ity to establish a persona or social profile that reflects their expertise and interest; to create, discuss, share and capture learning content as learning objects; to organize and find learning objects from a variety of sources, such as search or peer ratings; to interact with peers in their social networks and be able to track beyond their networks to other trusted sources of information; to engage in experience-based learning exer- cises; and to receive real-time online coach- ing and support.

The experience from massive open online courses (MOOCs) shows that the introduction of “social” in learning platforms is resulting in the acceptance of social learning platforms. However, a significant number of faculty and students prefer to use open social platforms such as Google+ sites or Facebook to complement traditional learning platforms. Vendors and institutions are still trying to figure out the perfect mix in the learning stack.


The State of Corporate Governance for 2015

Corporations create wealth for shareholders. The ability of a corporation to return long-term shareholder value is a key metric for assessing whether the corporation is effective and efficient in its activities.
• A small group of shareholders dominates the proposal process: approximately third of all shareholder proposals are sponsored by three persons and members of their families and another 20 percent of proposals are sponsored by investors with an avowed social, religious or political policy.

• Forty-eight percent of 2014 proposals at Fortune 500 companies, and a similar proportion of proposals at other companies, are non-binding proxy access shareholder proposals to bring pressure to bear with respect to other issues. The targeted companies were selected because of concerns about climate change, board diversity or executive compensation. The proposal seeks access to the proxy to provide greater influence for the election of directors the company and its shareholders, directors and management to the company and its shareholders.

Shareholder Activism and Its Value

As fiduciaries acting in the best interests of the company and its shareholders, directors must make independent and objective judgments. While it is prudent for boards to understand the range of shareholder concerns and views represented in the shareholder constituency, shareholder engagement has its limits. The board must make its own judgment and must simply defer to the wishes of shareholders. While activist shareholders often bring a valuable perspective, they may press for changes to suit particular special interests or short-term goals that may not in the company’s long-term interests.

Governance Activism

Shareholder pressure for greater rights and influence through advisory shareholder proposals are expected to continue in the 2015 proxy season. A study of trends from the 2014 proxy season in Fortune 250 companies by James R. Copland and Margaret O’Keefe, Proxy Monitor 2014: A Report on Corporate Governance and Shareholder Activism (available at www.proxymonitor.org), suggests that the focus of most shareholder proposal activity does not relate to concerns that are broadly held by the company’s shareholders.

• Shareholder support for shareholder proposals is down, with only four percent gaining majority support, down from seven percent in 2013.

• Board leadership in the form of an independent board chair; and

• Enhanced disclosure regarding corporate efforts on social and environmental issues or “sustainability reporting.”

Expect proxy access proposals to be particularly prominent in the 2015 proxy season. New York City Comptroller, Scott Stringer, has announced a “Boardroom Accountability” initiative that would require companies to make public “all proposals that received a majority of votes cast in favor, with average support of approximately 37 percent. Support was highest for proposals like the Coalition’s, which relied on a third of three percent for their three year holding requirement.

Preparation for Shareholder Activism

The ability of the board and management to address activism pressures depends largely on the ability to communicate effectively regarding long-term strategy, risk oversight, management succession and company performance. Avenues of communication include the company’s investor relations, financial markets and social issues.

Hot Topics for 2015 Shareholder Proposals

Early indications are that in 2015, the most frequent shareholder proposals will relate to: • Shareholder advisory votes on golden parachutes and compensation, through proxy access and at-mid-tier companies – replacement of plurality voting in uncontested director elections with majority voting;
that hedge funds tend to be focused on the short term, remuneration of the Delaware Chancery Court. Chancery Court of Providence v. First Cit- "The Ethics of Promising to Reduce Share- holder Litigation Incentives Through Corp- orate Bylaws” published on June 4, 2014 by www.sidley.com/06-03-2014-I-Update/.

Exclusive Forum Bylaws

Some jurisdictions outside the United States have a “no-pays” system to discourage lawsuits of questionable merit and avoid pressures on corporations to settle non-meritorious suits early to save time and money and avoid uncertainty. ISS Policy Changes for 2014

On November 6, 2014, ISS released updated guidelines, including a new “balanced scor- ing” model that takes into account a number of proxy advisory firms’ views on shareholder rights. ISS has identified in the policy several factors that it will consider in determining its recommendation with respect to proxy advisory firms’ views on shareholder rights. ISS has modifed its policy related to by- law amendments adopted without share- holder approval. If such an amendment does or could materially diminish share- holder rights, ISS will generally recom- mend that shareholders vote against or withhold votes for the appropriate board members. If a non-independent chair in addition to the CEO, recent leadership transitions, tenure and a longer total shareholder re- turn, and greenhouse gas emissions. ISS made new guidelines for: (i) a new “balanced scoring” model that evaluates long-term stakeholder value, including the perception of the company’s business model that motivate the long-term vision. Critical to the Oregon court decision — up from 39 percent in 2005. Board decisions and proxy disclosures related to executive compensation are also leading to an increase in shareholder litigation, albeit on a smaller scale. Since even weak shareholder claims are sought to be moved to Delaware. The Oregon court decision, however, is at odds with the Second Circuit decision of the Delaware Chancery Court. City of Providence v. First Cit- ences Bunchershare, where the court enforced a forum selection bylaw adopted on the same day as the announcement of the merger challenged in the litigation.

The policy of Glass Lewis & Co LLC (“Glass Lewis”) has been to oppose re-election of the chair of a govern- ence committee if, in the past year, the board adopted a forum selection bylaw without stock- holder approval. Over 300 com- panies unilaterally adopted forum selection clauses in 2013 and 2014, and Glass Lewis rec- ommended against re-electing the governance committee chairs of the companies within this group. The unilateral adoption of a forum selection clause will not generally result in a negative vote recommendation against a director by Institutional Shareholder Services Inc. (“ISS”). Although ISS new policy for unilateral adoption of provisions that impair shareholder rights may re- sult in a recommendation against director re-election, ISS has confirmed that this policy will not apply to exclusive forum provisions.

Fee-Shifting Bylaws

In June 2013, the Delaware Court of Chancery ruled that forum selection bylaws unilaterally adopted by the boards of direc- tors are valid on a statutory and contract- ual basis under Delaware law, eliminating prior uncertainty regarding their enforce- ability. The Delaware Supreme Court affirmed this decision.

The Delaware Chancery Court ruled that forum selection bylaws unilaterally adopted by the boards of direc- tors are valid on a statutory and contract- ual basis under Delaware law, eliminating prior uncertainty regarding their enforce- ability. The Delaware Supreme Court affirmed this decision.

Thereafter, courts in several other juris- dictions (including Alabama, Illinois, New York and Louisiana) have upheld such pro- visions, although an Oregon court recently declined to enforce an exclusive forum pro- vision. Critical to the Oregon court deci- sion is the legal principle that a non-stock corporation that provided for a non-stock corporation to settle non-meritorious suits early to save time and money and avoid uncertainty. ISS has confirmed that this policy will not apply to exclusive forum provisions.

The Corporation Law Council of the Delaware State Bar Association has proposed amending the DGCL to prohibit Delaware stock corporations from adopting fee-shifting bylaws. Action on this is currently in process.

Concerns About Proxy Advisors

Over the past decade, the growing in- fluence of proxy advisory firms on shareholder vote- ing, executive compensation and corporate governance practices has caused no small degree of consternation and con- cern among the staff of the SEC’s Division of Corporation Finance and Division of Investment Management (the “Staff”), issues. The staffs of the SEC and Division of Investment Management (the “Staff”) issued long-awaited guidance re- lated to both proxy advisory firms and their investment adviser clients. The guidance, published in Staff Legal Bulletin No. 20 (the “Bulletin”) (available athttp://www.sec.gov/ ins/2014_Update/Bul/2014 suppl.pdf). When public companies pursue investing in the corporate governance field, they would sometimes invest in analyzing emerging technologies to make voting recommendations to its investor clients. ISS updates for 2014 focus on four key policy areas: (i) a new “balanced scor- ing” model that takes into account a number of proxy advisory firms’ views on shareholder rights. ISS has identified in the policy several factors that it will consider in determining its recommendation with respect to proxy advisory firms’ views on shareholder rights. ISS has modifed its policy related to by- law amendments adopted without share- holder approval. If such an amendment does or could materially diminish share- holder rights, ISS will generally recom- mend that shareholders vote against or withhold votes for the appropriate board members. If a non-independent chair in addition to the CEO, recent leadership transitions, tenure and a longer total shareholder re- turn, and greenhouse gas emissions. ISS made new guidelines for: (i) a new “balanced scoring” model that evaluates long-term stakeholder value, including the perception of the company’s business model that motivate the long-term vision. Critical to the Oregon court decision — up from 39 percent in 2005. Board decisions and proxy disclosures related to executive compensation are also leading to an increase in shareholder litigation, albeit on a smaller scale. Since even weak shareholder claims are sought to be moved to Delaware. The Oregon court decision, however, is at odds with the Second Circuit decision of the Delaware Chancery Court. City of Providence v. First Cit- ences Bunchershare, where the court enforced a forum selection bylaw adopted on the same day as the announcement of the merger challenged in the litigation.

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The overarching issue for audit committees in 2015, as in prior years, is how to prioritize committee resources to ensure that members have the time to read, understand and provide meaningful oversight of financial reporting.

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that the companies where they worked or served as a director had undertaken to assist them with their filings but had not done so properly. That defense was not recognized as valid. The SEC noted that the filing obligations are personal to the insider. Despite the unprecedented nature of these actions, it seems unlikely that the SEC has abandoned the traditional practice of not bringing enforcement actions for reporting violations that are inadvertent and isolated.

In the six enforcement actions, each defendant had a large number of violations, sometimes numbering in the dozens. For a more detailed discussion please see, “SEC Enforcement Actions Regarding Section 16 Reporting Obligations” published on October 3, 2014 at http://www.sidley.com/10-03-14-Corporate-Governance-Update/.

Whistleblower Activity and Awards
In 2011, the SEC created the whistleblower program under the Dodd-Frank Act. That program rewards high-quality original information that results in a civil or criminal action and sanctions exceeding $1 million. Awards can range from 10 percent to 30 percent of the money collected in a case.

The SEC’s first payment to a whistleblower was made in August 2012 and totaled approximately $50,000. In August and September 2013, more than $25,000 was awarded to three whistleblowers who helped the SEC and the Department of Justice halt a sham hedge fund. The ultimate total payout in that case is likely to exceed $125,000.

On September 22, 2014 the SEC announced it had awarded over $30 million to a whistleblower, more than twice the size of the largest award previously announced. Only one year earlier, on October 1, 2013, the SEC announced that it had awarded more than $14 million to a whistleblower, its largest award at that time under the program.

Several details about the underlying case are known, other than that the whistleblower was located overseas. In the SEC’s press release relating to the case, the Director of the SEC’s Division of Enforcement is quoted as saying that the “whistleblower came to us with information about an ongoing fraud that would have been very difficult to detect.” The press release also indicated that, at the release date, the SEC had provided awards to nine whistleblowers in its 2014 fiscal year.

In December 2014, a federal district judge approved a whistleblower award of $36 million for a former Bank of America executive who alleged federal procurators to mortgage fraud at Countrywide Financial Corp.

Restoring Trust
Corporations create wealth for shareholders. The ability of a corporation to return long-term value to its shareholders is key a metric for assessing whether the corporation is effective and efficient in its activities. However corporate contributions to our economic and societal well-being extend well beyond shareholder return. By spreading investment risk, corporations facilitate the funding of large-scale entrepreneurial activities that enhance the qualities of our lives. They deploy assets and support innovation to produce needed goods and services; they provide employment and associated insurance and retirement benefits, pay taxes and support various social and charitable programs.

As recognized by The Conference Board’s Task Force on Corporate and Investor Engagement – and many others over the long-term, creation of sustainable shareholder value requires significant focus on the interests of – employees, creditors, suppliers, customers, communities and the environment in which the company operates (for a useful discussion on the interests of shareholders, boards and management versus-wealth-creation/#more-3496). The Conference Board’s Task Force on Corporate and Investor Engagement indicates that, as of the recent past, the SEC’s Whistleblower Program has contributed significantly to an improvement in corporate culture and its employment policies (including compensation practices) align with these values and principles. It also discusses the firm’s renewed focus on the controlled environment, its commitment to customers and to transparency and responsive with regulators, and its focus on engagement and communication with shareholders including through the shareholder-director exchange established earlier in the year). While it does not attempt to provide root cause analysis, and is not the result of an independent survey with recommendations for improvement (like the Goldmann Sachs report of 2011), JP Morgan’s “How We Do Business” is an important example of an effort by a leading company to rebuild trust with key constituencies.

In December 2014, JP Morgan issued a report titled “How We Do Business” that is well worth reading. The report addresses the steps the firm has taken to strengthen its corporate culture in response to acknowledged operational missteps. It includes discussion of the firm’s ethical values and business principles, and how its leadership and governance structure

In 2015 is a year of global action. We are faced with multiple crises in this world - geopolitical, socio-economic and sustainable development. The year ahead must be a year of action for our common strength and global action.

With the adoption of the post-2015 development agenda, with a set of Sustainable Development Goals [SDGs] and an agreement - universal and meaningful - climate change agreement by December this year in Paris, we think there are powerful incentives, our world, on course for a better future.

UN Member States have proposed a set of Sustainable Development Goals that will guide anti-poverty efforts through the year 2030. Further negotiations have already begun among Member States this week in New York, and I am expecting that all the leaders will come to the United Nations in September this year to adopt and declare as their commitment, as their vision, to the world in September.

Meanwhile, the Climate Summit I hosted in September last year has created new political momentum. I have been very encouraged that the European Union has taken far-reaching, visionary decision to cut 40 per cent of greenhouse gases by 2030, and China and the United States have agreed on a very significant reduction of greenhouse gas emissions. And there was a successful climate meeting in Lima, Peru, which adopted the “Lima Call for Action.”

Sustainable development and climate action are two sides of one coin. Climate action will contribute to many of the SDGs, and the SDGs can be a new investment pipeline on issues that are essential for tackling climate change.

The success of both agendas will hinge on substantial resources from the public and private sectors.

The UN Financing for Development Conference in July in Addis Ababa will provide an opportunity to agree on a comprehensive framework, which must be very robust and visionary.

Success will also depend on growth. Growth has freed billions of people from poverty and hunger, and supported health care, education and environmental protection. But growth is also associated with pollution and an increase in emissions. One key transformation for the post-2015 era will be to make growth more inclusive and green.

Over the next 15 years until 2030, the world will make massive investments in new infrastructure in cities, energy and agriculture. If this spending is directed towards low-carbon goods, technologies and services, we will be on our way towards more sustainable, equitable and climate-smart economies.

As the moment, however, infrastructure and sustainability are treated as separate issues. We face this at the meetings of the G20, at other international gatherings, and even here at the World Economic Forum. We need to address this troubling disconnect. If we do not, we will lock ourselves into bad, long-term investments that will make it virtually impossible to achieve the SDGs, and will put our children and our children at risk for extremely costly climate disruptions.

I urge you to choose wisely and invest in the low-carbon pathway.

I urge finance ministers and leaders of governments and the business community to do the same, both in their domestic budgets as well as in positions they take at the G20 and the meetings of international financial institutions.

The low-carbon calculation must be factored into every aspect of our planning for the next decades and beyond.

Your leadership is critical. The latest report of the IPCC, Inter-governmental Panel on Climate Change, has made it quite clear. I launched the 5th assessment report last November in Copenhagen. The gist of the report is that climate change has happened because of the human factor, human behavior. Therefore, it is only natural that it should be us, human beings, t address this issue and it must be today. The report last November in Copenhagen "Lima Call for Action."
Reducing Children’s Exposure to Food Advertising - A Succes Story from Denmark

FIA is pleased to be working with its members to drive a broad range of self-regulatory measures taking into account the complexity of diets and food choices in Singapore.

In Asia, food companies are echoing the same spirit. For instance, in Singapore, a multi-stakeholder public-private partnership, chaired by the Ministry of Health and the Advertising Standards Authority brought together a diverse group of experts from Government, the food industry, media partners and consumer groups, to develop a comprehensive set of guidelines to reduce children’s exposure to the marketing of less healthy foods.

A recent report released by the Forum of Responsible Food Marketing Communication shows a significant fall in the number of food commercials aimed at children under the age of 13 between 2007 and 2013 in Denmark. This important finding is fueling confidence in self-regulation around the world in the power of industry self-regulation.

In 2008, the Code of Food Marketing Communications to Children was signed in Denmark. An industry-wide effort facilitated by the Forum of Responsible Food Marketing Communication, the Code is applied across all media and aims to ensure advertising of food products with high sugar, fats and salt will not be directed at children under 13. So far, the implementation of the Code has achieved significant outcomes. Key findings from the report showed that, while nearly 1,500 commercials aimed at children were broadcast on Denmark’s primary channel TV2 in 2007, this figure went down to only eight in 2013. Those eight commercials were broadcast immediately before adults’ programmes and were the result of different audience definitions by the external evaluation who put to effect “Self-regulatory systems are controversial. What is hearkening is the increasing evidence that central bank governors, finance ministries and major investment funds recognize that new ‘rules of the game’ are just necessary and possible, but can deliver real benefits.”

For Anne Stausboell, CEO of leading US pension fund, CalPERS and member of the Inquiry’s international Advisory Council “investing for the long-term requires strategies that create sustainable value, mitigate multifaceted risks, and strengthen both local and global economies. The common denominators in being able to do all of that effectively is having a stable and forward-thinking policy foundation.”

Another Advisory Council member, Nairn Lakhani, country head of HSBC India, added “For too long, a myth has been allowed to take root in India that sustainability and finance are at odds - that taking account of environmental, social and governance (ESG) factors raises costs, reduces returns and impedes development. Actual practice suggests the reverse”.

Central banks are also starting to take action to integrate social and environmental factors into their decision making and the financial regulators and financial institutions understand the financial implications of environmental threats such as natural disasters, chronic air pollution, water insecurity and climate change.

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Notes to Editors: The UNEP Inquiry is a two-year initiative launched in January 2014. It is guided by a high level Advisory Council of financial regulators, central bankers, international institutions, the financial sector and civil society. A new report released today by the United Nations Environment Programme (UNEP) identifies critical innovations in the US$390 trillion global financial system, which, if brought to scale, could help close the worrisome sustainability development investment gap. The report is being launched at the World Economic Forum at Davos - in the words of what promise to be a momentous year for sustainable development.

“Sustainability is a positive asset for financial and monetary stability”. “This is a global trend that continues to gain traction and so there is still much work to do in establishing the right level of training and monitoring after the process is put to effect”.

"For too long, a myth has been allowed to take root in India that sustainability and finance are at odds - that taking account of environmental, social and governance (ESG) factors raises costs, reduces returns and impedes development. Actual practice suggests the reverse”. "A Success Story from Denmark"
Global Sustainable Investment Alliance Issues Second International Assessment of the Sustainable Investment Landscape

Our vision is a world where sustainable investment is integrated into financial systems and the investment chain

The global sustainable investment market has grown substantially in both absolute and relative terms, according to The Global Sustainable Investment Alliance (GSIA), in a report released in February by the Global Sustainable Investment Alliance (GSIA).

- The report reveals that global sustainable investing assets have grown from US $131.3 trillion at the outset of 2012 to US $21.4 trillion at the start of 2014, and
- As a result, the assets employing sustainable investing strategies have risen from 21.5 percent to 30.2 percent of the professionally managed assets across in the regions covered.

The Global Sustainable Investment Review 2014 is a collaboration between members of the Global Sustainable Investment Alliance and the PRI (Principles for Responsible Investment).

This is the second report to collate the results from the market studies by regional sustainable investment forums from Europe, the United States, Canada, Australia, Asia (ex Japan), and Japan after the inaugural 2012 review was published in early 2013.

Sustainable investing, also known as responsible investing, is an investment approach that considers environmental, social and governance (ESG) factors in portfolio selection and management. The 2014 review, like its predecessor, measures sustainable investments in all asset classes, from public equities and fixed income to hedge funds, microfinance in all asset classes, from public equities and fixed income to hedge funds, microfinance, private equity, property, venture capital and impact investments.

The majority of the identified global sustainable investment assets discussed in the Review—64%—are in Europe. Together, Europe, the United States and Canada account for 99% of global sustainable investing assets identified in the Review.

Other key findings include:
- The most common sustainable investment strategy used globally is integrating/exclusionary screening, affecting US $14.4 trillion in assets.
- ESG integration, the systematic and explicit inclusion by investment managers of ESG factors into traditional financial analysis, is the second most prominent strategy in asset terms, affecting US $12.9 trillion.
- Corporate engagement and shareholder actions, the use of shareholder power to influence corporate behavior, including through communicating with senior management and filing shareholder proposals, is the third most prominent strategy, affecting US $7.0 trillion.
- Negative screening is the largest strategy in Europe, while ESG integration now dominates in the United States, Australia/New Zealand, and Asia in asset-weighted terms.
- Corporate engagement and shareholder action is the dominant strategy in the United States, Canada, Australia, Asia (ex Japan) and Japan.
- The review was regarded as the ideal place to raise both capital and private equity.

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In February 25, 2015 in London the new interactive platform was launched and revealed how companies and governments are addressing the impacts of business, finding that while there are many inspirational examples of action, much more needs to be done.

Business & Human Rights Resource Centre, in partnership with Transparency International and the German Ministry of Economic Cooperation and Development, launched an online resource for companies and governments to develop National Action Plans. The Company Action Platform was made possible by a grant from the German Federal Ministry of Economic Cooperation and Development, supported by BZfG.

The Resource Centre is a member of the Corporate Human Rights Benchmarking Group. The process and results from the Company Action Platform will be taken into account in the development of the methodology for the CHRBB, which is underway. The CHRB Steering Group is: Ariva Investors; Business & Human Rights Resource Centre; Calvert Investments; EIRIS; The Institute for Human Rights and Business; and VDRE.

Business and Human Rights Resource Centre is an international NGO that tracks the human rights impacts positive & negative of over 6000 companies in over 120 countries, making information available on its eight-language website. We seek responses from companies when concerns are raised by civil society. The response rate is over 70% globally.

Almost 50% of people in six ASEAN countries believe corruption has increased, while only a third say their government’s efforts to fight corruption have been effective, according to the 2013 Global Corruption Barometer, a public opinion survey by Transparency International.

“Governments need to show leadership with will action on the establishment of an inclusive multi-stakeholder structure to tackle corruption,” said Siti Rakh Plipat, director of the Asia Pacific division, at Transparency International’s 2014 Corruption Perceptions Index.

“Unless collective action is taken, the maverick initiatives and incremental, inadequate, and ineffective initiatives will be left vulnerable to corruption,” she said.

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As President Benigno Aquino III nears his six-year term, his administration is becoming the subject of a much greater scrutiny on what it has achieved so far. If one will read all the forecast about where the Philippine economy is heading, it is getting there. It is among the emerging economies that are projected to become much more prominent in the coming years – thanks to its favourable macro-economic fundamentals and improving governance.

Indeed, many are betting for a better Philippines – literally and figuratively speaking – the first of the four casinos slated to operate at the country’s Entertainment City has just opened its doors on what it promises to be a new gaming experience in the region. The government is counting on these new casino ventures to boost tourist traffic and will reduce the country’s unemployment rate, which is among the highest in Asia. The Philippines has what it takes to become a tiger economy – it is just a matter of working together to achieve that common goal.
Margin finance now accounts for 10-15% of leading securities firms’ revenues, while its rapid growth has also led to a marked increase in brokers’ leverage.

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China Margin Finance Curbs Highlight Governance Risks

Clear segregation of risks should also improve information disclosure over some of these fast growing asset classes in China.

Decisions announced on 16 January by China’s securities and banking regulatory commissions to curb margin lending and better regulate entrusted lending, highlight some of the risks related to corporate governance in the country’s financial sector, says Fitch Ratings.

In particular, the decisions by the China Securities Regulatory Commission (CSRC) to fine 12 brokers for violations of margin lending rules and impose a three-month ban on opening new margin accounts for three brokers indicates that even where regulations are in place, they may not be strictly adhered to by market participants, including market leaders.

There has been substantial growth in margin lending since it was first allowed by the CSRC in 2010. Following an increase in excess of CNY700bn since June 2014, the margin balance reached CNY1.3tn as of 16 January. This rapid rate of growth flags a potential source of unexpected credit and operational risks to securities firms operating in an underdeveloped market where regulations are evolving. This is especially the case as the Chinese brokerage industry has yet to prove capable of managing the effects of acute stress to some margin borrowers that would be brought on by a period of extreme market volatility.

The development of securities (margin) financing, in a natural evolution toward a deeper capital market. However, with limited experience and weak corporate governance, the business could overly stretch securities firms’ funding and capital in a relatively short period of time.

We combine decades of industry savvy, smart technologies, top-rate equipment and expert workforce to move your goods through our ports swiftly and safely.

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Evaluation on Development and Risk Profile of Financial Services Industry

The condition of banking liquidity was still in control despite that there was an increase in potential liquidity risk.

Financial Services Authority (OJK) considered that development and risk profile of financial services industry in general is relatively in normal condition. That is the conclusion of OJK Board of Commissioners’ monthly meeting, which has been held routinely in every second week of each month in order to evaluate the development and risk profile of financial services industry.

In a global scale, economic recovery in the United States still continued, while economy in European zone suffered with decreased demand and the revising fiscal and monetary stimulus. A slowdown in China’s economy growth and a decline in global oil prices still continued as well.

Some conditions related to domestic economy were, among others, a decline in oil prices and a slowdown in economic growth in 2014 from 5.28 percent to 5.02 percent. In the fourth quarter of 2014, economic growth increased from 4.92 percent to 5.01 percent and in the first three months of 2015, economic deceleration was due to administered prices, while trade recorded a surplus balance.

In domestic financial market, capital market tended to get strong with a relatively moderate fluctuation. Bonds or treasury notes (SBN) market strengthened relatively moderate fluctuation. Bonds or tal market tended to get strong with a decline in agricultural commodity prices declined.

As for stock exchange condition, Composite Index (IHSG) tended to strengthen, driven by reinforcement in property sector, consumer products, various industries, trade and finance during January 2015. The biggest improvement was in property sector. But on the other side, index declined in agriculture, basic industries, infrastructure and mining sectors. The declining index in agriculture and mining sector was influenced by the continuing trend in which global commodity prices declined. Net asset value (NAV) of mutual fund by end of January 2015 increased by 5.0 trillion (2.4 percent), compared to previous month. This increase derived from net subscription of Rp 3.8 trillion with increase of value of Rp 1 trillion.

Investment value of insurance industry increased by 2.12 percent from Rp 416.2 trillion in November 2014 to Rp 416.2 trillion in December 2014. Investment value of pension fund increased by 0.51 percent from Rp 178.7 trillion to Rp 180.4 trillion. Receivable financing growth in December 2014 slowed down, financing companies’ asset as of December 2014 increased by 1.90 percent (month-to-month) to Rp 420.4 trillion, while receivable financing increased by 5.22 percent (yoy) to Rp 366.2 trillion. Distribution of receivable financing was indicated by financing-to-asset ratio, which declined to 87.19 percent.

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Sustainability’s Investment Research Report Reveals ESG Risks and Opportunities

“10 for 2015” report provides thematic investment insights across companies and markets

Sustainability, a leading provider of environmental, social and governance (ESG) research and analysis, today released a new thematic research report titled “10 for 2015 – Generating value in a fragile market.” The report offers a macro level view of current economic and financial market developments from a dedicated sustainability/ESG perspective and a micro level view that reveals the most significant ESG risks and opportunities at 10 companies. By delivering valuable ESG insights, the report is intended to support investors in their asset allocation and asset selection processes.

The macro level view discusses the mounting systemic tensions that are driven by the abundance of liquidity, historically low or partly below zero rates, and stretched valuation levels in many asset classes. It also looks at the implications of the slump in oil prices with regard to the overall economic picture, the stranded asset set debate in the oil and gas sector, the discussion around the decarbonization of the economy and climate change policy.

The report’s micro level focus on 10 companies are embedded positive longterm ESG-related value drivers into their business models, so far largely neglected by the market, others face new ESG challenges which could present risks as well as opportunities for investors.

The report calls out new and potentially underappreciated ESG risk exposure created by Coca-Cola’s recent entry into the energy drinks and milk niches and points to the company’s faint strategic awareness of these risks.

In light of high-profile bribery charges last year in China, GlaxoSmithKline is recognized in the report for making suboptimal remuneration practices, which could help it to curb future ethical lapses.

The research also spotlights Intel’s plan to build a “conflict-free” supply chain by 2016, which positions the company to take advantage of increased demand for “ethical” electronics.

“We firmly believe – and our report findings demonstrate – that analyzing markets and companies through an ESG lens can reveal risks and opportunities not necessarily captured in traditional valuation approaches,” said Dr. Hendrik Ganz, Managing Director of Sustainability at Sustainalytics. “By leveraging our insights, investors can supplement their existing securities selection models or inform new investment strategies.”

The report was further endorsed by John M. Beck, Executive Chairman of Arcus Canada and a global Co-Chair of the Strategic Infrastructure Initiative. “Many of the solutions listed are of proven value,” he said. “Consider the strategy adopted by some private companies, of involving a public bank, which provides a greater degree of political risk,” said Douglas Peterson, President and Chief Executive Officer of McGraw Hill Financial, and Co-Chair of the Strategic Infrastructure Initiative. “If the report succeeds in conveying all its innovative ideas to the right quarters, the global infrastructural programme will prove even more productive.”

“In order for investors to confidently increase their investments in infrastructure, they need to see transparent and comparable data and processes, as well as predictable legal and regulatory frameworks that can withstand political risk,” said Douglas L. Miller, interim chief Economist Officer of Mc-Graw Hill Financial, and Co-Chair of the Strategic Infrastructure Initiative. “Reducing these risks can help unlock the private capital needed to bridge the global infrastructure financing gap.”

The report will continue to substantiate the globally unmet demand for a wealth of knowledge and experience into concrete measures that contribute to boosting strategic infrastructure development, including its dissemination through the B20 and G20.
Imagine a day in which your access to clean, drinkable water is taken away, and you could not shower or bathe properly and you had no one to help you. For more than 783 million people around the world, that day was today. In 2015, more than 2.5 billion people will also lack access to adequate sanitation in the developing world.

A new initiative led by Nevada’s Desert Research Institute (DRI) is aiming to dramatically reduce these numbers, focusing specifically on women—who often bear the brunt of the impact from lack of access to safe water, and in some parts of sub-Saharan Africa walk up to four hours per day, on average, to carry clean water back to their villages.

“As part of DRI’s Global Water Knowledge Campaign, this Initiative builds on more than 20 years of water research and training our scientists have done in West Africa,” said Dr. Stephen Welh, DRI President. “By raising support to provide women throughout these countries with access to adequate clean water sources and access to training we will ensure their family’s well-being and allow them more time to contribute to their villages.”

The DRI Sustainable Water Initiative is a unique, international collaboration with WaterAid, Water for People, and World Vision. Collaboratively, these three renowned organizations currently serve water, sanitation, and hygiene (WASH) projects in more than 41 countries. Since 1981, WaterAid has helped 21.2 million people gain access to clean water. In 2015, WaterAid for People raised more than $14 million to support their “Everyday Forever” campaign, providing water and sanitation resources in more than 15 countries. Currently, World Vision’s Water Programs reach one million beneficiaries per year.

“The knowledge and experience of these organizations working together (in the WASH sector) will be transformational for the regions being served,” said Charles Cavige, DRI Foundation Chair. “Through a generous challenge-grant investment from two long-time DRI Foundation leaders this global campaign plans to support DRI facility and students helping to advance our knowledge of water related issues and improve people’s lives and well-being.”

As part of DRI’s Global Water Knowledge Campaign, this Initiative builds on more than 20 years of water research and training our scientists have done in West Africa.

Children in sub-Saharan Africa wash their hands in clean water provided from a rural village well that was located and drilled by DRI scientists and World Vision WASH staff.

For more information about DRI’s Sustainable Water Initiative visit: https://www.dri.edu/sustainability

Morgan Stanley Survey Finds Sustainable Investing Posed for Growth

O vers seventy percent of active individu- al investors (71%) describe themselves as interested in sustainable investing, and nearly two in three (65%) believe sustain- able investing will become more prevalent over the next five years, according to a new survey published today by the Morgan Stan- ley Institute for Sustainable Investing. The new Sustainable Signals report examines the attitudes and perceptions of individual investors towards sustainable investing and considers the broader implications for inves- tors, corporations and governments.

“The trajectory for sustainable invest- ing continues to point upward. What used to be a binary gain-loss outlook for investing to make money and giving to do good — is increasingly becoming a blended conversation as investors look to harness the power of the capital markets as a force for positive impact,” said Audrey Choi, Managing Director and CEO of the Institute for Sustainable Investing at Morgan Stanley. “As sustainable business practices and in- vestment options become more important to investors, the Morgan Stanley Institute for Sustainable Investing is working to drive scalable investment solutions that seek to achieve market-rate returns and help address global challenges.”

The Stewardship Index for Specialty Crops and The Sustainability Consortium Announce Partnership to Align Measurement and Reporting of Sustainable Agriculture

“A cross-fertil food supply chain, business- ness are advancing environmental, social and economic values. Balancing production with continuously improving conservation stewardship demands an aligned approach to measure and communicate on-farm sus- tainability in specialty crops (all fruits, nuts, and vegetables).” The Stewardship Index for Specialty Crops (SISC) and the ‘Sustainabil- ity Consortium®’ (TSC) are proud to an- nounce a partnership that creates significant progress toward these goals.

TSC and SISC have agreed to work toward harmonization of on-farm perfor- mance metrics and collaborate on implementing special projects to encourage stewardship across specialty crop supply chains. This partnership will enable SISC’s on-farm metrics, developed through a multi-stakeholder process, to be utilized in reporting of TSC’s knowledge key performance indicators (KPIs) on continuous improvement in specialty crops crop product categories. These KPIs are part of the TSC Category Sustainability Profile for the food and beverage sector.

“Collaboration is a cornerstone of the work of The Sustainability Consortium,” said Sheila Bonin, CEO of TSC. “Our partnership with SISC will help advance environmental and social sustainability of specialty crop supply chains by creating har- monized tools and metrics that are based in science, informed by diverse stakeholders and focused on impact throughout the supply chain.”

The Stewardship Index for Specialty Crops (SISC) is a co- allition of producers, buyers, and public interest groups who are collaborating to develop and share metrics that all parties agree are the most important indicators of sustainability. SISC aims to advance both optimal production and strong environ- mental protection by offering a suite of science-driven metrics empowering pro- ducers to measure on-farm practices (i.e. water use, nitrogen use, etc.) accurately and consistently. Metric data give consum- ers, food buyers, and producers a common language for discussing the impact of farming practices — and the meaningful contributions made by U.S. farmers. For more information, visit http://www.stewar- shipindex.org

About The Sustainability Consortium

The Sustainability Consortium® (TSC®) is a global non-profit organization with the mission to enable the consumer products industry to deliver more sustainable products. TSC translates science into business practice, working collaboratively with member organizations to develop transparent tools, methodologies, and strategies for products and supply networks that address environmental, social and economic imperatives. TSC is comprised of more than 100 members, including NGOs, civil society organizations, scientific experts, ac- ademics and corporations from all sectors of business. TSC is jointly administered by Arizona State University and the Univer- sity of Arkansas.

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Millennials and Women
Leading the Way
The survey finds Millennials and women at the forefront of sustainable investing and sustainability. Millennials invest in particular index, the highest of any demographic on these topics. Related findings from the survey include:
- Millennials are the most open to the idea of sustainable investing (38%) as compared to Gen X (79%) and Baby Boomers (60%).
- Millennials are twice as likely to both invest in companies or funds that target specific social/environmental outcomes and divest because of objectionable corporate activity.
- Women are also leading the way, with 76% of surveyed investors showing interest in sustainable investing, compared to 62% of men.
- Female investors are nearly twice as likely as male investors to consider rate of return as well as the impact of their investments when making an investment decision (46% vs. 23%).

Charting a Path Towards
Wider Adoption
Results from the survey point to how individual investors already factor sustainability into their investment decisions and show that there is still room to grow. Related findings include:
- Nearly three out of four active individual investors (72%) believe that companies with good Environmental, Social and Governance (ESG) practices can achieve higher profitability and are better long-term investments.
- Individual investors say that on average 46% of their total portfolio should be invested sustainably.
- At the same time, investors are divided over the perception of sustainability and financial gains as being a trade-off (54% vs. 46%).
- “The survey shows that the perception of trade-off between profitable and sustainable investments is still a major barrier to the growth of the field – we and others trying to advance sustainable investing at scale have a job to do, demonstrating that it is possible to achieve positive impact and market-rate returns,” said Choi. “Why does this matter? We believe that it is necessary to mobilize private capital at scale to address global challenges.”

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Transparency International calls for global action to stop the money laundering merry-go-round

“Collaboration is a cornerstone of the work of the Sustainability Consortium”

Transparency International calls on governments and their enforcement authorities across the world to combine forces to end money laundering impunity. These authorities should assign the highest priority to prosecuting individuals and corporate offenders as well as those who collude with them: the bankers, the accountants, the real estate brokers, the consultants and the other professional intermediaries who enable the corrupt to launder their ill-gotten cash into the mainstreams of the world’s financial system. Time behind bars for those who break the law, rather than settlements that shift the burden to shareholders, would signal a time to change,” said Ugaz.

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