



Myanmar Centre for
Responsible Business

PRESS RELEASE

26 March 2018

“INTERNATIONAL PARTNERSHIPS ARE DRIVING GOVERNANCE AND TRANSPARENCY IMPROVEMENTS BY MYANMAR COMPANIES”

Myanmar Centre for Responsible Business (MCRB) today launched the fourth *Pwint Thit Sa* report on Transparency in Myanmar Enterprises (TiME), in partnership for the first time with Yever, a Myanmar business consultancy. The 2018 Report assesses information disclosure on the corporate websites of 182 large Myanmar companies, including listed, and public ones.

Almost twice as many companies were assessed as in the last *Pwint Thit Sa* report, published in 2016, using twice as many dimensions and criteria. This makes *Pwint Thit Sa* 2018 the most ambitious public report ever published about the state of corporate governance in Myanmar.

The 2018 report, although based on the same principle of rating online information disclosure by companies, adopts a different scorecard from the previous three reports. The scoring is now based on the ASEAN Corporate Governance Scorecard which is being used in Malaysia, Thailand, Philippines, Indonesia and Singapore.

The top three companies in 2018 scoring highest for disclosure are First Myanmar Investment (FMI) Group, City Mart Holdings (CMHL), and Serge Pun & Associates (SPA). While these companies have consistently featured in the Top 10 of previous *Pwint Thit Sa* reports, all of them have made added efforts in *Pwint Thit Sa* 2018 to enhance disclosure, and CMHL has risen from 8th in 2016 to 2nd in 2018.

Other companies scoring highly are Aya Bank and Max Myanmar, Shwe Taung and Grand Guardian Insurance, Dagon Group and Myanmar Thilawa SEZ Holdings. Myanmar Awba, Myanmar Citizens Bank, and First Private Bank have all significantly improved disclosure of corporate governance information compared to their disclosure in the last report in 2016.

Many companies amongst those assessed still do not have corporate websites (67 out of 182, or 37% of those surveyed). Even where companies do, many of these websites publish little to no data relating to the criteria covered in this survey. Of those companies with websites, 80 out of 116 (69%) scored less than 7%, which was the overall average score for all companies assessed.

Launching the report, Vicky Bowman, Director of Myanmar Centre for Responsible Business, and an Interim Board member of the newly launched Myanmar Institute of Directors said:

“This year’s Pwint Thit Sa report is a step change, with more companies, more wide ranging criteria, and based for the first time on the ASEAN Corporate Governance Scorecard. Yet much



Myanmar Centre for
Responsible Business

is familiar: the leading companies from last year are still more or less the same as before. FMI should be congratulated for coming top for the third year running and demonstrating a high standard of corporate governance. And companies like CMHL, Shwe Taung and AYA Bank should be recognised for their significant improvement.”

“One striking statistic from this year’s report is that the average score for a company in which the World Bank’s International Finance Corporation invests is 54%, compared to an average of companies assessed of 7%. This is even greater transparency than the five listed companies on Yangon Stock Exchange, which averaged 38%. This demonstrates that good corporate governance is what attracts investors and partners for companies. It also shows that IFC investment and the guidance that accompanies it, make a real difference to how these companies run themselves”.

Nicolas Delange, of business sustainability consultancy Yever, MCRB’s partner for the report, remarked:

“The enthusiasm with which some companies took up our offer of feedback, and the dramatic improvement in their scores that resulted, clearly demonstrates that some companies are keen to receive guidance on what good corporate governance and disclosure means. The Securities and Exchange Commission of Myanmar is well-placed to do this, and to set corporate governance in Myanmar off on the right track. But it needs to have sufficient resources and support from development partners to do so”.

“What is also good to see is that there is innovation and global best practice on the part of some of the leading companies when it comes to sustainability management and reporting. This takes us away from the donations culture towards a future in which sustainability and inclusion are embedded in the business’ core activity”.

Another striking finding was the very poor disclosure record and absence of corporate governance by companies who are registered at DICA as ‘public’ companies, but have not met the reporting and disclosure requirements for such companies which were introduced in the 2015 Securities Exchange Rules. The average score for such companies was 4%.

Large and medium sized companies who have not been included in the 182 companies surveyed in this report but who are interested in demonstrating their commitment to transparency can volunteer throughout 2018 to be benchmarked under MCRB’s ‘Mini Pwint Thit Sa’ process.



Recommendations are included in the report which are intended to enhance corporate governance and transparency. These are directed at Myanmar companies, government, the Anti-Corruption Commission, the Myanmar Parliament, institutional investors and civil society and the media.

Background

1. The *Pwint Thit Sa* /Transparency in Myanmar Enterprise (TiME) report was launched in 2014 inspired by Transparency international's 'Transparency in Corporate Reporting' initiative. The intention was to encourage increased transparency by Myanmar businesses through the internet. Reports ranking the website information of large companies were published in 2014, 2015 and 2016: <http://www.myanmar-responsiblebusiness.org/pwint-thit-sa/report.html>. No TiME report was published in 2017 while the methodology was redesigned.
2. The scoring methodology uses a selection of the most relevant criteria from the ASEAN Corporate Governance Scorecard, since this is also being used by other corporate governance initiatives in Myanmar and the region. Five dimensions were assessed using 59 of the most relevant criteria from the ASEAN CG Scorecard (ACGS) together with a further 15 Pwint Thit Sa extra criteria, making 74 criteria in total (Annex 2):
 - Corporate Governance (68% - 50 criteria)
 - Corporate Culture (9% - 7 criteria)
 - Reporting (9% - 7 criteria)
 - Sustainability Management (7% - 5 criteria)
 - Communication (7% - 5 criteria).

Not all ACGS criteria are used as some are not very suitable for unlisted Myanmar companies at present. Some additional ones mostly related to sustainability have been added by MCRB/Yever.

3. The report also summarises the regulatory framework for disclosure, as well as recent Myanmar developments related to the wider objectives of MCRB's work on corporate governance and transparency. It covers activities and regulatory reform by the Myanmar government, including the Myanmar Securities and Exchange Commission (SECM), to improve the quality of corporate governance and regulation of companies and their investments, and to increase transparency and access to information. It also summarises initiatives to address corruption, and related activities by civil society organisations.
4. The report also covers Myanmar's participation in global initiatives such as the Extractives Industries Transparency Initiative (EITI), Construction Sector Transparency Initiative (CoST), and UN Global Compact (UNGC). It also highlights some of the emerging issues and initiatives in the global debate about corporate governance and transparency, such as non-financial



reporting and sustainability management, stakeholder engagement, diversity, including on gender, beneficial ownership, and human rights and modern slavery.

5. Myanmar Centre for Responsible Business (MCRB) is a Yangon-based initiative funded by the UK, Norway, Switzerland, the Netherlands and Ireland, based on a collaboration between the UK-based Institute for Human Rights and Business, and the Danish Institute for Human Rights. The Centre was established in 2013 to provide an effective and legitimate platform for the creation of knowledge, capacity and dialogue concerning responsible business in Myanmar, based on local needs and international standards, which results in more responsible business practices. It is a neutral platform working with business, civil society and government. (www.mcrb.org.mm)
6. Based in Yangon, Yever is a consultancy offering custom made solutions to corporate leaders. It aims to foster company business transformation while building their market leadership responsibly and sustainably. Established in 2016, the team combines Myanmar talents and international expertise.

For more information, please contact:

For MCRB: Phyu Phyu Zin, Information and Communication Officer, 09799667713 or phyuphyu.zin@myanmar-responsiblebusiness.org

For Yever: Nicolas Delange, Managing Director, contact@yever.org