



Myanmar Centre for  
Responsible Business

## PRESS RELEASE

Embargo 10am Yangon time, 30 April 2019

### “THE OWNERS OF SOME MYANMAR COMPANIES CLEARLY UNDERSTAND THE BUSINESS CASE FOR CORPORATE GOVERNANCE AND TRANSPARENCY”

Myanmar Centre for Responsible Business (MCRB) today launched the fifth *Pwint Thit Sa* report on Transparency in Myanmar Enterprises (TiME), once again completed in partnership with Yever, a Myanmar business consultancy, which contributed *pro bono* to the report.

The 2019 *Pwint Thit Sa* Report assesses information disclosure on the corporate websites of 248 large Myanmar enterprises. These include 5 listed, 55 public, and 160 significant privately owned companies. For the first time, it also includes 28 of the most important state-owned economic enterprises (SEEs). This makes it the most ambitious public report ever published about the state of corporate disclosure (CD) in Myanmar. The report is intended to support the objectives of the 2018 Myanmar Sustainable Development Plan and Myanmar’s achievement of the Sustainable Development Goals, particularly SDG16.

The 2019 *Pwint Thit Sa* report continues the methodological approach adopted in 2018. It assesses online disclosure of information on Corporate Profile, Corporate Governance, Sustainability Management, and Reporting, using criteria from the ASEAN Corporate Governance Scorecard (ACGS). However, in the 2019 report, MCRB and Yever have increased the weight of ‘performance’ criteria relevant to sustainability. The change also reflects global and regional trends for non-financial reporting, including in the Singapore and Thai stock exchanges. Some of these trends are outlined in Part 1 of *Pwint Thit Sa 2019*.

In 2019, the Myanmar companies which score highest are **City Mart Holdings (CMHL)**, **First Myanmar Investment (FMI)**, **Max Myanmar** and **Shwe Taung**. While these companies have consistently featured in the Top 10 of previous *Pwint Thit Sa* reports, *Pwint Thit Sa 2019* found that all of them continue to improve their disclosure. At the other end of the scale, 108 (44%) of the 248 companies assessed do not have corporate websites. Most of those that do publish little or no corporate governance and performance data.

The 5 companies on the Yangon Stock Exchange, which scored 32% on average, continue to outperform the public and private companies assessed, where the average score in each category was 4%. SEEs had the lowest average score. The leading SEEs for disclosure are **Construction and Housing Development Bank (CHDB)** and **Yangon Electricity Supply Corporation (YESC)**, the only two SEEs to score (just) above the overall average mark of 5%.

Launching the report, Vicky Bowman, Director of Myanmar Centre for Responsible Business said:



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*"We decided that the 2019 Pwint Thit Sa assessment needed to stretch the companies that came top in the 2018 report. That was why we added performance criteria, linked to the globally respected Integrated Reporting Framework <IR>. These go beyond the basic corporate governance disclosure expected under the ASEAN Corporate Governance Scorecard. These criteria recognise and reward those companies which publish data on how they implement their policies. This is a way to measure whether the company 'walks the walk' or just 'talks the talk'. It is more challenging, as it requires companies to put in place systems to capture and measure performance data. As a result, the average score has dropped from 7% in 2018 to 5% in 2019, even though overall disclosure is up, particularly amongst the top 10 to 20 companies".*

Although the ACGS was originally designed to reflect CG requirements for publicly listed companies in Thailand, Singapore, Malaysia, Philippines, Indonesia and Vietnam, Vicky highlighted that, in Myanmar, some private companies are already choosing to be transparent: *"Under the Myanmar Companies Law, all that a privately owned company needs to file with DICA is an Annual Return. There isn't even a requirement on the company to publicly disclose this information, although in principle these documents are publicly available through the new MyCo online registry.*

*However, when we look at the top ten companies in Pwint Thit Sa 2019, we see that seven of them are privately-owned. These includes the top-ranking company, CityMart. This shows that what motivates their owners and top executives is not regulatory requirements but the business case for transparency, corporate governance and sustainability. They see it as a means to attract investors and business partners, and build their social licence to operate. But they also see a focus on performance – for example on energy efficiency - as a means of making savings for their bottom line".*

Nicolas Delange, Managing Director of business sustainability consultancy Yever, added:

*"Although private companies are choosing to disclose, Myanmar does have extensive regulatory disclosure requirements for listed companies and 'public' companies, particularly those with more than 100 shareholders. These are set out under the 2017 Companies Law and the notification related to Continuous Disclosure issued by the Securities and Exchange Commission of Myanmar (SECM). The Central Bank of Myanmar has also issued more governance and disclosure requirements in 2019 for financial institutions. Part 1 of Pwint Thit Sa outlines these existing requirements.*

*What our assessment shows is that quite a few of the companies which are caught by these disclosure requirements are failing to fully implement them. We suspect that many may not even be aware of them.*



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*That's why companies – particularly financial institutions - need to invest in compliance functions. They also need support. Companies need guidance and feedback from the regulators, including the SECM, DICA and the Central Bank. Companies also need to ensure their Boards are well advised by professional auditors, lawyers and others. These advisers should also help them understand their duties as Directors, including through training programmes such as those offered through the Myanmar Institute of Directors”.*

As part of the process of giving guidance and building capacity, Myanmar's regulators, with support from the IFC, worked with 24 companies in 2018 and benchmarked them against almost the complete range of ACGS criteria. Their report was published in April 2019 as the first 'Myanmar Corporate Governance Scorecard'. *Pwint Thit Sa 2019* is complementary but more extensive, with a focus on wider disclosure. It ranks ten times as many companies, but uses fewer ACGS criteria and more performance and sustainability criteria.

In addition to highlighting current regulatory requirements concerning corporate governance and disclosure, including on issues such as corruption, environmental impact assessment (EIA) and beneficial ownership, *Pwint Thit Sa 2019* also contains recommendations for companies, government, and other stakeholders.

MCRB and Yever plan to undertake research for the next *Pwint Thit Sa* report throughout the course of 2020, with the next report to be published at the end of 2020.

## 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, and this format was used for the 2015 and 2016 reports. The intention was to encourage increased transparency by Myanmar businesses through the internet by ranking the website information of large companies. The 2018 report switched to using criteria from the ASEAN Corporate Governance Scorecard.  
<http://www.myanmar-responsiblebusiness.org/pwint-thit-sa/report.html>.
2. In the 2019 report which is available at <https://www.myanmar-responsiblebusiness.org/pwint-thit-sa/2019.html>, 69 of the most relevant ACGS criteria were used, out of a total of 143 criteria (of which disclosure 119 and performance 24). These have been used to assess four dimensions with a maximum possible score of 167 (119 Disclosure, 48 Performance).



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	Number of criteria	Weight (%)
<b>Corporate Profile:</b> Company presentation; Ownership structure; Company strategy; Corporate communication	21	17%
<b>Corporate Governance:</b> Shareholders' Engagement; Board of Directors' structure; Board of Directors' responsibilities; Audit Committee; Nominating Committee; Remuneration Committee; Performance review & Board appointments	44	29%
<b>Sustainability Management:</b> Risk management; Strategy; Corporate policies; Business ethics; Whistleblowing; Sustainability reporting	40	27%
<b>Reporting:</b> Annual report; Framework; Financial & operations; Non-financial	38	27%

3. 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](http://www.mcrb.org.mm))
4. Yever is a Yangon-based 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. Yever's contribution to the 2019 *Pwint Thit Sa* report involved around 150 pro bono days. ([www.yever.org](http://www.yever.org))

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