

Pwint Thit Sa 2019: Frequently Asked Questions

Q. Why is MCRB/Yever doing the Pwint Thit Sa report?

A. Our aim is to use the *Pwint Thit Sa* report and the ranking to promote and incentivise better corporate governance among Myanmar companies, and increase company disclosure of information for stakeholders including regulators, actual and potential investors, media, and other stakeholders.

This is consistent with the reforms being led by the Directorate of Investment and Companies Administration (DICA) to implement the 2017 Companies Law and 2016 Myanmar Investment Law, and the activities of the Securities and Exchange Commission of Myanmar (SECM) concerning public and publicly listed companies.

A similar assessment was also recently performed by the SECM, the DICA and the YSX using the ASEAN Corporate Governance Scorecard as a reference point to assess the current practices of certain Myanmar companies related to corporate governance.

Q. Why is my company included in Pwint Thit Sa?

A. Pwint Thit Sa 2019 covers all publicly listed companies, the largest public companies, and privately owned companies who ranked in the Top 100 of the 2016/2017 Commercial Tax and Income Tax payers list, as well as influential companies, including those who previously featured on sanctions lists, and therefore where there is more interest from stakeholders in their corporate governance and reforms. Companies not in these categories can also ask to be included, and some have done so to encourage corporate governance reforms in their company.

Q. Why is my company not included in Pwint Thit Sa?

A. If your company does not fall into the above categories, it can nonetheless request to be included, providing it has a corporate website. Please contact MCRB.

Q. Why are you scoring my company as a single entity/Group when it is multiple legal entities?

A. In the first round of engagement with companies in September 2018, we invited those whose Group structure was unclear to decide how they wanted to be scored. For all companies who expressed a preference, we scored them according to that preference.

Q. Why are state-owned enterprises (SOEs/SEEs) included this year?

A. Corporate Governance of SEEs/SOEs is increasingly on the Myanmar government agenda. We therefore decided to include the main SOEs this year (many of which are significant taxpayers).

Q. What are the benefits for us of being included in Pwint Thit Sa?

A. Pwint Thit Sa is used as a reference point by a number of due diligence organisations and trade directories as well as investors, for whom corporate governance is a factor in their choice of partner.

Q. Can we choose to be omitted from the Pwint Thit Sa report?

A. We are scoring all publicly listed companies, all public companies recognized by DICA, companies who ranked in the Top 100 of the 2016/2017 Commercial Tax and Income Tax payers list, and other influential companies, based on their published information. 'Influential company' includes those who previously featured on sanctions lists, and therefore where there is more interest from stakeholders in their corporate governance and reforms. Companies not in those categories will only be included on their request.

Q. Don't you need our permission to include us?

A. No. We score all companies based on information they have chosen to release into the public domain. We do not need permission from companies to assess this information. Companies can choose whether or not they want to engage with MCRB/Yever to receive free feedback and advice, which will enable them to potentially increase their disclosure and their score

Q. What if we disagree with the draft score you have given us?

A. We encourage you to get in touch as soon as possible to discuss the draft score, and to show us any published information that we may have missed, and/or disclose further information.

Q. Can MCRB/Yever help us to improve our score?

A. Yes, our aim is to help all companies improve their corporate disclosure and thereby improve their score. We are happy to meet companies and give further feedback on their scores and show examples of good Myanmar practice that can be emulated. The earlier this happens, the better to give companies time to upgrade their disclosure before the deadline.

Q. Aren't these criteria/questions too hard for Myanmar companies?

A. We recognize that for the majority of Myanmar companies, this level of corporate governance and disclosure is challenging.

However, some Myanmar companies are achieving this level of corporate governance and disclosure due to the reforms they have undertaken. *Pwint Thit Sa* 2019 is designed to stretch those companies at the top of the benchmark, and differentiate between them, particularly on disclosure of **Performance** Criteria.

In 2018, we included only 74 **Disclosure** Criteria, on a yes-no basis. However, to respond to criticism that some companies just publish policies but do not implement them, we are now including Performance Criteria too, in line with different international standards (Global Reporting Initiative (GRI), Integrated Reporting (IR etc).

	Disclosure (0 or 1 point)	Performance (0,1,2 points)	Maximum score
2018	74	-	74
2019	119	23 (max = 46)	165

This means that companies will be marked not just on what say they will do, but what they actually have done, measured and reported, on issues such as health and safety, environmental performance, product responsibility etc. This will distinguish the highest performing companies from the others.

For most companies embarking on corporate governance reform, these Performance Criteria will be demanding. They are unlikely to score highly without support from their Board of Directors, and the necessary management systems in place which may not be possible for *Pwint Thit Sa* 2019. However we hope that over time, they will adopt this approach and their score will increase.

Q. We are not a public company, so some questions are not applicable to us. Why should we disclose information?

A. In Myanmar, public and publicly listed companies have statutory requirements to report, and disclose some but not all of the information covered by *Pwint Thit Sa*. The ASEAN Corporate Governance Scorecard (ACGS) was also designed for publicly listed companies in the region.

Beyond the Myanmar statutory requirements, it is up to companies to decide how far they want to disclose additional information to the public, based on whether they see that there is a business case for doing so, for example, to enhance their brand, or ensure accurate media coverage.

Disclosure also helps to attract investors who are prioritizing corporate governance and sustainability. Following adoption of the new Companies Law, Myanmar companies have the opportunity to include foreign investors in their shareholding structure as minority shareholders. Many foreign investors focus their due diligence on corporate governance practices, inter alia to make sure their rights will be respected and protected, particularly in a private/family-owned company.

To guide this enhanced disclosure, *Pwint Thit Sa* has supplemented the ACGS criteria with criteria from different international standards (e.g. Global Reporting Initiative, Integrated Reporting). We have also included criteria which Myanmar stakeholders ask us about, such as which major companies are promoting gender equality.

Q. How much time do we have to disclose more information and raise our score?

A. In late January/February we will undertake the second review of websites to determine the final score which will be based on information on websites as of 18 January 2019. On the basis of this final review, we will rank each company according to their published data and finalise the *Pwint Thit Sa* report for publication in April 2019.

Q. Can we have more time?

A. In exceptional cases, we may be able to slightly extend the timeframe for our scoring for example where a company needs to bring a new website online, or have Board approval. However all requests for extension should reach MCRB by 18 January.

Q. What is the role of Yever in *Pwint Thit Sa*?

A. Yever is a Myanmar-based sustainability consultancy providing pro bono support to MCRB to ensure that the *Pwint Thit Sa* scorecard reflects international sustainability standards and that companies are scored consistently and in line with good practice.

For the 2018 *Pwint Thit Sa* report, Yever provided around 150 days of *pro bono* support mainly on research and free feedback to companies. Our expectation is that in 2019 these *pro bono* days will increase to reflect the larger scope of the report.

Q. Some companies are also clients of Yever. Isn't this a conflict of interest?

A. We have recognized since the start of the partnership the potential for a conflict of interest. To address this:

- all companies are provided with the same information and the same offers of free dialogue.
- Yever declares their actual and possible clients to MCRB. Prior to the 2018 report, these were City Mart Holdings Limited, Shwe Taung Group and Grand Guardian Insurance (GGI). Since then, Yever has also taken on Myanmar Thilawa SEZ Holdings Co as a client.
- The names of any companies to whom Yever has provided paid consultancy services were published in the 2018 report and an updated list will be published in 2019 .
- Final scores for Yever clients, as well as for the Top 10 companies are independently checked by MCRB.

Q. Isn't it suspicious that these companies scored in the top 10 in 2018?

These companies ranked highly in both the 2015 and 2016 reports conducted by MCRB alone (Shwetaung 7th and 11th; CityMart 4th and 8th respectively; GGI was scored for the first time in 2018). They therefore already had a commitment to disclosure and sustainability.