



CORPORATE GOVERNANCE IN ASIA:

10 Years from Now

**Manila, Philippines,
Peninsula Hotel**

9-10 September 2009

SUMMARY NOTE

In partnership with the Government of Japan



**INSTITUTE OF
CORPORATE
DIRECTORS**



Background

Established in the wake of the Asian Crisis in 1999, the Asian Roundtable on Corporate Governance aims to improve corporate governance standards and practices across Asia. The Roundtable advances the OECD's presence in Asia on corporate governance issues and also raises more generally the Organisation's profile.

In Manila, the Roundtable celebrated a decade of concerted efforts to revamp Asia's corporate governance policy framework and advanced in the troublesome area of abusive related party transactions. The region's achievements in rebuilding after the Asian crisis bring important lessons on how to improve standards and their implementation, useful input to the OECD's Strategic Response to the Financial Crisis.

At the same time, Asia shares with other jurisdictions the universal challenge of matching improvements in standards with the ability to implement and enforce them. In Manila, decision-makers committed to continued corporate governance reform in Asia, and set the stage to define new priorities for action in the next decade.

Highlights and achievements of the Manila meeting

- The Roundtable brought together 180 senior decision-makers from across Asia, including Southeast Asia, who can effect change in their jurisdictions and representatives from OECD as well as international agencies. Enhanced engagement partners China, India and Indonesia were active. The Philippines (Department of Finance, Stock Exchange and Institute of Corporate Directors) was an active host, having financed all the local costs of the event. Financial support was also received from the Japanese government, the Asian Development Bank and the International Finance Corporation.
- The relevance and impact of the Asian Roundtable was confirmed. All Asian economies are using the OECD Principles of Corporate Governance and outputs of the Asian Roundtable as a reference in the development of their regulations, corporate governance codes, listing rules, scorecards, as well as academic work.
- The Roundtable with its mutually beneficial, peer-based exchanges is a model for OECD co-operation in the region. There is a high degree of co-operation between the OECD Steering Group on Corporate Governance and the Roundtable, including the exchange of learning, recommendations and expertise – most recently on the financial crisis, helping to draw Asian countries closer to the Organisation. The active participation of Mr. Marcello Bianchi, Chair of the Steering Group, in this meeting testifies to this. Participants in Manila viewed the crisis as an opportunity to push the corporate governance reform agenda further in the region, particularly with regard to risk management policies, board oversight and shareholder activism, issues also identified by the OECD.
- The Asian Roundtable is committed to both understanding corporate governance challenges and, to developing concrete solutions to address them. To this end, the Roundtable adopted the Guide on Fighting Abusive Related Party Transactions in Asia, developed by its Task Force comprising primarily of Asian decision-makers. Many of these economies expressed publicly their commitment to using the Guide in their respective reform efforts. This will also be an important contribution to policy makers in the OECD -- where the Steering Group has discussed preliminary drafts and to other outreach work in Latin America.

- Participants identified a number of remaining corporate governance challenges which, while not unique to Asia, are priorities for the region: for example, the need for more follow-up on implementing guidelines on fighting abusive related party transactions, protection of minority shareholder rights and enforcement. Discussions highlighted the need to update existing priorities identified in the Roundtable's Asian White Paper on Corporate Governance. The Roundtable noted that there needs to be more focus on controlling shareholders; an examination of different ownership models (e.g. family and state-owned listed companies) and how they impact board oversight as well as a more effective regulatory framework. Keen interest was expressed in developing case studies on good corporate governance and establishing a forum for greater private sector involvement.

Next steps

The Roundtable agreed to establish a working group to produce a scoping paper, underpinned by a stock taking exercise, to identify and streamline future work priorities. Malaysia offered to possibly host a meeting of the group in Spring 2010. The scoping paper will form the basis for updating the White Paper by an Asian Roundtable Task Force in 2010-2011. The People's Republic of China expressed an interest in hosting the 2010 Asian Roundtable, when 2-3 key priority issues will be discussed.