



# ASIA DISCLOSURE INDEX

HOW ASIA'S LEADING LISTED COMPANIES FARE ON  
VOLUNTARY DISCLOSURE



EXPERTS WITH IMPACT

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ASIA DISCLOSURE INDEX 2019 INFOGRAPHIC

# ASIA DISCLOSURE INDEX 2019

HOW ASIA'S TOP 330 LISTED COMPANIES FARE ON DISCLOSURE STANDARDS

**6.4/ 10**

VOLUNTARY DISCLOSURE (VD) SCORE

**2.4/ 4**

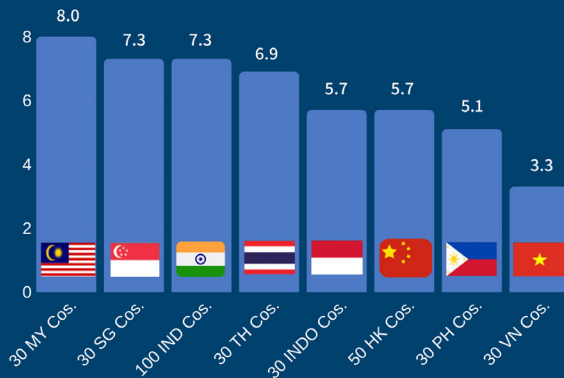
BOARD QUALITY (BQ) SCORE

**3/ 5**

RISK DISCLOSURE (RD) SCORE

## ASIA SCORES

(Covering India, ASEAN and Hong Kong listing jurisdictions)



## 23 Disclosure Champions (10/10)



- BANKS/ FINANCIALS**  
AmBank, Axis Bank, CIMB Group, DBS Group, Hong Leong Bank, HSBC, IndusInd Bank, Krungthai Bank, Siam Commercial Bank, SGX
- ENERGY/ RESOURCES**  
Hindustan Zinc, Petronas Dagangan Berhad, Tenaga Nasional Berhad
- INDUSTRIAL/ MANUFACTURING**  
MISC, Petronas Chemicals, PTT Global Chemicals, Sime Darby Berhad, Singapore Airlines
- IT /TECH & TELECOM**  
Infosys, Singapore Telecommunications Limited
- HEALTHCARE/ PHARMA**  
Dr. Reddy's Laboratories
- FOOD BEV/ AGRI**  
IOI
- REAL ESTATE/ CONSTRUCTION**  
Ayala Land

### CYBER RISK DISCLOSURE

**45%**

DO NOT mention cyber risk or cybersecurity risk mitigation in their annual reports

### BOARD COMPOSITION

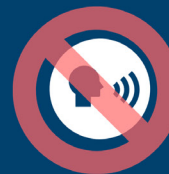
**49%**

DO NOT HAVE A BALANCED BOARD (ie 50% INDEPENDENT DIRECTORS ON THE BOARD)

### WHISTLEBLOWING MECHANISM

**36%**

DO NOT PROVIDE A CONVENIENT WHISTLEBLOWING MECHANISM (by email or phone)



### BOARD COMPOSITION BY LOCATION

ASEAN **39%** INDIA **88%** HONG KONG **18%**

Percent of companies with at least 50% of the Board consisting of Independent Directors

### BOARD EVALUATION BY THIRD-PARTY

ASEAN **32%** INDIA **18%** HONG KONG **10%**

**24%** Only 49 Asian companies provide Board Evaluation with involvement of a third-party expert

The Asia Disclosure Index 2019 is a report of corporate voluntary disclosure by Asia's 330 leading companies, across India, ASEAN and Hong Kong jurisdictions by market capitalisation, as assessed on 12 publicly available information disclosure parameters. Full methodology and ranking of all 330 Asian listed companies with weighted voluntary disclosure scores (split by Performance Quality, Board Quality and Risk Disclosure Quality scores) can be found here: [www.fticonsulting.com/asiadislosureindex2019](http://www.fticonsulting.com/asiadislosureindex2019).



## ASIA DISCLOSURE INDEX HOW ASIA'S LEADING LISTED COMPANIES FARE ON VOLUNTARY DISCLOSURE

### EXECUTIVE SUMMARY

Corporate disclosure practices are a proxy for management culture and behaviour. It reveals the 'tone from the top' by the board and management team. Public companies are being scrutinised for non-financial information by stakeholders, and institutional investors are looking at board and leadership quality to make investment decisions.

FTI Consulting's view is that [disclosure standards should be set at the board level and reviewed regularly to ensure that they are benchmarked globally as competition for institutional investment funds is global](#). In fast-growth economies and regions, voluntary embrace of higher standards of corporate disclosure by listed companies, by breaking away from local norms, is a good way of commanding a 'transparency premium' from global investors.

FTI Consulting has been reviewing corporate disclosure practices, specifically voluntary disclosure, in Asia over the past five years (specifically in India and the ASEAN region), and this year, the research has been expanded to include the Hong Kong listing jurisdiction. The Asia Disclosure Index 2019 is a composite research property that benchmarks non-financial voluntary disclosure (as made publicly through company annual reports and websites), keeping with the direction of disclosure regulations in other jurisdictions, including the 2014 EU Non-Financial Reporting Directive on non-financial disclosure, and global institutional investor expectations.

The report reviews non-financial, voluntary disclosures and creates comparable benchmarks, with an eye on anticipated disclosure regulations. It is a non-commercial, public research initiative that seeks to quantify and frame the ever-rising standards for voluntary disclosure. The report splits twelve voluntary disclosure parameters into three categories (see Research Methodology on page 10) and sets parameters that reveal non-financial information about performance (Performance Disclosure), board quality (Board Quality/ BQ) and risk management (Risk Disclosure/ RD). The report then assigns weights to create a Composite Voluntary Disclosure (VD) score, that has been applied to the top 330 listed Asia companies across eight listing jurisdictions. The report makes comparisons, where appropriate, between the scores for ASEAN, Hong Kong and Indian companies.

[The top 330 listed Asian companies together score an average of 6.4/10 on Voluntary Disclosure](#). Split by its constituents, the same group of companies score 2.4/4 for Board Quality (BQ) and 3/5 for Risk Disclosure (RD).

- [23% of companies have a perfect Voluntary Disclosure of 10/10.](#)
- [By listing location, Malaysian companies have the highest average Voluntary Disclosure score of 8/10](#), followed by Indian and Singaporean companies (tied together at 7.3/10).
- Collectively, IT/Tech & Telecom companies take the lead on Voluntary Disclosure scores, followed by Banks/Financials.

Taken together as a group, within specific Board Quality

parameters, the Asia Disclosure Index 2019 report notes the following for the top 330 listed Asian companies:

- Asian companies across the eight jurisdictions score high on gender diversity at the board-level with [80% of companies having at least one female director on their Board of Directors](#). This is consistent across India, ASEAN and Hong Kong.
- Independent Directors do not make up at least half of the boards for 49% of Asian companies surveyed. Only 24% of Asian companies provide board evaluation with the involvement of a third-party expert.
- Only 57% of Asian companies provide specific information about their directors' specialist expertise that they bring to the board.

Within specific Risk Disclosure parameters, the Asia Disclosure Index 2019 report notes that:

- [36% of the top 330 listed Asian companies across the eight jurisdictions do not provide a convenient whistleblowing mechanism](#) (phone number or email) on their websites or in their annual reports.
- [54% of Asian companies do not provide analyst transcripts or details of analyst engagement](#), even if investor presentations are available on their websites. While 71% of the 330 Asian companies provide some information on risk metrics and mitigation, [45% of the 330 companies do not provide any information regarding cybersecurity or data-security risk mitigation](#) in their annual reports.
- [32% of Asian companies provide sustainability reports without internationally recognised benchmarks such as Global Reporting Initiative \("GRI"\) standards.](#)

<sup>1</sup> Constituents of the S&P BSE 100 Index, FTSE ASEAN Stars Index and Hang Seng Index as of June 2019

## ASIA DISCLOSURE INDEX HOW ASIA'S LEADING LISTED COMPANIES FARE ON VOLUNTARY DISCLOSURE

### ASIA DISCLOSURE INDEX 2019 REPORT FINDINGS

#### Voluntary Disclosure Scores

The [top 330<sup>2</sup> listed companies in Asia](#) drawn from eight listing jurisdictions across ASEAN, Hong Kong and India (specifically constituents of the S&P BSE 100 Index in India, FTSE ASEAN Stars Index in the ASEAN region and Hang Seng Index in Hong Kong), [together have an average Voluntary Disclosure score of 6.4/10 \(with a wide spread and standard deviation of 2.22\).](#)

- Only 23 listed companies across these eight jurisdictions, have a Voluntary Disclosure score of 10/10 and may be considered as Asia's Voluntary Disclosure champions. Of the 330 companies, 53 companies (17%) scored 9/10 or above and they may also be considered good performers.
- More than half (54%) of Asian companies (out of 330) have a Voluntary Disclosure score of between 9 and 5.
- Approximately 29% of companies have a Voluntary Disclosure score of 5/10 or less.
- By listing location, Malaysian companies have the highest average Voluntary Disclosure score of 8/10, followed by Indian and Singaporean companies (tied together at 7.3/10).
- Collectively, the 26 IT/Tech & Telecom companies in the group take the lead on average Voluntary Disclosure scores with a 7.9/10; followed by 74 companies within the Banks/Financials sector that score an average Voluntary Disclosure score of 6.7.

Based on location where they are listed, the Asia Disclosure Champions are as follows:

LOCATION (WHERE LISTED)	DISCLOSURE CHAMPIONS (VD SCORE =10)
MALAYSIA (9 companies)	AmBank, CIMB Group, Hong Leong Bank, IOI, MISC, Petronas Chemicals, Petronas Dagangan, Tenaga, Sime Darby
INDIA (5 companies)	Axis Bank, Dr. Reddy's Laboratories, Hindustan Zinc, Infosys, IndusInd Bank
SINGAPORE (4 companies)	DBS Group, Singapore Airlines, Singapore Telecommunications Limited, Singapore Exchange Limited
THAILAND (3 companies)	Krungthai Bank, PTT Global Chemicals, Siam Commercial Bank
HONG KONG (1 company)	HSBC
PHILIPPINES (1 company)	Ayala Land

Split by industry, the Asia Disclosure Champions includes companies which secured 10/10 on Voluntary Disclosure and are as follows:

INDUSTRY CATEGORY	DISCLOSURE CHAMPIONS (VD SCORE =10)
BANKS/FINANCIALS (10 companies)	AmBank, Axis Bank, CIMB Group, DBS Group, Hong Leong Bank, HSBC, IndusInd Bank, Krungthai Bank, Siam Commercial Bank, SGX
INDUSTRIALS/ MANUFACTURING & TRANSPORT (5 companies)	MISC, Petronas Chemicals, PTT Global Chemicals, Sime Darby, Singapore Airlines
ENERGY & NATURAL RESOURCES (3 companies)	Hindustan Zinc, Petronas Dagangan Berhad, Tenaga Nasional Berhad
IT/TECH & TELECOM (2 companies)	Infosys, Singapore Telecommunications Limited
HEALTHCARE/PHARMA (1 company)	Dr. Reddy's Laboratories
RE & CONSTRUCTION (1 company)	Ayala Land
FOOD & AGRIBUSINESS (1 company)	IOI

#### Board Quality Scores

Together as a group, [the top 330 listed Asian companies \(covering ASEAN, Hong Kong and India\) have an average Board Quality score of 2.4/4](#), as defined by the five board quality score parameters (see methodology). The Asia Disclosure Index 2019 notes the following:

- Only 40 (12%) of the 330 companies score the maximum 4/4 for Board Quality and 118 (36% or over a third score less than 2/4 on Board Quality parameters which reinforces the need for improving performance around these parameters).
- Approximately 80% of Asian companies have at least one female director on their Board of Directors. This percentage is consistent across ASEAN, Hong Kong and India.
- Only 24% of companies provide board evaluation with the involvement of a third-party expert, though most do provide self-evaluations.
- On Board Duality, 76% of Indian companies and 88% of ASEAN companies have separate roles for Chairman and CEO/Managing Director. In Hong Kong, board duality is a mandatory requirement.

<sup>2</sup> Constituents of the S&P BSE 100 Index, FTSE ASEAN Stars Index and Hang Seng Index as of June 2019

## ASIA DISCLOSURE INDEX HOW ASIA'S LEADING LISTED COMPANIES FARE ON VOLUNTARY DISCLOSURE

- **On Board Composition, 49% of Asian company boards DO NOT have at least half the board consisting of Independent Directors.** Indian companies lead with 88% of companies which have balanced boards (comprised of at least 50% independent directors), as compared to 39% in ASEAN and 18% in Hong Kong.
- **Only 57% of Asian companies provide specific information about their directors' specialist expertise that they bring to the board.** Performance on this parameter is better in Hong Kong, where 90% of companies provide this information, compared to 60% in India and 47% in the ASEAN region.
- Aggregated by industry, IT/Tech and Telecom companies and Banks/Financials have the highest average Board Quality score of 2.6/4 each, followed by Industrials/Manufacturing/Transport companies at 2.3/4). Real Estate/Construction and Food & Beverage/Agribusiness companies are the lowest scoring industries with average Board Quality scores of 2.1/4.

### Risk Disclosure Scores

Overall as a group, the top 330 listed Asian companies score an average of 3/5 for Risk Disclosure, as defined by the five risk disclosure parameters (see methodology).

- **22% (72 companies) of the top 330 listed Asian companies have a Risk Disclosure score of 5/5.**
- 35% (116 companies) have a Risk Disclosure score of 2/5 or less.
- **36% of the top 330 listed Asian companies DO NOT provide a convenient whistleblowing mechanism (phone number or email) that is mentioned on company websites or in annual reports.** Indian companies score highly, with 89% of Indian companies providing convenient whistleblowing mechanisms, while the corresponding figure is 58% in ASEAN and 34% in Hong Kong.
- 54% of companies do not provide analyst transcript or details of analyst engagement, even if investor presentations are available on the website. Between the three jurisdictions, Indian companies score high on this parameter with 77% of Indian companies providing analyst transcripts on the corporate website or investor relations page, compared to 39% amongst ASEAN companies and 8% amongst Hong Kong listed companies.
- While 71% of the 330 Asian companies provide some information on risk metrics and mitigation, an alarming 45% of companies do not provide any information regarding cybersecurity or data-security risk mitigation in their annual reports. This is an important risk parameter that is gaining increased attention from global investors and regulators. Collectively, Indian companies perform well with 68% of Indian companies mentioning cyber risks in their annual reports (this is a more than a 50% increase from the 44 companies who reported cyber risks in their annual reports in 2018. This is followed by 56% of companies in Hong Kong, and 48% in the ASEAN region.
- 32% of companies provide sustainability reports without internationally recognised benchmarks such as the Global

Reporting Initiative GRI (GRI) standards. In Hong Kong, 82% of companies provide sustainability information with GRI or other internationally recognised benchmarks for sustainability reporting. This is followed by 71% in ASEAN, and 57% in India. This underlines the urgency for Indian companies to align sustainability disclosure practices with global standards, in order to be comparable with other emerging market peers.

- Aggregated by industry, Information Technology (IT)/Technology and Telecommunications companies have the highest average Risk Disclosure score of 4.3/5, followed by Banks/Financials (3.2/5). Food/Agribusiness companies are the lowest scoring sector with an average Risk Disclosure score of 2.2/5.

*NOTE: Taken as an aggregate, Performance Disclosure (PD) score is 1/1 across the entire group of top 330 listed Asian companies, with very few companies not providing one of the two Performance Disclosure parameters. For this reason, there is no separate section on Performance Disclosure.*

### Disclosure Scores by Sector

Collectively, IT/Technology & Telecommunications companies take the lead on Voluntary Disclosure scores, followed by Banks/Financials. This is likely explained by the global/international nature of both these sectors, and the fact that they need to engage actively with strategic partners and investors in developed or mature markets.

Food & Beverage/Agribusiness and the Real Estate/Construction sectors are heavily focussed on their local market which is a possible explanation for the low Voluntary Disclosure scores in both these sectors.

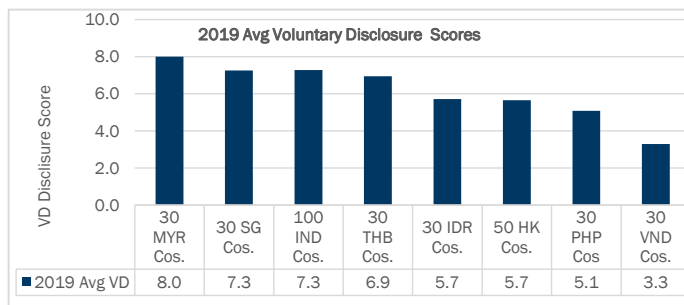
SECTOR	VD SCORE (Avg/10)	BQ SCORE (Avg/4)	RD SCORE (Avg/5)
IT/TECH & TELECOMMUNICATIONS (26 companies)	7.9	2.6	4.3
BANKS/ FINANCIALS (74 companies)	6.7	2.6	3.2
INDUSTRIALS/ MANUFACTURING & TRANSPORT (102 companies)	6.4	2.3	3.1
ENERGY & NATURAL RESOURCES (51 companies)	6.4	2.2	3.2
HEALTHCARE / PHARMACEUTICAL (12 companies)	6.1	2.2	3
REAL ESTATE & CONSTRUCTION (46 companies)	5.7	2.1	2.6
FOODBEV & AGRIBUSINESS (31 companies)	5.2	2.1	2.2

## ASIA DISCLOSURE INDEX HOW ASIA'S LEADING LISTED COMPANIES FARE ON VOLUNTARY DISCLOSURE

### Disclosure Scores by Region/Jurisdiction

By listing location, [Malaysian companies have the highest average Voluntary Disclosure score of 8/10](#), followed by Indian and Singaporean companies (tied together at 7.3/10).

Within the three locations – ASEAN, Hong Kong and India – Indian companies score the highest on Voluntary Disclosure, followed by ASEAN and Hong Kong listed companies. [Within ASEAN, there is significant variation on Voluntary Disclosure scores, specifically between Malaysian, Singaporean and Thai companies taken together as one group; and Indonesian, Filipino and Vietnamese companies taken as the second group.](#) More in the regional sections below:



### INDIA DISCLOSURE INDEX – TOP 100 LISTED-INDIAN COMPANIES

The India Disclosure Index 2019 that captures the Voluntary Disclosure score of the top 100 listed companies in India, aggregates to an average score of 7.3/10. This is higher than the score for the ASEAN (and Hong Kong) group of companies, though lower than standalone Malaysian group of companies (and at the same level as standalone Singaporean companies).

The average Board Quality score for Indian companies is 2.6/4. [More Indian companies are providing information about director expertise in their annual reports \(as compared to the previous year\) and a high proportion \(88%\) of companies which have a balanced board composition \(i.e. at least 50% Independent Directors\).](#)

The average Risk Disclosure score for Indian companies is 3.8/5. This score is on the back of [more Indian companies providing whistleblowing mechanisms, more information on analyst engagements through public availability of analyst transcripts, and information on the risk mitigation steps that the company is undertaking \(including those for managing cybersecurity risks\).](#) 89% of Indian companies provide whistleblowing mechanisms and an equal number of companies provide risk metrics and mitigation information in their annual reports.

### ASEAN DISCLOSURE INDEX – TOP 180 LISTED-ASEAN COMPANIES

The ASEAN Disclosure Index 2019 that captures the Voluntary Disclosure score of the top 180 listed companies in the six ASEAN jurisdictions of Malaysia, Singapore, Thailand, Indonesia, Philippines and Vietnam; aggregate to [an average score of 6/10](#) (with a standard deviation of 2.5, explained by the wide range of scores across the six jurisdictions within ASEAN). This is higher than the score for the Hong Kong group of companies, but lower than India. The score should be considered within the correct context as [many Vietnamese companies publish annual](#)

[reports in Vietnamese rather than in English.](#) As such, this brings the overall disclosure score down for Vietnam-listed companies and the overall ASEAN average numbers.

The average Board Quality score for ASEAN companies is 2.3/4. [This score is off the back of more ASEAN companies providing Board Duality \(separation of the Chairman and CEO roles\) and increasing gender diversity at the board level.](#) It is important to note that more than half (53%) of ASEAN companies DO NOT provide adequate information on director expertise

The average Risk Disclosure score for ASEAN companies is 2.8/5. In 2019, [61% of ASEAN companies DO NOT provide analyst transcripts in the investor relations section of their corporate website.](#) This is significantly higher than 37% from the previous year (2018) and should be a cause for concern. Over half the ASEAN companies, i.e. 52%, DO NOT provide any information pertaining to cyber risks in their annual reports. This too is a significant increase from the 26% from 2018 for the same parameter.

### HONG KONG DISCLOSURE INDEX – TOP 50 HONG KONG LISTED COMPANIES

The Hong Kong Disclosure Index 2019 captures the Voluntary Disclosure score of the top 50 listed companies in Hong Kong (i.e. constituents of the HSI), aggregates [to an average score of 5.7/10.](#)

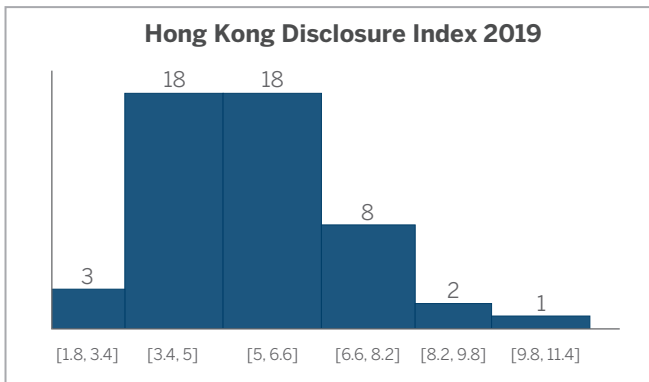
The average Board Quality score for Hong Kong listed companies is 2.2/4. This score is weighed down by [fewer companies undertaking board evaluations with the help of external third-parties and fewer companies consisting of at least 50% Independent Directors.](#) Hong Kong listed companies score well on providing information on director expertise, with approximately 90% of companies providing this information.

The average Risk Disclosure score for Hong Kong listed companies is 2.5/5. [Most Hong Kong companies DO NOT provide whistleblowing reporting mechanisms - 66% of Hong Kong listed companies don't provide any form of electronic reporting mechanism.](#) Only 8% of Hong Kong listed companies provide analyst transcripts on their investor relations page. Almost 82% of Hong Kong listed companies provide sustainability or ESG-related information with a globally benchmarked reporting standard (ie GRI). In addition, over half i.e. 56% of Hong Kong-listed companies acknowledge the importance of mitigating cyber risks in their annual reports.

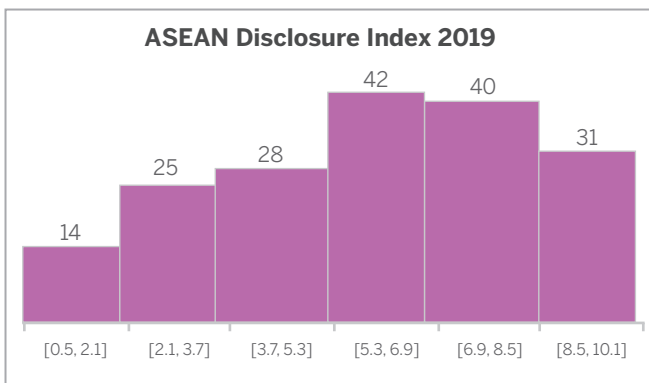
ASIA	VD SCORE (Avg/10)	BQ SCORE (Avg/4)	RD SCORE (Avg/5)
MALAYSIA (30 companies)	8.0	3.3	3.8
SINGAPORE (30 companies)	7.3	2.8	3.5
INDIA (100 companies)	7.3	2.6	3.8
THAILAND (30 companies)	6.9	2.2	3.7
INDONESIA (30 companies)	5.7	2.2	2.6
HONG KONG (50 companies)	5.7	2.2	2.5
PHILIPPINES (30 companies)	5.1	1.7	2.4
VIETNAM (30 companies)	3.3	1.5	0.9

## ASIA DISCLOSURE INDEX HOW ASIA'S LEADING LISTED COMPANIES FARE ON VOLUNTARY DISCLOSURE

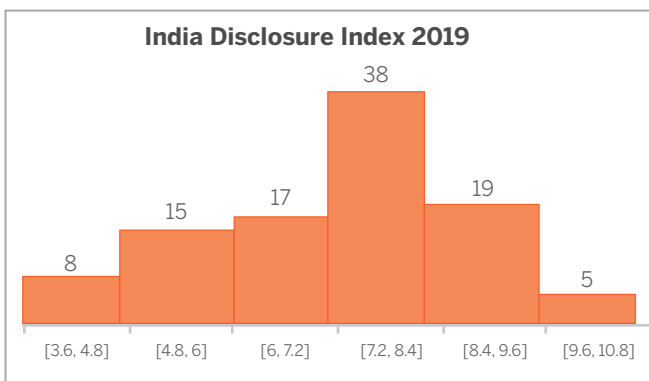
The score should be considered within the correct context as many Vietnamese companies publish annual reports in Vietnamese rather than in English. As such, this brings the overall disclosure score down for Vietnam-listed companies and the overall ASEAN average numbers.



The overall Hong Kong disclosure score is skewed heavily on the lower side, clustering more in the 3-7/10 range with 21/ 50 companies scoring lower than 5/ 10, pulling the average score down to 5.7/ 10 (with a standard deviation of 1.68).



The ASEAN scores are spread out wide and this is clearly explained by the diversity across the six ASEAN nations (and a 2.5 Standard Deviation). Despite the overall weight on the higher side, a significant number of lower scorers (65 /180 companies below 5/ 10) pull the overall average down to 6/ 10 (with a standard deviation of 2.5) despite a high number of Disclosure Champions in the region.



The India scores are clustered in the 7-9/ 10 range with all companies scoring above 3, leading to a higher overall score of 7.3/ 10 (with a standard deviation of 1)



## ASIA DISCLOSURE INDEX HOW ASIA'S LEADING LISTED COMPANIES FARE ON VOLUNTARY DISCLOSURE

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### Qualitative Observations: Comparisons Between ASEAN, Hong Kong & Indian Companies

While reviewing disclosure information of all the 330 companies, FTI Consulting came across a few noteworthy examples, beyond the Disclosure Champions, where companies and their boards have been proactive and pushed for a higher, Voluntary Disclosure standard. Some of these, which are mentioned below, can be taken as best practices in Asia:

- ASEAN disclosure champions have longer and more comprehensive annual report disclosures, with larger board sizes (many with an Independent Director as Chairperson) and detailed director profiles.
- Risk Disclosure is meaningful amongst ASEAN disclosure champions – specifically inclusion of risk management committee reports and commentary about 'risk culture' in the annual reports. These two specific features may be emulated by other jurisdictions.
- While the overall percentage of companies without anonymous whistleblowing mechanisms may seem smaller (36%), there is a wide divergence in the region. 89% of Indian companies provide anonymous whistleblowing mechanisms, as compared to 66% in the ASEAN region and 63% in Hong Kong. This is an important parameter as it signals the presence or absence of corporate transparency and culture.
- The Hong Kong securities regulator has already mandated the separation of CEO and Chairman/person roles. This is expected to be replicated in India and ASEAN.
- India has mandated at least one female Independent Director on the board. This is best practice and could be emulated by regulators in ASEAN and Hong Kong.
- Vietnamese companies should provide English-language annual reports to signal stronger corporate disclosure and transparency to global institutional investors. This would also improve the overall disclosure scores in the ASEAN jurisdiction.
- The reduction in the number of companies providing analyst call transcripts, specifically in ASEAN and India, is contrary to the increasing disclosure standards that has been observed overtime. Global institutional investors will continue to gauge Asian investments for corporate governance and transparency – and analyst transcripts are a rich source of information for investors. Companies that currently do not provide this information should pay attention to this parameter.

## ASIA DISCLOSURE INDEX HOW ASIA'S LEADING LISTED COMPANIES FARE ON VOLUNTARY DISCLOSURE

### RESEARCH METHODOLOGY

The Board Quality weighted score of each company has been calculated on the basis of presence (1) or absence (0) of five publicly available information disclosure parameters, either on company websites (W) or in annual reports (AR). The five parameters are: Presence of Women Independent Directors on the Board (W/AR), Board Evaluation by External Third-Party Advisor or Consultant (W/AR), Board Composition comprising of 50% Independent Directors (W/AR), Specific Information about Director Expertise (W/AR) and Separation of Chairman and CEO Roles (in the case of Indian/ ASEAN companies\*).

Similarly, the Risk Disclosure weighted score has been calculated on the basis of presence (1) or absence (0) of five risk disclosure parameters: Whistleblowing mechanism via phone number or email (W/AR), Recent analyst transcripts/

updates (W), risk management metrics or information (AR), Cybersecurity/info-security risk mitigation information (AR), and ESG/sustainability disclosure as per internationally recognised standards (AR/W).

The Performance Disclosure weighted score is calculated on the basis of presence (1) or absence (0) of two performance related disclosure parameters: Relevant operating metrics (AR/W) and business strategy/corporate objectives over the long-term (W/AR).

The Voluntary Disclosure score (Composite Voluntary Disclosure score = Performance Disclosure score + Board Quality score + Risk Disclosure score) has been calculated for each company in the benchmark index, with a weight of 10% for Performance score, 40% for Board Quality score and 50% for Risk Disclosure, as observed during the period 10 October – 10 November 2019.

DISCLOSURE PARAMETERS	VALUE	WEIGHT	SCORE	SCORE x10 - NORMALISED
<b>PERFORMANCE RELATED (PERFORMANCE DISCLOSURE)</b>	<b>Y (1)/N (0)</b>	<b>10%</b>	<b>0.1</b>	<b>1</b>
Relevant operating metrics (W/AR)	1	5%	0.05	0.5
Business strategy/corporate objectives over the long-term (W/AR)	1	5%	0.05	0.5
<b>BOARD QUALITY RELATED (BOARD QUALITY/BQ SCORE)</b>	<b>5</b>	<b>40%</b>	<b>0.4</b>	<b>4</b>
Board & director diversity – women directors on the board* (W/AR)	1	8%	0.08	0.8
Board evaluation by third-party (AR)	1	8%	0.08	0.8
50% independent directors on the board (W/AR)	1	8%	0.08	0.8
Director expertise information (W/AR)	1	8%	0.08	0.8
Board duality – separation of Chairman and CEO roles (W/AR)	1	8%	0.08	0.8
<b>RISK MANAGEMENT RELATED (RISK DISCLOSURE/RD SCORE)</b>	<b>5</b>	<b>50%</b>	<b>0.5</b>	<b>5</b>
Whistleblowing mechanism/metrics (AR/W)	1	10%	0.1	1
Recent analyst transcripts/updates (W)	1	10%	0.1	1
Risk management metrics or information (AR)	1	10%	0.1	1
Cybersecurity/info-security risk mitigation information (AR)	1	10%	0.1	1
ESG/sustainability disclosure as per global standards (AR/W)	1	10%	0.1	1
<b>TOTAL PARAMETERS/SCORE</b>	<b>12</b>	<b>100%</b>	<b>1</b>	<b>10</b>

\*see rationale in change for Indian companies (on Board Diversity definition; 'Director' replaced with 'Independent Director'), and Hong Kong companies (on Board Engagement with Shareholders beyond AGM' replaces Board Duality i.e. separate Chairman and CEO roles)

## ASIA DISCLOSURE INDEX HOW ASIA'S LEADING LISTED COMPANIES FARE ON VOLUNTARY DISCLOSURE

### Performance Disclosure Parameters: Definitions

- **Operating metrics:** Specific, updated non-financial information pertaining to operations of the company in the previous financial year i.e. FY 2018-19, as revealed in the annual report or on the company's website.
- **Business strategy information/corporate objectives over the long-term:** Detailed and updated information on business strategy and how management intends to meet corporate objectives over the long-term, from the previous year (i.e. FY 2018-19), as revealed in the annual report or on the company's website.

### Board Quality Disclosure Parameters: Definitions

- **Board and Independent Director (ID) diversity:** At least one female Director amongst the company's Board of Directors as mentioned in the last annual report (FY 2018-19) or on the company's website. In the case of Indian companies, the criteria should read as 'at least one female Independent Director' as the regulator mandates 'minimum one female director' on the board already, and the same cannot be considered a Voluntary Disclosure parameter in India.
- **Board evaluation by third-party:** Updated information about Board Evaluation done through the involvement of external third-party advisors or consultants in the last annual report (FY 2018-19). Self-assessment by board members isn't considered enough criteria.
- **Board composition – 50% Independent Directors on the board of directors:** At least half of the Board of Directors consisting of Independent Directors as per information available in the last annual report (FY 2018-19) or on the company's website.
- **Director expertise information:** Specific information about the unique expertise of each director contributes to the Board of Directors, as disclosed in the last annual report (FY 2018-19) or on the company's website. Generic information provided as part of the director's resume isn't enough criteria.
- **Board duality (Separation of Chairman and CEO roles) in the case of Indian and Singapore companies:** Separate roles for Chairman of the Board and the Executive Head or CEO, as disclosed in the last annual report (FY 2018-19). NOTE: This parameter has been changed for Hong Kong listed companies to 'Board Dialogue with Shareholders outside of the Annual General Meeting', to account for the fact that 'Separation of Chairman and CEO role' is already mandated in Hong Kong, and thus, cannot be considered as a Voluntary Disclosure parameter for Hong Kong companies.

### Risk Disclosure Parameters: Definitions

- **Whistleblowing mechanism/metrics:** A specific phone number or email ID that facilitates whistleblowing, which is easily accessible on the company's website or in the last annual report (FY 2018-19).
- **Analyst engagement or earning call transcripts:** Updated details of engagement with analysts or earnings call transcripts from the last two quarters, i.e. for Q1 or Q2 FY 2018-19.

- **Risk management metrics:** Details of risk mitigation or risk metrics in the annual report (FY 2018-19).
- **Cybersecurity risk mitigation information:** Any information or mention of cybersecurity or information security risk and mitigation in the last annual report (FY 2018-19).
- **Sustainability report/ESG risks and disclosure as per internationally recognised benchmarks:** Updated sustainability report (FY 2018-19) with detailed ESG disclosures, as per internationally recognised benchmarks e.g. GRI standards.

### Assumptions about Analyst Engagement, Whistleblowing Mechanism and Sustainability/ESG Disclosure

- It is assumed that the listed Asian companies would have interacted with at least one analyst in the last 12 months and that there should be at least one public disclosure regarding such an interaction and the information shared with an analyst or a group of analysts. Failure to record details of analyst engagement or earnings call transcript in the 12 months earns a company a '0' for Analyst Engagement under Risk Disclosure.
- It has been assumed that the whistleblowing mechanism should be a convenient, electronic channel, i.e. a phone number or email that potential whistleblowers have easy access to. Snail-mail channels are not enough and not in the spirit of disclosure regulations or expectations of international investors.
- Corporate Social Responsibility (CSR) and sustainability reports are relevant but considered inadequate from a global sustainability/ESG disclosure benchmarking perspective. Since global investors expect sustainability/ESG disclosure and reporting be done as per an globally recognised standard, as ESG assessment teams in global institutional investors are independent of the equity research teams.

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