

Today's Headlines

BY RUBY ANNE M. RUBIO, *Senior Reporter*

PLDT, Ayala firms take top spots in governance survey



TELECOMS GIANT Philippine Long Distance Telephone Co. (PLDT) and Ayala-led companies Ayala Corp., Ayala Land, Inc., Bank of the Philippine Islands, and Globe Telecom, Inc. are the top listed firms in terms of governance, the Institute of Corporate Directors (ICD) said.

In releasing the results of its third governance survey during Tuesday's Philippine Stock Exchange-ICD Awards Night, ICD Chairman Jesus P. Estanislao said the overall results showed an improvement in the governance score to 65% from 54% previously.

The average score of the top 10 companies, he said, was already at 90%, while that for the top five is 95%.

"In other words, the level of corporate governance practice among the best governed publicly listed companies in the Philippines is already at par with the best in East Asia, which happens to be the region with the best record of improvement in this regard," Mr. Estanislao said.

The ICD is a private organization that trains and monitors local companies on corporate governance and corporate social responsibility.

It started issuing the scorecard in 2005 and last year inked a memorandum of agreement with Securities and Exchange Commission, PSE and the Ateneo Law School to advance corporate governance.

While improvements have been made, Mr. Estanislao said it is not a time for complacency as the initial strides have been largely driven by regulators.

"Many of the improvements we have introduced into our corporate governance practices have largely been regulator-driven. That is a great start, but we have to move from there," he said.

"Indeed, the big challenge for Philippine corporate governance no longer lies in the compliance area: for the best governed corporations in the Philippines, this is a battle that has been largely won. Rather, the next big challenge is in the performance area," he added.

No longer for regulators

As the performance of the board of directors is the "very core" of corporate governance, Mr. Estanislao said he believes it is a matter that has to be addressed by the controlling owners and directors themselves.

"This is no longer a matter for regulation," he said.

"Conviction, commitment, and self-propelled action in corporate governance mark out the pathway towards breakthrough results for the corporations listed on the exchange and all other public corporations in our economy.

"Indeed, the best governed corporations in the Philippines — based on their overall scores in the ICD corporate governance scorecard — have one thing in common: all of them acted on their own, without being required by regulators, to set up a small dedicated office for corporate governance," Mr. Estanislao said.

Ateneo Law School dean Cesar L. Villanueva told *BusinessWorld* the governance scorecard covered almost all listed companies as a few did not meet a deadline.

"It (the results) validates PLDT being listed here and the New York Stock Exchange, while the Ayalas have always been at the forefront of promoting corporate governance," he said.

"All of them find premium in following corporate governance principles. Most of the stockholders trust these companies."

"It is important for the public to know there is an independent enterprise that looks at it on a yearly basis," he added.

Citing a study released by the International Monetary Fund last year, Mr. Estanislao said the Philippines was a close third behind Hong Kong and Singapore in terms of the quality of corporate governance practice in East Asia.

"Unlike other studies that are based on perception, this one, released in July 2007, looked at the improvement in actual corporate governance practices since 1997," he said.

Mr. Estanislao said good corporate governance matters since it raises investments and economic growth.

"Moreover, the growth of revenues of non-financial corporations with good corporate governance practices also tends to be significantly higher," he said.

PSE President and Chief Executive Francis Lim, meanwhile, said "It is my dream for corporate governance practices to become a habit among our stakeholders. The market does not go up on its own; it requires our stakeholders, like the trading participants, investment bankers and listed companies to work hard with the PSE and our regulators in pushing up our market."

Citations by PSE

During the awards night, the PSE cited online stock brokerage firm CitisecOnline.com, Inc. as 2006's outstanding initial public offering (IPO) with a purely domestic offer, and geothermal firm Philippine National Oil Co.-Energy Development Corp. (PNOC-EDC) as the outstanding IPO with both a domestic and international offering

Sy-led BDO Capital & Investment Corp. was named outstanding local underwriter and UBS the outstanding foreign underwriter.

Deutsche Regis Partners, Inc., Sincere Securities Corp., ATR KimEng Securities, Inc. were cited as the trading participants with highest value turnover for the year.

HDI Securities, Inc., Campos, Lanuza & Company, Inc., and Litonjua Securities, Inc., meanwhile, were named the trading participants with the highest percentage improvement in value turnover based on results of 2005 and 2006.

Cited for having active investor education programs were AB Capital Securities, Inc., Accord Capital Equities Corp., Angping & Associates Securities, Inc., I. Ackerman & Company, Inc., BPI Securities Corp., CitisecOnline, DA Market Securities, Inc., First Orient Securities, Inc., First Metro Securities Brokerage Corp., I.B. Gimenez Securities, Inc., PCCI Securities Brokers Corp., 2tradeAsia, and Regina Capital Development Corp.

Mr. Lim said the PSE-ICD Awards Night is a platform to recognize and honor those who have made outstanding contributions towards the growth of the equities market.

He said the PSE plans to add more award categories such as Best Investor Relations Program, Most Compliant Listed Company, and Most Compliant Broker, among others.

Mediaquest Holdings, Inc., which is owned by the Beneficial Trust Fund of PLDT, has a minority stake in *BusinessWorld*.