

CORPORATE GOVERNANCE TRANSPARENCY INDEX

For Maldivian State-Owned Enterprises



Transparency Maldives, the National Chapter of Transparency International in Maldives, is a non-partisan organization that promotes collaboration, awareness and undertakes other initiatives to improve governance and eliminate corruption from the daily lives of people. Transparency Maldives views corruption as a systemic issue and advocates for institutional changes that will punish and prevent corruption.



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LIST OF ACRONYMS

AGM	Annual General Meeting
ACC	Anti-Corruption Commission
AoA	Articles of Association
ADB	Asian Development Bank
AuGO	Auditor General's Office
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGTI	Corporate Governance Transparency Index
CIPE	Center for International Private Enterprises
CMDA	Capital Market Development Authority
CSR	Corporate Social Responsibility
GDP	Gross Domestic Product
HDC	Housing Development Corporation Limited
IASL	Island Aviation Services Limited
ICOM	Information Commissioner's Office
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
MACL	Maldives Airports Company Limited
MD	Managing Director
MMA	Maldives Monetary Authority
MoA	Memorandum of Association
MoED	Ministry of Economic Development
MoF	Ministry of Finance
NRGI	Natural Resources Governance Institute
OECD	Organization for Economic Co-operation and Development
PCB	Privatization and Corporatization Board
PSM	Public Service Media
RTI	Right to Information
STELCO	State Electric Company Limited
SOE	State-Owned Enterprises
TI	Transparency International
TM	Transparency Maldives
TOR	Terms of Reference

EXECUTIVE SUMMARY

State-Owned Enterprises (SOEs) play a significant role in the socioeconomic development of the Maldives. SOEs contribute significantly to the state revenue, employment and the delivery of essential public goods and services. Maldivian SOEs also rely heavily on financial assistance from the State in the form of subsidies, capital contributions, operational expenditures, grants, loans and sovereign guarantees. Furthermore, SOEs also control and manage a significant portion of the state's wealth and resources making them more vulnerable and susceptible to corruption risks and are perceived to be used as conduits of corruption. Weak corporate governance coupled with excessive reliance on government financial support poses a major source of fiscal risk for the economy. Although various agencies have been established to regulate and monitor different aspects of SOEs, the mandates of these agencies are not clearly defined and in many instances overlapping, and sufficient resources are not allocated to these institutions to undertake their responsibilities in an efficient and independent manner. This leads to poor oversight, weak accountability and undue influence in SOEs' management which in turn undermines the efficiency and sustainability of the SOEs.

Enhancing corporate transparency and strengthening corporate governance mechanisms are essential for SOEs to mitigate corruption vulnerabilities and related risks. Transparency Maldives (TM) developed the Corporate Governance Transparency Index (CGTI) with the objective of assessing and understanding the current disclosure of corporate governance practices among SOEs in the Maldives. The CGTI was developed using a mixed research methodology involving qualitative and quantitative research.

The CGTI framework is based on Organization for Economic Co-operation and Development's (OECD's) Guidelines on Corporate Governance of SOEs, categorized into six different 'pillars' of Corporate Governance; 1) Transparency in the ownership policy and objectives of the SOE; 2) Transparency of the organization, operation and results of the SOE; 3) Transparency in engagements with State; 4) Transparency in arrangements with the private sector; 5) Transparency in corporate responsibility,

internal control, and corporate integrity; and 6) Transparency of the board of directors. The corporate governance pillars are explored further using 16 thematic areas presented as 'Corporate Governance Categories' and consists of 38 Corporate Governance Transparency Variables. Each of these 38 variables are evaluated using six quality dimensions that measure the quality of information disclosed based on accessibility, reliability, completeness and timeliness of the information disclosed.

The CGTI was piloted for five SOEs using the information publicly available on their respective websites. The results of the CGTI pilot indicates that the level of transparency on the websites of the selected five SOEs are insufficient and do not comply with local requirements specified under the Privatization and Corporatization Board's (PCB's) Code of Corporate Governance for SOEs, Right to Information (RTI) Act (Act No. 01/2014) or international best practices. Currently, SOE websites are utilized as a mechanism to disseminate information related to their service delivery and lack information on some of their key corporate governance mechanisms. To understand the existing practices within SOEs, additional information was collected through a questionnaire consisting of 22 policy-related questions of the variables assessed under the framework. An analysis of the responses to the questionnaire revealed that some of the key policies and practices assessed in the framework were reportedly in place but not disclosed on their websites.

Given the importance of transparency for greater accountability, there is an urgent need for SOEs to disclose information in a timely manner on ownership and strategic direction, operations and financial performance, engagements with the State and private sector, internal structures, policies and practices, and information related to board of directors. The report concludes with a set of recommendations for SOEs and regulatory and oversight bodies, to guide their respective organization to promote greater transparency and proactive disclosure of information critical for the public.

1. INTRODUCTION

Increasing corporate transparency and strengthening corporate governance mechanisms are robust measures that can be adopted by SOEs to mitigate corruption vulnerabilities and related risks, improve efficiency and accountability. According to Transparency International (TI), transparency and dissemination of information are considered to be effective tools in the fight against corruption in SOEs¹. OECD states that “the purpose of corporate governance is to help build an environment of trust, transparency and accountability necessary for fostering long-term investment, financial stability and business integrity, thereby supporting stronger growth and more inclusive societies”².

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To assess the current disclosure practices of corporate governance mechanisms among SOEs in Maldives, TM, with support from Center for International Private Enterprises (CIPE) developed the CGTI for SOEs. The CGTI aims to identify gaps in current corporate governance mechanisms and disclosure practices and provide recommendations on areas for improvement. The CGTI is also aimed to act as an advocacy tool in promoting good governance, integrity practices and transparency among SOEs. It is also anticipated that the use of the CGTI and its results will aid in stimulating healthy competition within SOEs in following good corporate governance and transparency practices.

The report begins by providing a background into SOEs in the Maldives and a review of the existing legal and regulatory framework governing these SOEs. The proceeding sections of the report details methodology used to develop the CGTI, description or introduction to the CGTI framework, the findings and analysis of the results of the first pilot of the CGTI and concludes with recommendations to strengthen governance and disclosure mechanisms of SOEs in the Maldives.

¹ Transparency International, 2017, 10 Anti-Corruption Principles for State-Owned Enterprises, Available at: <https://www.transparency.org/en/publications/10-anti-corruption-principles-for-state-owned-enterprises>

² OECD (2015), G20/OECD Principles of Corporate Governance, OECD Publishing, Paris, Page 7, <https://doi.org/10.1787/9789264236882-en>.

1.1 Overview of SOEs

SOEs have long played an important role in economies across the world. They have become dominant players in the global market with several SOEs listed among the top 500 companies³. SOEs remain dominant in key strategic sectors with the highest development impact, including energy, water and transportation including airports, ports and other transportation networks. Similar to other developing economies, SOEs are either the primary or sole provider of vital goods and services, or the key counterparts of service delivery through contracting with the private sector or public-private partnerships. According to the Asian Development Bank (ADB), SOEs account for 55% of infrastructure investment in middle - and lower-income economies and in the Asia and Pacific region, with state-owned banks and financial institutions controlling as much as 40% or more of banking system assets in many countries⁴.

The definition of SOEs vary across countries, and have different names including government companies, commercial government business, crown corporations and public enterprises. OECD defines SOEs as “Any corporate entity recognized by national law as an enterprise, and in which the State exercises ownership, including joint stock companies, limited liability companies and partnerships limited by shares. Moreover, statutory corporations, with their legal personality established through specific legislation, should be considered as SOEs if their purpose and activities, or parts of their activities, are of a largely economic nature”⁵.

In the Maldives, SOEs are defined in the Law of Privatization, corporatization, monitoring and Evaluation of Government businesses (Act No. 3/2013) (herein referred to as PCB Act) as “an entity where the government holds a direct or indirect share or investment, has vested interest in a company, a board, a commission or an organization; including but not limited to, of any business arrangements, joint ventures or partnerships and subsidiaries”⁶. However, Ministry of Finance (MoF) website lists 32 SOEs which includes entities where government holds direct shares only⁷.

Similar to the name and definition, the rationale for State ownership varies among countries. SOEs in the Maldives play a key role in the socioeconomic development by delivering essential public goods and services. In addition to social rationales the State exercises ownership of companies for economic and strategic reasons. Successive governments have created SOEs to achieve their policy and development agendas. Rationale for SOE creation in the Maldives ranges from addressing essential development priorities such as strengthening food security, to more commercially driven purposes such as engaging in the tourism sector. While some SOEs operate in lucrative industries such as tourism, aviation, airport management, banking and finance, others are heavily subsidized and are prevalent in industries or sectors involving a state responsibility such as utilities, healthcare, public transportation, housing and infrastructure development.

³ Blue Chip Companies, 2018, Fortune Global 500 Companies, Available at: <https://www.bluechiplist.com/indices/fortune-global-500-companies/>, (Accessed on 20.01.2023)

⁴ Asian Development Bank, 2020, Guidance Note on State-Owned Enterprise Reform in Sovereign Projects and Programs, Page 1, Available at: <https://www.adb.org/sites/default/files/publication/682661/state-owned-enterprise-reform-sov-projects-guidance-note.pdf>

⁵ OECD (2015), OECD Guidelines on Corporate Governance of State-Owned Enterprises, 2015 Edition, OECD Publishing, Page 14, Paris, <https://doi.org/10.1787/9789264244160-en>.

⁶ Unofficial Translation by Transparency Maldives for the Dhivehi definition provided in the PCB Act

⁷ List of SOEs by Ministry of Finance, Available at: <https://www.finance.gov.mv/public-enterprises> (Accessed on 20.01.2023)

SOEs are amongst the largest commercial entities contributing to revenue generation and employment, providing employment to around 21,000 Maldivians representing 12% of employees outside resorts⁸. The total combined asset value of the 20 largest SOEs is valued at over MVR 127.7 billion or USD 8.2 billion and the combined total liabilities amounted to over MVR 75.1 billion or USD 4.8 billion⁹. Nonetheless, weak governance within SOEs and heavy reliance on State's financial assistance causes SOEs to be a major source of fiscal risk to the economy. As indicated by The World Bank's 'Maldives Public Expenditure Review', fiscal risks from SOEs amount to an estimated USD 2.5 billion or 45 percent of 2019 Gross Domestic Product (GDP)¹⁰.

Many SOEs continue to receive financial support and assistance in the form of subsidies, capital contributions, State financing for operational/re-current expenditures, grants, loans and sovereign guarantees. According to the information collected from the MoF through a RTI request, State support to SOEs amounted to over MVR 22.8 billion or USD 1.4 billion during the period 2015 to 2021¹¹. These contributions were provided as capital, subsidies, grants and recurrent expenditure support. Some subsidies funded by the state included staple food (rice, flour and sugar), fuel, electricity, public ferry operation and waste management subsidies. The government also provides loans and sovereign guarantees for debts owed by SOEs to third parties including contractors. The World Bank's 'Maldives: Public Expenditure Review' reports that the government has guaranteed and on-lent debt amounting to a combined total of USD 1.3 billion or 35 percent of 2020 GDP to SOEs¹².

Due to the magnitude of public wealth and resources SOEs manage, effective corporate governance mechanisms and

accountability is crucial to prevent corruption, sustainability and ensure efficient service delivery. Due to their close ties to the government, SOEs and their governing boards are more susceptible to corruption risks and are frequently used as conduits for corruption. Board members who represent the State shares are appointed by the Government, and SOEs frequently work with State institutions to achieve their public service objectives. SOEs are alleged to use Corporate Social Responsibility (CSR) activities to advance political agendas or to gain favors from politicians increasing their susceptibilities to corruption¹³. This can be classified as abuse of state resources¹⁴ and undermines the purpose of CSR and can damage the reputation of both the SOE and the government. Any misuse of resources, mismanagement, disruption to the operations of SOEs will have a significant impact on the daily lives of the citizens. As per official statistics of the Anti-Corruption Commission (ACC) 906 cases out of the 4,864 cases registered at ACC from 2017 to 2021 were related to SOEs¹⁵ and most cases registered in 2020 was related to procurement and recruitment¹⁶.

To strengthen corporate governance of SOEs, PCB has introduced guidelines and policies, including the Code of Corporate Governance for SOEs¹⁷ (herein referred to as the PCB Code). Additionally, the Maldives has made progressive steps to strengthen anti-corruption legislative framework with the enactment of the RTI Act (Act No. 01/2014) and the Whistleblower Protection Act of Maldives (Act No 16/2019). However, despite these efforts to reform SOEs, governance, accountability, and transparency of this sector remain weak.

⁸ The World Bank, 2022, Maldives Public Expenditure Review, Page 41, Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099205108062235369/p174394036aa910c309ecf0fbecff0d7654>

⁹ Ibid, 98.

¹⁰ Ibid, 17.

¹¹ Information collected from Ministry of Finance via RTI request submitted on 18th August 2022.

¹² The World Bank, 2022, Maldives Public Expenditure Review, Page 44, Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099205108062235369/p174394036aa910c309ecf0fbecff0d7654>

¹³ Miadhu, 2019, State owned companies conduct CSR activities for political reasons: Auditor General, Available at: <https://miadhu.mv/article/en/12273>, (Accessed on 20.01.2023)

¹⁴ Maldives Financial Review, 2022, The Komandoo promises, Available at: <https://mfr.mv/governance/the-komandoo-promises>, (Accessed on 20.01.2023)

¹⁵ Data compiled from Anti-Corruption Commission Statistics Reports, Available at <https://acc.gov.mv/en/publications/statistics?category=8>

¹⁶ Anti-Corruption Commission, 2020, Annual Report 2020, Page 29 Available at: <https://acc.gov.mv/en/publications/11>

¹⁷ Privatization and Corporatization Board, 2019, Code of Corporate Governance for State-Owned Enterprises, Available at: <https://www.finance.gov.mv/public/attachments/qdVzlnHtyi3FhoCHyCjr3qzqRPAQiX82m4ItXLKD.pdf>

1.2 Key regulatory and oversight institutes

In recent decades several regulatory and oversight institutions have been set up to govern and hold SOEs to account. In addition to the regulatory and oversight bodies such as those overseeing business registrations, licensing, tax authorities and capital markets bodies, the following institutions are currently mandated directly to provide oversight, monitoring, regulatory, strategic or fiscal responsibilities of SOEs.

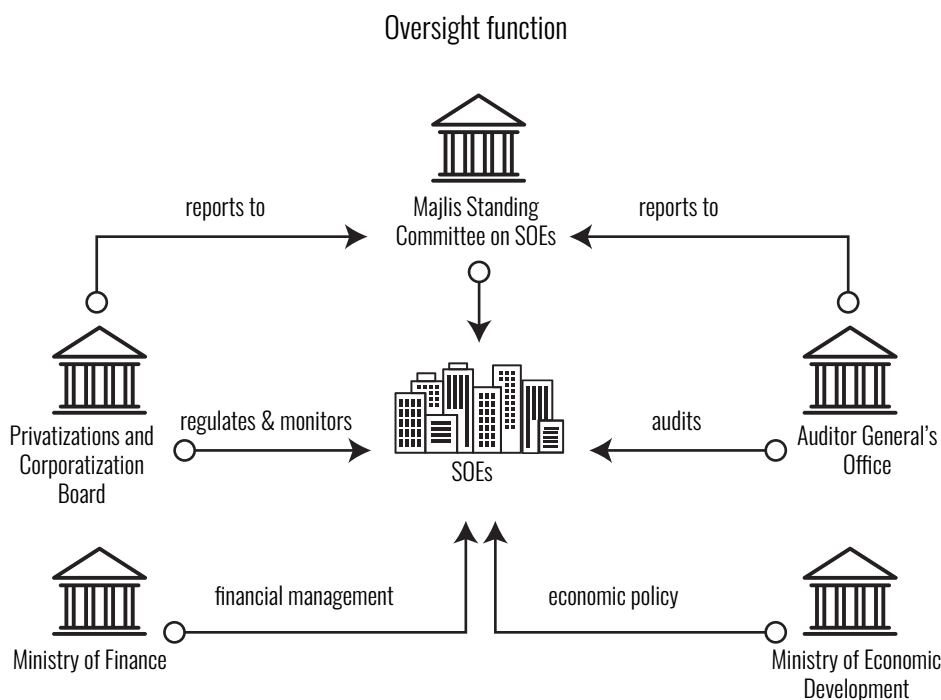


Figure 1: Key Institutions

1.2.1 Ministry of Finance

The MoF is the official government agency representing the State’s shareholding in the SOEs. The main responsibilities of the MoF are to formulate, implement and monitor fiscal and debt policies, manage State assets and reporting of State’s financial statements. The MoF’s State Shareholding Management Department includes sections dedicated to SOE financial management and SOE policy and research. The State Shareholding Management Department is mandated to manage SOEs financial disbursements, appoint State representatives to annual general meeting (AGM)s, and to assess and conduct research on policies to strengthen financial performance and mitigating financial risks¹⁸.

¹⁸ Information collected from Ministry of Finance via RTI request submitted on 5th June 2022.

1.2.2 Privatization and Corporatization Board

The PCB established under the PCB Act, is a 7-member body, whose secretariat is housed within the MoF. The PCB Act mandates the PCB to carry out privatization and corporatization of SOEs and to provide oversight, monitoring and evaluation of “government companies, government shared companies and commercial government businesses”. The PCB’s key functions relating to oversight, monitoring and evaluation include developing and implementing related regulations, policies and guidelines, and monitoring the financial performance and preparing quarterly/annual reports. The PCB also has the mandate to vet and nominate/appoint board of directors of SOEs who represent the government shareholdings.

1.2.3 Auditor General’s Office

The Auditor General’s Office (AuGO) created under the Audit Act (Act No. 4/2007) is mandated with auditing all government institutions, accounts, and government trading bodies, as well as setting rules, regulations, and establishing governing standards for audits in the Maldives. The Regulation on the Audit and Accountability of State-Owned Enterprises by AuGO applies to all SOEs and subsidiaries except for listed companies and financial institutions that are regulated by Capital Market Development Authority (CMDA) and Maldives Monetary Authority (MMA), respectively.

1.2.4 Standing Committee on SOEs

The 19th People’s Majlis established a Standing Committee on SOEs in June 2019, with a broad mandate to monitor and oversee SOEs and the work of the PCB. The PCB is required to periodically report on their work and the performance of SOEs. The oversight functions are mainly conducted by reviewing Auditor General Reports on SOEs, reports by the PCB and other reports as required. The Committee is authorized to summon senior management of SOEs and to question them on the utilization of public funds.

1.2.5 Ministry of Economic Development

The Ministry of Economic Development (MoED) is mandated to develop and implement regulations and policies relating to trade, investment and employment. The key functions carried out by the SOE Strategy Unit established under the Trade and Investment Department of MoED include revising the business plans of SOEs to ensure that their objectives align with the government’s manifesto and providing guidance and assisting SOEs in making minor changes to match the government’s development plan¹⁹. The enforcement of the Companies Act of the Republic of Maldives (Act No. 10/1996) (herein referred to as the Companies Act) rests with the MoED.

¹⁹ Information collected from Ministry of Economic Development via RTI request submitted on 20th March 2022.

1.3 Legal and regulatory framework

Despite the significant strategic importance of SOEs and its implications to the society, Maldives does not have a specific law governing the formation, ownership, regulation and monitoring of SOEs. Currently, SOEs are formed under legislations or by presidential decrees and registered under the Companies Act. The Companies Act outlines how an SOE can be formed but it does not impose governing regulations that are unique or distinct from those that apply to a Public or Private company registered under the same Act. Legal requirements are established equally and across the board on all companies registered under the Act without distinction.

The PCB Act provides a broad definition for SOEs and contains comprehensive provisions pertaining to the privatization and corporatization of SOEs, but has limited provisions on the oversight, monitoring and evaluation. These limited provisions are further restricted to “government companies, government shared companies and commercial government businesses” only. The PCB Act, however, does not define any of these entities.

The lack of clear definitions and the use of different terminologies within the PCB Act creates a grey area that restricts PCB’s

authority and access to SOEs, as defined and provided for in the PCB Act. In practice PCB’s oversight, monitoring and evaluation is limited to SOE listed by MoF, thereby excluding SOEs providing nationwide services, that are held through indirect shareholding or ownership through different state entities, such as the Maldives Industrial Fisheries Company, Fuel Supplies Maldives, Allied Insurance, and Agro National Corporation.

Additionally, PCB’s efforts to streamline and strengthen corporate governance practices lack statutory backing and its provisions are applicable to only some SOEs in the aforementioned MoF list. Consequently, there have been contradictions and disputes when it comes to compliance with corporate governance and disclosure requirements.

On a similar note, all provisions of the RTI Act applies to Associations and Organizations functioning in the Maldives under funds from State budget, or under funds received from a foreign government, or under funds from an international body. However, as the RTI Act does not explicitly include SOEs, the applicability of the RTI Act is being challenged by some SOEs.

2. METHODOLOGY

The objective of the CGTI is to assess and score the level of disclosure of corporate governance mechanisms for SOEs. The framework was developed using a mixed method approach, which included desk research to understand current literature on international best practices in corporate governance for SOEs, a review of Maldivian legal and regulatory framework to understand the current requirements and gaps within the system, and review of corporate governance disclosure practices of SOEs operating in other countries. An in-depth breakdown of CGTI framework is provided in Annex 1. To further understand existing corporate governance mechanisms in place, a questionnaire was developed based on the policy related variables of the CGTI. To pilot the CGTI framework, a sample of five SOEs was selected based on a defined set of parameters. The questionnaire was sent to the sample SOEs to gather information on their existing policies.

2.1 Desk research

Research into international corporate governance best practices was carried out to understand and guide the development of the CGTI framework. Additionally, research into other tools and sources specialized in evaluating corporate transparency was carried out. The following is a list of documents reviewed.

- Corporate Transparency Index for State Productive Enterprises²⁰
- OECD Guidelines on Corporate Governance of State-Owned Enterprises²¹
- G20/OECD Principles of Corporate Governance²²
- Guidance Note on State-Owned Enterprises Reform in Sovereign Projects and Programs²³
- The 10 Anti-Corruption Principles for State-Owned Enterprises²⁴
- Transparency in Corporate Reporting²⁵
- Transparency Index of Public Companies²⁶
- Guide to Extractive Sector State-Owned Enterprises Disclosure²⁷

²⁰ Mexico Evalua, 2019, Corporate Transparency Index for State Productive Enterprises, Available at: <https://www.mexicoevalua.org/mexicoevalua/wp-content/uploads/2019/09/corporatetransparency.pdf>

²¹ OECD (2015), OECD Guidelines on Corporate Governance of State-Owned Enterprises, 2015 Edition, OECD Publishing, Paris, <https://doi.org/10.1787/9789264244160-en>.

²² OECD (2015), G20/OECD Principles of Corporate Governance, OECD Publishing, Paris, <https://doi.org/10.1787/9789264236882-en>.

²³ Asian Development Bank, 2020, Guidance Note on State-Owned Enterprise Reform in Sovereign Projects and Programs, Available at: <https://www.adb.org/sites/default/files/publication/682661/state-owned-enterprise-reform-sov-projects-guidance-note.pdf>

²⁴ Transparency International, 2017, 10 Anti-Corruption Principles for State-Owned Enterprises, Available at: <https://www.transparency.org/en/publications/10-anti-corruption-principles-for-state-owned-enterprises>

²⁵ Transparency International, 2016, Transparency in Corporate Reporting: Assessing Emerging Market Multinationals, Available at: <https://www.transparency.org/en/publications/transparency-in-corporate-reporting-assessing-emerging-market-multinat>

²⁶ Transparency International Spain, 2022, Transparency Index of Public Companies (INDEP), Available at: <https://transparencia.org.es/indice-de-transparencia-de-las-empresas-publicas-indep-2/>

²⁷ Natural Resources Governance Institute, 2018, Guide to Extractive Sector State-Owned Enterprise Disclosure, Available at: <https://resourcegovernance.org/analysis-tools/publications/guide-to-extractive-sector-state-owned-enterprise-disclosures>

To understand the regulatory framework that governs SOEs and corporate governance transparency requirements in Maldives the following documents were reviewed.

- The Companies Act of the Republic of Maldives (Act No. 10/1996)
- Law of Privatization, Corporatization, Monitoring and Evaluation of Government Businesses (Act No. 3/2013)
- Corporate Governance Code (CMDA CG Code)²⁸
- Code of Corporate Governance for State-Owned Enterprises²⁹
- Procurement Procedures and Guidelines for State-Owned Enterprises of Maldives³⁰
- Job Classification Framework for State-Owned Enterprises³¹
- Harmonization of Procurement Policies for State-Owned Enterprises³²
- Regulation on the audit and accountability of State-Owned Enterprises³³
- Right to Information Act (Act No. 01/2014)

Research on corporate governance disclosure practices via company websites of SOEs operating in other countries was carried out to identify best practices and potential referent companies for the individual variables assessed under the CGTI framework. During this stage, a comprehensive list of SOEs operating in different countries and industries was compiled and the corporate websites of 165 SOEs were reviewed and analyzed. 29 SOEs with good disclosure and corporate governance practices were shortlisted for further analysis using the variable assessment framework. The shortlisted SOEs for parameters of reference included SOEs from the following countries: Singapore, Spain, Kenya, Vietnam, Australia, Latvia, Portugal, Turkey, Chile, Canada, New Zealand and South Korea. Some examples of good practices adopted by global SOEs are provided in Annex 3.

²⁸ Capital Market Development Authority, 2021, Corporate Governance Code (CMDA CG Code), Available at: <https://cmda.gov.mv/en/downloads/corporate-governance-code>

²⁹ Privatization and Corporatization Board, 2019, Code of Corporate Governance for State-Owned Enterprises, Available at: <https://www.finance.gov.mv/public/attachments/qdVzlnHtyi3FhoCHycJr3qzqRPAQiX82m4tXLKD.pdf>

³⁰ Privatization and Corporatization Board, 2021, Procurement Procedures and Guidelines for State-Owned Enterprises of Maldives, Available at: <https://www.finance.gov.mv/public/attachments/CDfAI83T86brSG0Yz6RkgjppDI8Ks070hKmxahYw.pdf>

³¹ Privatization and Corporatization Board, 2021, Job Classification Framework for State-Owned Enterprises, Available at: <https://www.finance.gov.mv/public/attachments/Q6QtFM8TAaxo2tfg4c3w69vIWqNGtDAoaGV4SJkn.pdf>

³² Privatization and Corporatization Board, Harmonization of Procurement Policies for State-Owned Enterprises, Available at: <https://www.finance.gov.mv/public/attachments/tWGhqDabBy3p4byzHssf2ZzCV9Tz13efYqqZc7Nu.pdf>

³³ Auditor General's Office, 2022, Regulation on the Audit and Accountability of State-Owned Enterprises, Available at: [https://audit.gov.mv/Uploads/DownloadsAndMedia/2022/02FebruaryRegulationontheAuditandAccountabilityofStateOwnedEnterprises27.01.2022\(revisedV01\).pdf](https://audit.gov.mv/Uploads/DownloadsAndMedia/2022/02FebruaryRegulationontheAuditandAccountabilityofStateOwnedEnterprises27.01.2022(revisedV01).pdf)

2.2 Selection of sample SOEs

Out of 32 SOEs listed on the MoF website, a sample of five SOEs were selected to pilot the CGTI. The sample was selected using a set of predetermined parameters including 1) wholly government owned, 2) financial assistance given to SOE by the State (2015-2021), 3) loans and borrowing at the end of the financial year 2020, 4) essential public service providers, 5) operating industry and competition, 6) SOE risk status compiled by International Monetary Fund (IMF) for nine selected SOEs³⁴, and 7) number of years since incorporation. Based on these parameters, the following SOEs were selected for the initial assessment: State Electric Company Limited (STELCO), Maldives Airports Company Limited (MACL), Island Aviation Services Limited (IASL), Housing Development Corporation Limited (HDC) and Public Service Media (PSM). An overview of the SOEs included in the pilot is provided in Chapter 4.

2.3 Questionnaire

To further analyze the existing corporate governance practices, a questionnaire consisting of 22 policy related questions based on the corporate transparency variables of the assessment framework was prepared (refer to Annex 2). The questionnaire was disseminated to the five SOEs included in the pilot assessment on 17th July 2022. The completed questionnaires were received by 4th September 2022. The findings of the questionnaire are assessed against proactive disclosure practices and the findings are shared in Chapter 4.3.

³⁴ International Monetary Fund, 2021, Technical Assistance Report: Fiscal Transparency Evaluation, Page 75. Available at: <https://www.imf.org/-/media/Files/Publications/CR/2021/English/1MDVEA2021001.ashx>

3. THE CGTI ASSESSMENT FRAMEWORK

The CGTI developed by TM includes best practice guidelines based on OECD Guidelines on Corporate Governance of SOEs³⁵. The assessment framework is structured as a matrix and was derived from the Corporate Transparency Index for State Productive Enterprises from Mexico Evalua and consists of pillars, categories and variables³⁶. The variables disclosed are assessed against a set of quality dimensions that evaluates the quality of information which was derived from Natural Resources Governance Institute’s (NRGI’s) Guide to Extractive Sector SOE Disclosure³⁷. The CGTI is designed to evaluate level of disclosure using publicly available information proactively published by the SOEs on their official website and does not include any other information that may be made public through social media or other communication channels. Figure 2 presents the overview of the CGTI framework.

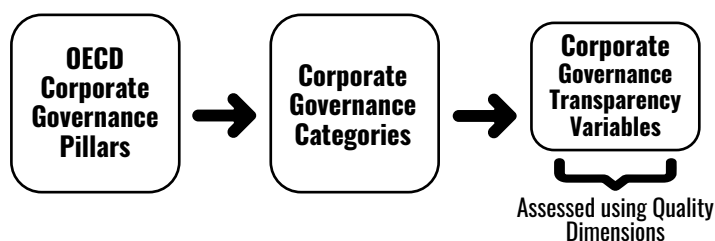


Figure 2: Overview of CGTI Framework

3.1 Corporate governance pillars

For the purpose of developing the framework, OECD Guidelines on Corporate Governance of SOEs³⁸ were categorized into six different “pillars” of Corporate Governance as listed below.

Pillar 1: Transparency in the ownership policy and objectives of the SOE

Pillar 2: Transparency of the organization, operation and results of the SOE

Pillar 3: Transparency in engagements with State

Pillar 4: Transparency in arrangements with the private sector

Pillar 5: Transparency in corporate responsibility, internal control, and corporate integrity

Pillar 6: Transparency of the board of directors

³⁵ OECD (2015), OECD Guidelines on Corporate Governance of State-Owned Enterprises, 2015 Edition, OECD Publishing, Paris, <https://doi.org/10.1787/9789264244160-en>.

³⁶ Mexico Evalua, 2019, Corporate Transparency Index for State Productive Enterprises, Available at: <https://www.mexicoevalua.org/mexicoevalua/wp-content/uploads/2019/09/corporatetransparency.pdf>

³⁷ Natural Resources Governance Institute, 2018, Guide to Extractive Sector State-Owned Enterprise Disclosure, Available at: <https://resourcegovernance.org/analysis-tools/publications/guide-to-extractive-sector-state-owned-enterprise-disclosures>

³⁸ OECD (2015), OECD Guidelines on Corporate Governance of State-Owned Enterprises, 2015 Edition, OECD Publishing, Paris, <https://doi.org/10.1787/9789264244160-en>.

The corporate governance pillars are further broken down into 16 thematic areas to ensure the efficacy and apprehensibility of the assessment. The thematic areas are presented as “Corporate Governance Categories”. From these categories, over 70 corporate governance transparency variables were identified initially and developed based on international best practices to assess the transparency of corporate governance practices. An analysis of local sources including relevant acts, and guidelines that support the disclosure of the variables was conducted. Validation meetings were held with the PCB and the Information Commissioner’s Office (ICOM) to ensure that the variables support compliance to PCB’s codes/guidelines and the RTI Act. After the validation meetings, a total of 38 variables were finalized to be included in the CGTI framework. Apart from one variable, the remaining 37 variables are based on local reference sources. All the variables in the CGTI framework are evaluated against a set of dimensions that evaluates the quality of information disclosed. The importance of each individual pillar and the details of categories and the variables are detailed below.

3.1.1 Pillar 1 - Transparency in the ownership policy and objectives of the SOE

The general public being the ultimate owner of the SOEs, the purpose of the State ownership should be to maximize value to the society through efficient allocation of the State resources³⁹. Clearly defining the purpose of the SOE at formation is therefore critical to determine the SOE’s vision, mission and values which set the strategic direction. Having a set of defined strategies, objectives and goals enables efficiency in management and creates greater accountability. International best practices and the PCB code requires disclosure of key governing documents including the Articles of Association (AoA) and the Memorandum of Association (MoA) on the SOE websites.

When SOEs undertake economic activities together with public policy objectives, the financial performance alone may not be an ideal indicator as public policy objectives may impose price controls or adherence to additional regulations and controls. Therefore, distinguishing the economic activities and public policy objectives of the SOEs is crucial for the public to understand and effectively measure the performance of the SOEs. It is important to clearly define and disclose the public policy objectives and economic activities of the SOE, and it will help gain the trust of the public and generate confidence among relevant stakeholders.

OECD defines economic activity as one that involves offering goods or services on a given market and which could, at least in principle, be carried out by a private operator in order to make profits and public policy objectives as those benefitting the general public within the SOEs own jurisdiction where specific performance requirements are imposed on the company other than maximizing profits and shareholder value.

One of the main challenges of corporate governance in SOE is the State’s dual function as the owner and the regulator. It is important to clearly define and establish the supervisory role of the State, identify the entity, group or people that represents the state’s ownership and the rationale for ownership in a company. Transparency around this information is important to assess how the State administers its ownership function and whether the operations of the SOEs align with the intended strategies.

As ownership of some SOEs are split between the State and private owners, it is critical to disclose this information to identify related party transactions in operations and increase accountability. Transparency in ownership will assist in highlighting red flags for investigation relating to conflict of interest and corruption.

³⁹ Ibid, Page 29.

This pillar is broken down to categories and variables below and the information for each variable is measured against the set of quality dimensions explained in section 3.2:

Corporate Governance Categories	Corporate Governance Transparency Variables
1.1 Purpose and strategic objectives of the SOE	1.1.1 Does the SOE publish its Law or Decree that established the company, AOA and MOA?
	1.1.2 Does the SOE publish its purpose including vision, mission and values?
	1.1.3 Does the SOE publish its strategy including its goals and objectives?
1.2 Economic activities and public policy activities	1.2.1 Does the SOE publish information about its services and differentiate between economic activities and public policy activities?
1.3 State's role as the owner	1.3.1 Does the SOE publish the role of the State in its corporate governance mechanism including information on State's share, board appointments and ownership agency?

3.1.2 Pillar 2 - Transparency of the organization, operation and results of the SOE

In order to maximize efficiency and accountability of SOEs, it is critical to have mechanisms and structures that allow for implementation, monitoring and evaluation of activities related to the operation and financial performance. Clearly defined sets of policies and procedures establish the guidelines essential for effective operation of the organization. The structures, resources and mechanisms within the SOE assist in understanding the operations and accountability measures, and the disclosure of financial information is vital for evaluating and understanding the performance of the SOE. International best practice and as per the PCB Code, SOEs are required to publish semi-annual and quarterly financial reports on their websites.

A published organizational chart will allow stakeholders to understand how the SOEs' operations are designed, their functions and flow of communication as well as their staffing and developmental needs. Furthermore, all SOEs should disclose a list of all subsidiaries, affiliates and joint ventures to provide an accurate overview of the SOE's activities, and where an SOE has no subsidiaries or other affiliations, this information should also be clearly stated on the websites. Other critical information includes details on the executive committee or senior management team including their remuneration, which will provide stakeholders an opportunity to evaluate the key personnel in charge of managing the operations of the SOE.

The international corporate governance and disclosure best practices recommends SOEs to disclose key policies including the human resource and procurement policy and practices as they are particularly vulnerable to corruption⁴⁰. It is important that SOEs are transparent in their policies and practices to ensure social accountability and compliance and equal opportunities. The long-term benefits of such disclosure may help increase public trust and credibility.

Further, it is important to have an online mechanism to lodge feedback and complaints to provide an easy and accessible platform for customers and other stakeholders to provide their input and raise their grievances systematically. When properly managed and attended, its positive impact can be reflected in areas such as service delivery and quality assurance.

This pillar is broken down to categories and variables below and the information for each variable is measured against the set of quality dimensions explained in section 3.2:

Corporate Governance Categories	Corporate Governance Transparency Variables
2.1 Structure of the SOE	2.1.1 Does the SOE publish an organizational chart that shows the reporting structure including the functions/departments/sections?
	2.1.2 Does the SOE publish information on senior management including their scope and responsibilities?
	2.1.3 Is the company's group structure , including subsidiaries, parent companies and cross-shareholdings with other groups or affiliated companies published?
2.2 Performance of the SOE	2.2.1 Does the SOE publish yearly financial information in accordance with International Financial Reporting Standards (IFRS)?
	2.2.2 Is there an online mechanism for lodging feedback/complaints on the website?
2.3 Human resource management	2.3.1 Does the SOE publish its human resources policy ?
	2.3.2 Does the SOE publish compensation for senior management including Chief Executive Officer (CEO)/Managing Director (MD) and Chief Financial Officer (CFO)?
2.4 Procurement	2.4.1 Does the SOE publish its procurement policy ?
	2.4.2 Does the SOE publish basic information on tenders including the objective, evaluation process and any modifications or variations of the tender?
	2.4.3 Is the information on awarded contracts published, including information on the number of bidders for each tender, awarded party and contract value?

⁴⁰ OECD (2015), OECD Guidelines on Corporate Governance of State-Owned Enterprises, 2015 Edition, OECD Publishing, Paris, <https://doi.org/10.1787/9789264244160-en>.

3.1.3 Pillar 3 - Transparency in engagements with the State

This category is centered around the transparency of engagements between the SOE and the State to ensure competitive neutrality. Equal and transparent conditions are essential for SOEs and private sector businesses to develop, grow and co-exist in a market. This means that, unlike public policy objectives, SOEs' economic activities must not receive any unfair advantages or favorable input from the State and SOEs must be transparent in their engagement with the State.

Therefore, as commercial entities mandated with the provision of public services, which may pose significant advantages and unfair burdens on the SOEs, disclosing this information aid relevant stakeholders to have a comprehensive understanding of the organization. It helps stakeholders measure the performance of the SOE based on their economic activities, instead of only focusing on the public policy activities which are mostly subsidized and provided at controlled prices, restricting profit generation. SOEs receive large amounts of public money as financial support from the State to fulfill their public policy

objectives, while the State receives dividends, taxes and other revenues from the SOEs. In terms of access to finance, SOEs usually have access to sources of finance not available to the private sector. Since State transfers and sources of finance are substantial, it involves a high level of public interest and it is paramount that this information is disclosed to the public in a timely manner. Similarly, timely disclosure of financial statements provides an accurate measure of revenue generated and dividends provided to the government from the SOEs' economic activities.

Furthermore, SOEs must proactively disclose information on contractual arrangements with all levels of the government (central and local) to assess whether public resources are being utilized efficiently and effectively. Transparency in all engagements with the State is critical to determine whether a level playing field exists and highlights any red flags for investigation relating to conflict of interest and corruption.

This pillar is broken down to categories and variables below and the information for each variable is measured against the set of quality dimensions explained in section 3.2:

Corporate Governance Categories	Corporate Governance Transparency Variables
3.1 Arrangements between the State and SOE	3.1.1 Is information about transfers (capital contribution, subsidies etc) that the SOE receives from all levels of government published?
	3.1.2 Is information about the transfers (dividends and expenditure such as taxes, fees & rent) to all levels of government published?
	3.1.3 Are information on contracts between the SOE and all levels of government published, including the name of the partner and nature of the contract?
3.2 Public/private financing	3.2.1 Is sources of private and public financing information (such as loans, debentures and bonds) published including the name and amount?

3.1.4 Pillar 4 - Transparency in arrangements with the private sector

SOEs often operate with a variety of partners from the private sector, and based on the nature of the partnerships they may be exposed to certain conflict of interest situations and corruption risks, such as procurement fraud, bribery, embezzlement and facilitation payments. The best practices of corporate governance call for public disclosure of information on joint ventures, association contracts, strategic alliances and public-private partnerships whenever SOEs participate in cooperative projects⁴¹. As such, information on such partnerships and

business arrangements carried out with the private sector including name of the partner, country of residence, nature of the engagement, data on revenue and costs related to cooperative projects must be disclosed on the SOE website. A related-party transaction presents a form of conflict of interest and transparency in arrangements with the private sector is critical to highlight any red flags for investigation relating to conflict of interest and corruption.

This pillar is broken down to categories and variables below and the information for each variable is measured against the set of quality dimensions explained in section 3.2:

Corporate Governance Categories	Corporate Governance Transparency Variables
4.1 Beneficial and business arrangements with the private sector	4.1.1 Does the SOE publish information on beneficial agreements and business arrangements carried out with the private sector including name of the partner, country of residence and nature of the engagement?
	4.1.2 Does the SOE publish data on revenue and costs related to business arrangements carried out with private sector partners?

3.1.5 Pillar 5 - Transparency in corporate responsibility, internal control, and corporate integrity

Globally, businesses are embracing sustainability aspects and adopting CSR strategies to become socially accountable to itself and its stakeholders, including the public. An effective CSR strategy can help SOEs reduce costs, enhance brand image, retain employees, cultivate customer and public trust and ultimately gain a competitive advantage and increase business and financial performance. On the other hand, CSR initiatives

have the potential to be abused and used for personal gain or advancing political agendas. Such abuse of state resources undermines the purpose of CSR and can damage public trust in the SOE and the government. SOEs should ensure that CSR initiatives are not used as a subterfuge for corruption by having policies in place.

⁴¹ Ibid.

Internal control and risk management systems are essential to ensure financial integrity, efficient management and sustainability. An internal control system should include detective, corrective and preventive controls and risk assessments should be conducted regularly. For an internal control and risk management system to be effective, its compliance must be observable, measurable and transparent. To provide reasonable assurance to stakeholders, SOEs should disclose its processes on internal control and risk management.

A clearly defined set of corporate values and integrity policies can establish consistent guidelines, set the company’s culture, increase compliance, improve internal processes while reducing risks and creating positive relationships among stakeholders. Anti-corruption policies and procedures are required to promote

integrity and reduce corruption risks. According to TI, SOEs should implement a policy prohibiting political contributions, whether direct, indirect, or in kind to counter corruption risks⁴².

International best practices and the PCB Code calls for disclosure and communication of ethical, environmental, social, and governance measures in addition to financial performance indicators as it enables stakeholder engagement, minimizes abuse, creates a system of accountability and ensures effective use of state resources. To prevent corruption, the process for charitable contributions and sponsorships should be transparent and disclosed and where SOEs make such donations and sponsorships, it should be publicly disclosed in a systematic manner.

This pillar is broken down to categories and variables below and the information for each variable is measured against the set of quality dimensions explained in section 3.2:

Corporate Governance Categories	Corporate Governance Transparency Variables
5.1 Corporate social responsibility	5.1.1 Does the SOE publish its integrated sustainability report with focus on ethics, environment, health and safety and social issues?
	5.1.2 Are the details on charitable donations published including the purpose, recipient and amount?
5.2 Internal control systems	5.2.1 Does the SOE publish its statement on internal control including information on internal control activities, reporting and monitoring?
	5.2.2 Does the SOE publish its statement on risk management including information on key risks and mitigation measures?
5.3 Corporate integrity	5.3.1 Does the SOE publish its code of ethics/conduct ?
	5.3.2 Does the SOE publish its conflict of interest policy ?
	5.3.3 Does the SOE publish its whistleblowers protection policy ?
	5.3.4 Does the company have policies that promote anti-corruption such as policy on anti-bribery, gift & entertainment policy?
	5.3.5 Does the SOE publish its policy on political activities ?

⁴² Transparency International, 2017, 10 Anti-Corruption Principles for State-Owned Enterprises, Page 25, Available at: <https://www.transparency.org/en/publications/10-anti-corruption-principles-for-state-owned-enterprises>

3.1.6 Pillar 6 - Transparency of the board of directors

The board of directors of SOEs must possess high levels of integrity, competencies, autonomy, and objectivity to develop the SOEs' strategies and ensure implementation by management. By having clearly defined policies and procedures for board members it creates consistent guidelines that increase compliance and accountability. Disclosing detailed information on the board of directors including their involvement in the board, their performance and remuneration, stakeholders can evaluate the strength of the board of directors and their commitment to the SOE.

The general public as the ultimate owners of the SOE have the right to information on how the SOE operates. The AGM acts as the main avenue for shareholders to raise questions as to

the decisions taken by the board. Information about the AGM including the minutes of the AGM should be disclosed on SOE website to ensure accountability and inclusivity.

International best practices and the PCB Code calls for maximum transparency and disclosure of information on the Board and its practices to increase accountability and ensure board of directors are competent, there is no political influence in SOE governance and its operational decisions are taken in the best interest of the company. As such, timely disclosure of accurate information on the board of directors and activities of the Board is critical to reduce corruption and enhance the credibility of the board.

This pillar is broken down to categories and variables below and the information for each variable is measured against the set of quality dimension explained in section 3.2:

Corporate Governance Categories	Corporate Governance Transparency Variables
6.1 Information related to the board of directors	6.1.1 Does the SOE publish its policy on nomination and appointment of board of directors?
	6.1.2 Does the SOE disclose the details of the board of directors including their academic and professional background?
	6.1.3 Does the SOE publish the remuneration details of the individual board members?
	6.1.4 Does the SOE publish its performance evaluation policy for board members?
6.2 Board operations	6.2.1 Does the SOE publish the Board charter or Terms of Reference (TOR) for CEO, chairman, board of directors and company secretary?
	6.2.2 Does the SOE publish objectives and composition of the Board committees?
	6.2.3 Does the SOE publish details on the number of board and committee meetings held including attendance of board members?
6.3 Decisions taken by the Board	6.3.1 Does the SOE publish information about the AGM including the minutes of the AGM?

3.2 Quality dimensions of information disclosure

While the variables by itself may provide data and assess whether certain information is disclosed or not, a set of indicators are also introduced to measure the quality of information along the dimensions of accessibility, reliability, completeness and timeliness. The variables assessed within the CGTI framework are evaluated and scored based on indicators along these four quality dimensions, whenever relevant and feasible. The quality dimension indicators are not applicable to all variables and therefore the total score applicable for each variable varies accordingly. Where quality dimensions are not applicable, it is marked as N/A. The quality indicator 1.1 of accessibility

is measured based on the total number of clicks required to access the particular information on the SOE website. Under the quality indicator 2.1, documents are considered as verified if the document has a signature or the name of the personnel. When assessing completeness in the quality indicator 3.1, if even one piece of the information assessed under the variable is disclosed a point is given. A score is given to the timeliness dimension if the most recent information is available. However, the other dimensions of such information are evaluated based on historical information disclosed.

The quality dimensions and indicators included under the CGTI framework are measured as in figure 4.





Quality Dimension	Evaluation Criteria	Points Scored	Score range
1. Accessibility 			
1.1 The information is easy to find *If the location of the information clearly indicates the information, it is not considered as an additional click	In sight	3	0 to 3 points
	1 to 2 clicks	2	
	3 to 5 clicks	1	
	More than 6 clicks	0	
1.2 The information is in an accessible language	Dhivehi and English	2	1 to 2 points
	In Dhivehi or in English	1	
2. Reliability 			
2.1 The information is verified by an executive or external auditor *Applies to information required to be disclosed in annual report by PCB	Yes	1	0 to 1 point
	No	0	
3. Completeness 			
3.1 All the information assessed under the variable are disclosed	Yes	2	0 to 2 point
	Some	1	
	No	0	
3.2 Historical/past data about the information are available on the website	More than 5 years	2	0 to 2 point
	Some or less than 5 years	1	
	No historical data provided	0	
4. Timeliness 			
4.1 The information is disclosed within the required time frame (within 6 months) *Applies to information required to be disclosed in annual report by PCB	Yes	1	0 to 1 point
	No	0	

Figure 4: Evaluation criteria of quality dimensions

3.3 Assessment, evaluation, and ratings

The assessment is conducted based on information published on the official SOE website only. Each variable is evaluated and scored based on the quality dimensions of information presented in Section 3.2. The overall score for the CGTI and the total scores for the pillars, categories, and variables are translated to percentages and then rated according to the tab in figure 5.

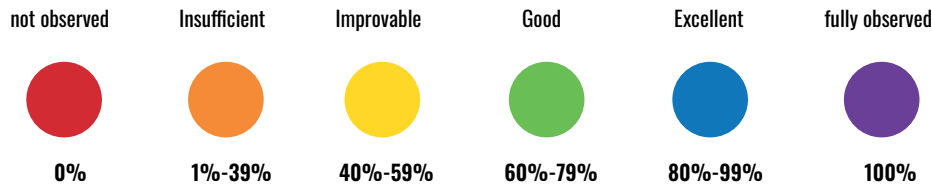


Figure 5: Ratings tab

3.4 Limitations of the framework

The limitations of the CGTI framework includes the following:

- The CGTI assesses information disclosed on the website only and does not reflect all governance mechanisms within the SOE.
- The variables assessed under the CGTI cover key areas identified and do not include an exhaustive list of practices covered in international best practices of corporate governance nor the PCB Code.
- The CGTI covers available and accessible information at the time of assessment. Some information disclosed might have been overlooked due to accessibility and clarity of information disclosed.

4. CGTI RESULTS FOR PILOT SOEs

To pilot the framework and methodology of the CGTI, the index was tested on five SOEs using proactively disclosed information on their websites. The websites were analyzed from 20th July to 4th August 2022. This chapter provides an overview of the SOEs selected for the pilot, and the key findings of the assessment. To complement the CGTI, findings of information collected through the questionnaire are also presented in this chapter.

4.1 Profiles of pilot SOEs

4.1.1 State Electric Company Limited

STELCO is a 100% State-owned company established in 1997 with a mandate of providing electricity in the Maldives⁴³ and employs over 1000 people⁴⁴. STELCO received a total of over MVR 959 million as capital, grants, subsidies and recurrent expenditure support from the State for the years 2015 to 2021⁴⁵. STELCO was categorized as medium-high risk from 2015 to 2019 by IMF in their Fiscal Transparency Evaluation⁴⁶. STELCO's total loans and borrowing at the end of financial year 2020 was over MVR 2.9 billion⁴⁷.

4.1.2 Island Aviation Services Limited

Established in 2000, IASL operates the national airline of the Maldives "Maldivian" with around 1200 employees⁴⁸ and is fully owned by the State. IASL's core business areas include airline services, airport lounge services, airport management and operations, engineering and maintenance services and seaplane services⁴⁹. IASL received a total of over MVR 512 million from the State for the years 2015 to 2021 as capital, grants, subsidies and recurrent expenditure⁵⁰. IASL's total loans and borrowing at the end of financial year 2020 was over MVR 607 million⁵¹.

⁴³ State Electric Company, Available at: <https://www.stelco.com.mv/> (Accessed on 28.11.2022)

⁴⁴ Corporate Maldives, State Electric Company Limited, Available at: <https://corporatemaldives.com/gold100/state-electric-company/> (Accessed on 28.11.2022)

⁴⁵ Information collected from Ministry of Finance via RTI request submitted on 18th August 2022.

⁴⁶ International Monetary Fund, 2021, Technical Assistance Report: Fiscal Transparency Evaluation, Page 75, Available at: <https://www.imf.org/-/media/Files/Publications/CR/2021/English/1MDVEA2021001.ashx>

⁴⁷ Auditors General's Office, 2021, State Electric Company Limited financial year 2020, Page 5, Available at: <https://audit.gov.mv/AR1803>

⁴⁸ Corporate Maldives, Island Aviation Services Limited, Available at: <https://corporatemaldives.com/gold100/island-aviation/> (Accessed on 28.11.2022)

⁴⁹ Maldivian Aero, Available at: <https://maldivian.aero/corporate/our-company.html> (Accessed on 28.11.2022)

⁵⁰ Information collected from Ministry of Finance via RTI request submitted on 18th August 2022.

⁵¹ Auditors General's Office, 2022, Island Aviation Services Limited Financial year 2020, Page 4, Available at: <https://audit.gov.mv/AR1970>

4.1.3 Housing Development Corporation Limited

HDC is a 100% State-owned company established in 2001, employs over 1000 people⁵² and is the master developer of the reclaimed islands of Hulhumale', Thilafushi and Gulhifalhu⁵³. HDC received a total of over MVR 10.9 billion as capital, grants, subsidies and recurrent expenditure support from the State during 2015 and 2021⁵⁴. HDC was categorized medium-high risk by IMF in their Fiscal Transparency Evaluation⁵⁵. According to Maldives Public Expenditure Review: Restoring Fiscal Health by The World Bank, HDC is biggest beneficiary of sovereign guarantees⁵⁶. HDC's total loans and borrowing at the end of financial year 2020 was over MVR 10.6 billion⁵⁷.

4.1.4 Maldives Airports Company Limited

MACL, established in 2000, is mandated with managing Velana International Airport and its operations⁵⁸. MACL is fully owned by the State and has around 3,500 employees⁵⁹. According to Maldives Public Expenditure Review: Restoring Fiscal Health by The World Bank, MACL is the biggest beneficiary of on-lent debt⁶⁰ and is categorized as medium-high risk by IMF in their Fiscal Transparency Evaluation⁶¹. MACL's total loans and borrowing at the end of financial year 2020 was over MVR 7.7 billion⁶².

4.1.5 Public Service Media

PSM was established in 2015 under the Public Service Media Act (Act No. 9/2015) with a mandate to provide TV, radio, online and print media services to the general public⁶³. PSM operates multiple TV and Radio channels including Television Maldives (TVM), Dhivehi Raajjeyge Adu, Dhivehi FM and YES TV⁶⁴. PSM received a total of over MVR 475 million from the State for the years 2015 to 2021 as capital, grants, subsidies and recurrent expenditure support⁶⁵.

⁵² Corporate Maldives, Housing Development Corporation Limited, Available at: <https://corporatemaldives.com/gold100/housing-development-corporation/> (Accessed on 28.11.2022)

⁵³ Housing Development Corporation, About, Available at: <https://hdc.com.mv/about/> (Accessed on 28.11.2022)

⁵⁴ Information collected from Ministry of Finance via RTI request submitted on 18th August 2022.

⁵⁵ International Monetary Fund, 2021, Technical Assistance Report: Fiscal Transparency Evaluation, Page 75, Available at: <https://www.imf.org/-/media/Files/Publications/CR/2021/English/1MDVEA2021001.ashx>

⁵⁶ The World Bank, 2022, Maldives Public Expenditure Review, Page 44, Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099205108062235369/p174394036aa910c309ecf0fbecff0d7654>

⁵⁷ Auditors General's Office, 2021, Housing Development Corporation Limited financial year 2020, Page 4, Available at: <https://audit.gov.mv/AR1815>

⁵⁸ Maldives Airport Company Limited, About, Available at: <https://macl.aero/corporate/about/profile> (Accessed on 28.11.2022)

⁵⁹ Corporate Maldives, Maldives Airports Company Limited, Available at: <https://corporatemaldives.com/gold100/maldives-airports-company/> (Accessed on 28.11.2022)

⁶⁰ The World Bank, 2022, Maldives Public Expenditure Review, Page 44, Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099205108062235369/p174394036aa910c309ecf0fbecff0d7654>

⁶¹ International Monetary Fund, 2021, Technical Assistance Report: Fiscal Transparency Evaluation, Page 75, Available at: <https://www.imf.org/-/media/Files/Publications/CR/2021/English/1MDVEA2021001.ashx>

⁶² Auditors General's Office, 2021, Maldives Airports Company Limited financial year 2020, Page 4, Available at: <https://audit.gov.mv/AR1784>

⁶³ Public Service Media, Company, Available at: <http://psm.mv/company> (Accessed on 28.11.2022)

⁶⁴ Public Service Media, Brands, Available at: <http://psm.mv/brands> (Accessed on 28.11.2022)

⁶⁵ Information collected from Ministry of Finance via RTI request submitted on 18th August 2022.

4.2 CGTI results

This section presents the total score for the pilot SOEs, an in-depth analysis of the assessment for each corporate governance pillar, key general observations across SOEs, and the key observations from the questionnaire.

4.2.1 Overall rating

Table 1 summarizes the CGTI results for the five SOEs assessed in this pilot. The assessment shows that the overall level of disclosure and the quality of information disclosed was very weak in all five SOEs with the lowest score being 7% and the highest 33%. This indicates, proactive disclosure of corporate governance mechanisms, assessed via publicly available information, are insufficient in all five SOEs.

SOE NAME	OVERALL RATING
STELCO	7%
PSM	10%
MACL	11%
IASL	11%
HDC	33%

Table 1: Overall CGTI rating for pilot SOEs

4.2.2 Results analysis by pillars

This section provides a comprehensive presentation of the assessment scores for the variables assessed under each pillar by individual SOEs, with breakdown of the quality dimensions for each variable. This section also highlights the issues or gaps identified.

Table 2 below presents the CGTI rating for the five SOEs under each pillar. The total rating of the individual pillars is highly concerning as with a score of zero, proactive transparency was not observed for at least one pillar, and for as many as three pillars for four out of the five SOEs. PSM, MACL and IASL scored zero in at least two of the six pillars. All five SOEs have disclosed some information related to Pillar 1, which assesses transparency on ownership and strategic directions and Pillar 2, which assesses transparency of the organization, operation and performance.

PILLAR	STELCO	PSM	MACL	IASL	HDC
Pillar 1: Transparency in the ownership policy and objectives of the SOE	12%	23%	33%	42%	49%
Pillar 2: Transparency of the organization, operation & results of the SOE	12%	21%	19%	15%	37%
Pillar 3: Transparency in engagements with the State	5%	0%	0%	0%	52%
Pillar 4: Transparency in arrangements with the private sector	9%	0%	14%	9%	9%
Pillar 5: Transparency in corporate responsibility, internal control and corporate integrity	0%	9%	4%	0%	9%
Pillar 6: Transparency of the board of directors	6%	0%	0%	8%	37%

Table 2: The rating of each SOE by pillars.

4.2.2.1 Pillar 1

Pillar 1 - Transparency in the ownership policy and objectives of the SOE

VARIABLE	SOE NAME	A	R	C	T	SOE SCORE	CGTI MAX. SCORE	RATING (%)
Category 1.1 - Purpose and strategic objectives of the SOE								
1.1.1 - Does the SOE publish its Law or Decree that established the company, AoA and MoA?	IASL	0	n/a	0	n/a	0	7	0
	HDC	0	n/a	0	n/a	0		0
	STELCO	0	n/a	0	n/a	0		0
	MACL	0	n/a	0	n/a	0		0
	PSM	0	n/a	0	n/a	0		0
1.1.2 - Does the SOE publish its purpose including vision, mission and values?	IASL	3	n/a	2	n/a	5	7	71
	HDC	3	n/a	2	n/a	5		71
	STELCO	0	n/a	0	n/a	0		0
	MACL	3	n/a	2	n/a	5		71
	PSM	3	n/a	2	n/a	5		71
1.1.3 - Does the SOE publish its strategy including its goals and objectives?	IASL	3	0	1	0	4	11	36
	HDC	3	0	2	0	5		45
	STELCO	0	0	0	0	0		0
	MACL	0	0	0	0	0		0
	PSM	0	0	0	0	0		0
Category 1.2 - Economic activities and public policy activities								
1.2.1 - Does the SOE publish information about its services and differentiate between economic activities and public policy activities?	IASL	4	n/a	1	n/a	5	7	71
	HDC	3	n/a	1	n/a	4		57
	STELCO	4	n/a	1	n/a	5		71
	MACL	4	n/a	1	n/a	5		71
	PSM	4	n/a	1	n/a	5		71
Category 1.3 - State's role as the owner								
1.3.1 - Does the SOE publish the role of the State in its corporate governance mechanism including information on State's share, board appointments and ownership agency?	IASL	3	0	1	0	4	11	36
	HDC	3	1	3	0	7		64
	STELCO	0	0	0	0	0		0
	MACL	3	0	1	0	4		36
	PSM	0	0	0	0	0		0

RATINGS TAB



QUALITY DIMENSIONS



Issues observed

SERIOUS ISSUES

1. None of the SOEs evaluated had disclosed the Law or Decree that established the SOE, or the AoA or the MoA. PSM refers to the Law but it is not available on their website.
2. Three out of the five SOEs (PSM, STELCO and MACL) did not disclose any information on the SOEs' strategy.
3. STELCO and PSM had not published any information on States' share, board appointment or ownership agency. MACL mentioned State's share and board appointments only while IASL mentioned State's share only. HDC had mentioned information on State's share, board appointments and ownership agency. Even though both MACL and HDC stated who is responsible for board appointments, inconsistencies were observed with regards to the appointing body/person, despite both being wholly owned by the state.
4. STELCO had not disclosed information on their vision, mission and values.

4.2.2.2 Pillar 2

Pillar 2 - Transparency of the organization, operations and results of the SOEs

VARIABLE	SOE NAME	A	R	C	T	SOE SCORE	CGTI MAX. SCORE	RATING (%)
Category 2.1 - Structure of the SOE								
2.1.1 - Does the SOE publish an organizational chart that shows the reporting structure including the functions/departments/sections?	IASL	0	n/a	0	n/a	0	7	0
	HDC	0	n/a	0	n/a	0		0
	STELCO	0	n/a	0	n/a	0		0
	MACL	0	n/a	0	n/a	0		0
	PSM	3	n/a	2	n/a	5		71
2.1.2 - Does the SOE publish information on senior management including their scope and responsibilities?	IASL	4	n/a	1	n/a	5	7	71
	HDC	4	n/a	1	n/a	5		71
	STELCO	0	n/a	0	n/a	0		0
	MACL	0	n/a	0	n/a	0		0
	PSM	3	n/a	1	n/a	4		57
2.1.3 - Is the company's group structure, including subsidiaries, parent companies and cross-shareholdings with other groups or affiliated companies published?	IASL	0	n/a	0	n/a	0	7	0
	HDC	0	n/a	0	n/a	0		0
	STELCO	0	n/a	0	n/a	0		0
	MACL	3	n/a	2	n/a	5		71
	PSM	0	n/a	0	n/a	0		0
Category 2.2 - Performance of the SOE								
2.2.1 - Does the SOE publish yearly financial information in accordance with IFRS?	IASL	0	0	0	0	0	9	0
	HDC	3	1	1	0	5		56
	STELCO	0	0	0	0	0		0
	MACL	0	0	0	0	0		0
	PSM	0	0	0	0	0		0
2.2.2 - Is there an online mechanism for lodging feedback/complaints on the website?	IASL	0	n/a	n/a	n/a	0	5	0
	HDC	4	n/a	n/a	n/a	4		80
	STELCO	4	n/a	n/a	n/a	4		80
	MACL	4	n/a	n/a	n/a	4		80
	PSM	4	n/a	n/a	n/a	4		80



VARIABLE	SOE NAME	A	R	C	T	SOE SCORE	CGTI MAX. SCORE	RATING (%)
Category 2.3 - Human resource management								
2.3.1 - Does the SOE publish its human resources policy?	IASL	0	n/a	n/a	n/a	0	5	0
	HDC	0	n/a	n/a	n/a	0		0
	STELCO	0	n/a	n/a	n/a	0		0
	MACL	0	n/a	n/a	n/a	0		0
	PSM	0	n/a	n/a	n/a	0		0
2.3.2 - Does the SOE publish compensation for senior management including CEO/MD and CFO?	IASL	0	0	0	0	0	11	0
	HDC	3	1	2	0	6		55
	STELCO	0	0	0	0	0		0
	MACL	0	0	0	0	0		0
	PSM	0	0	0	0	0		0
Category 2.4 - Procurement								
2.4.1 - Does the SOE publish its procurement policy?	IASL	0	n/a	n/a	n/a	0	5	0
	HDC	0	n/a	n/a	n/a	0		0
	STELCO	0	n/a	n/a	n/a	0		0
	MACL	0	n/a	n/a	n/a	0		0
	PSM	3	n/a	n/a	n/a	3		60
2.4.2 - Does the SOE publish basic information on tenders including the objective, evaluation process and any modifications or variations of the tender?	IASL	2	n/a	4	n/a	6	9	67
	HDC	4	n/a	4	n/a	8		89
	STELCO	4	n/a	1	n/a	5		56
	MACL	4	n/a	1	n/a	5		56
	PSM	0	n/a	0	n/a	0		0
2.4.3 - Is the information on awarded contracts published, including information on the number of bidders for each tender, awarded party and contract value?	IASL	0	n/a	0	0	0	10	0
	HDC	0	n/a	0	0	0		0
	STELCO	0	n/a	0	0	0		0
	MACL	0	n/a	0	0	0		0
	PSM	0	n/a	0	0	0		0



Issues observed

SERIOUS ISSUES

1. Four out of the five SOEs (IASL, HDC, STELCO and MACL) did not publish their organizational chart on the website.
2. Two out of the five SOEs (STELCO and MACL) did not publish information on senior management.
3. Four out of five SOEs (IASL, HDC, STELCO and PSM) did not disclose any information on subsidiaries, cross shareholdings with other groups or affiliated companies. If these companies had no subsidiaries or other affiliations, it was not clearly stated on the websites.
4. Three out of five SOEs (IASL, MACL, and PSM) did not disclose any financial reports. STELCO had links to the financial reports, but the links were not working at the time of assessment. HDC had disclosed historical financial reports but their financial report for 2020 and 2021 were not published.
5. None of the SOEs disclosed their human resources policy on their websites.
6. None of the SOEs disclosed individual remuneration details for senior management. HDC disclosed a lump sum amount as compensation for senior management in the financial reports for the year ended 2019.
7. Four out of the five SOEs (IASL, HDC, STELCO and MACL) did not disclose their procurement policy.
8. None of the SOEs disclosed information on awarded contracts.

MODERATE ISSUES

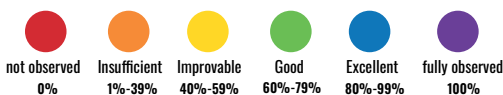
1. IASL's website only provided contact numbers for lodging complaints, which was not considered as an online mechanism to lodge feedback/complaints. Apart from IASL all companies have an online mechanism to lodge feedback. However, at the time of assessment these online mechanisms were not functioning properly to provide feedback or complaints.
2. PSM did not disclose basic information on tenders, while STELCO and MACL did not provide historical records on tenders.

4.2.2.3 Pillar 3

Pillar 3 - Transparency in engagements with the State

VARIABLE	SOE NAME	A	R	C	T	SOE SCORE	CGTI MAX. SCORE	RATING (%)
Category 3.1 - Arrangements between the State and the SOE								
3.1.1 - information about transfers (capital contribution, subsidies etc) that the SOE receives from all levels of government published?	IASL	0	0	0	0	0	11	0
	HDC	3	1	3	0	7		64
	STELCO	0	0	0	0	0		0
	MACL	0	0	0	0	0		0
	PSM	0	0	0	0	0		0
3.1.2 - Is information about the transfers (dividends and expenditure such as taxes, fees & rent) to all levels of government published?	IASL	0	0	0	0	0	11	0
	HDC	3	1	3	0	7		64
	STELCO	0	0	0	0	0		0
	MACL	0	0	0	0	0		0
	PSM	0	0	0	0	0		0
3.1.3 - Are information on contracts between the SOE and all levels of government published, including the name of the partner and nature of the contract?	IASL	0	0	0	0	0	11	0
	HDC	1	0	1	0	2		18
	STELCO	1	0	1	0	2		18
	MACL	0	0	0	0	0		0
	PSM	0	0	0	0	0		0
Category 3.2 - Public/private financing								
3.2.1 - Is sources of private and public financing information (such as loans, debentures and bonds) published including the name and amount?	IASL	0	0	0	0	0	11	0
	HDC	3	1	3	0	7		64
	STELCO	0	0	0	0	0		0
	MACL	0	0	0	0	0		0
	PSM	0	0	0	0	0		0

RATINGS TAB



QUALITY DIMENSIONS



Issues observed

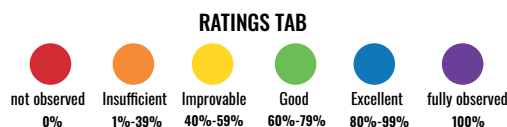
SERIOUS ISSUES

1. Four out of the five SOEs (IASL, MACL, STELCO and PSM) did not publish their financial reports on the website, and therefore the variables (3.1.1, 3.1.2 and 3.2.1) of financial nature under this pillar could not be assessed. HDC was assessed based on the historical reports and no score was given for timeliness.
2. None of the SOEs clearly disclosed information on contracts between the SOE and all levels of the government. HDC and STELCO provided limited information related to such contracts through its press/media releases which were included in the website.

4.2.2.4 Pillar 4

Pillar 4 - Transparency in arrangements with the private sector

VARIABLE	SOE NAME	A	R	C	T	SOE SCORE	CGTI MAX. SCORE	RATING (%)
Category 4.1 - Beneficial and business arrangements with the private sector								
4.1.1 - Does the SOE publish information on beneficial agreements and business arrangements carried out with the private sector including name of the partner, country of residence and nature of the engagement?	IASL	1	0	1	0	2	11	18
	HDC	1	0	1	0	2		18
	STELCO	1	0	1	0	2		18
	MACL	1	0	2	0	3		27
	PSM	0	0	0	0	0		0
4.1.2 - Does the SOE publish data on revenue and costs related to business arrangements carried out with private sector partners?	IASL	0	0	0	0	0	11	0
	HDC	0	0	0	0	0		0
	STELCO	0	0	0	0	0		0
	MACL	0	0	0	0	0		0
	PSM	0	0	0	0	0		0



Issues observed

SERIOUS ISSUES

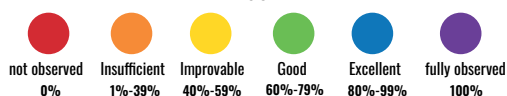
- 4 out of the 5 SOEs assessed (IASL, MACL, STELCO, PSM) did not publish their financial reports on the website, and therefore the variables (3.1.1, 3.1.2 and 3.2.1) of financial nature under this pillar could not be assessed. HDC was assessed based on the historical reports and no score given for timeliness.
- None of the SOEs clearly disclosed information on contracts between the SOE and all levels of the government. HDC and STELCO provided limited information related to such contracts through its press/media releases which were included in the website.

4.2.2.5 Pillar 5

Pillar 5 - Transparency in corporate responsibility, internal control, and corporate integrity

VARIABLE	SOE NAME	A	R	C	T	SOE SCORE	CGTI MAX. SCORE	RATING (%)
Category 5.1 - Corporate social responsibility								
5.1.1 - Does the SOE publish its integrated sustainability report with focus on ethics, environment, health and safety and social issues?	IASL	0	0	0	0	0	11	0
	HDC	3	1	2	0	6		55
	STELCO	0	0	0	0	0		0
	MACL	0	0	0	0	0		0
	PSM	0	0	0	0	0		0
5.1.2 - Are the details on charitable donations published including the purpose, recipient and amount?	IASL	0	0	0	0	0	11	0
	HDC	0	0	0	0	0		0
	STELCO	0	0	0	0	0		0
	MACL	1	0	2	0	3		27
	PSM	0	0	0	0	0		0
Category 5.2 - Internal control systems								
5.2.1 - Does the SOE publish its statement on internal control including information on internal control activities, reporting and monitoring?	IASL	0	0	0	0	0	11	0
	HDC	0	0	0	0	0		0
	STELCO	0	0	0	0	0		0
	MACL	0	0	0	0	0		0
	PSM	0	0	0	0	0		0
5.2.2 - Does the SOE publish its statement on risk management including information on key risks and mitigation measures?	IASL	0	0	0	0	0	11	0
	HDC	0	0	0	0	0		0
	STELCO	0	0	0	0	0		0
	MACL	0	0	0	0	0		0
	PSM	0	0	0	0	0		0

RATINGS TAB



QUALITY DIMENSIONS



VARIABLE	SOE NAME	A	R	C	T	SOE SCORE	CGTI MAX. SCORE	RATING (%)
Category 5.3 - Corporate integrity								
5.3.1 - Does the SOE publish its code of ethics/conduct?	IASL	0	n/a	n/a	n/a	0	5	0
	HDC	0	n/a	n/a	n/a	0		0
	STELCO	0	n/a	n/a	n/a	0		0
	MACL	0	n/a	n/a	n/a	0		0
	PSM	0	n/a	n/a	n/a	0		0
5.3.2 - Does the SOE publish its conflict of interest policy?	IASL	0	n/a	n/a	n/a	0	5	0
	HDC	0	n/a	n/a	n/a	0		0
	STELCO	0	n/a	n/a	n/a	0		0
	MACL	0	n/a	n/a	n/a	0		0
	PSM	0	n/a	n/a	n/a	0		0
5.3.3 - Does the SOE publish its whistleblowers protection policy?	IASL	0	n/a	n/a	n/a	0	5	0
	HDC	0	n/a	n/a	n/a	0		0
	STELCO	0	n/a	n/a	n/a	0		0
	MACL	0	n/a	n/a	n/a	0		0
	PSM	3	n/a	n/a	n/a	3		60
5.3.4 - Does the company have policies that promote anti-corruption such as policy on anti-bribery, gift & entertainment policy?	IASL	0	n/a	n/a	n/a	0	5	0
	HDC	0	n/a	n/a	n/a	0		0
	STELCO	0	n/a	n/a	n/a	0		0
	MACL	0	n/a	n/a	n/a	0		0
	PSM	3	n/a	n/a	n/a	3		60
5.3.5 - Does the SOE publish its policy on political activities?	IASL	0	n/a	n/a	n/a	0	5	0
	HDC	0	n/a	n/a	n/a	0		0
	STELCO	0	n/a	n/a	n/a	0		0
	MACL	0	n/a	n/a	n/a	0		0
	PSM	0	n/a	n/a	n/a	0		0



Issues observed

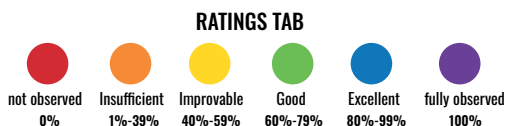
SERIOUS ISSUES

1. Four out of the five SOEs (IASL, MACL, STELCO and PSM) provided no information on their CSR activities. While HDC provided information on their CSR initiatives, it was not timely as the Annual Report for the most recent financial year (2021) was not published at the time of the review.
2. None of the SOEs disclosed their statement on internal control and risk management, code of ethics/conduct, conflict of interest policy and policy on political activities.
3. Four out of the five SOEs (IASL, HDC, STELCO and MACL) had not disclosed their whistleblowers protections policy and policies that promote anti-corruption.
4. Four out of the five SOEs (IASL, HDC, STELCO and PSM) had no information on charitable donations. MACL scored points as limited information related to charitable donation was disclosed on their website under press releases.

4.2.2.6 Pillar 6

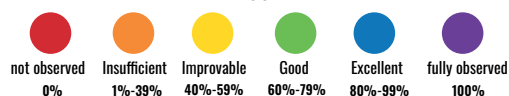
Pillar 6 - Transparency of the board of directors

VARIABLE	SOE NAME	A	R	C	T	SOE SCORE	CGTI MAX. SCORE	RATING (%)
Category 6.1 - Information related to the board of directors								
6.1.1 - Does the SOE publish its policy on nomination and appointment of board of directors?	IASL	0	n/a	n/a	n/a	0	5	0
	HDC	0	n/a	n/a	n/a	0		0
	STELCO	0	n/a	n/a	n/a	0		0
	MACL	0	n/a	n/a	n/a	0		0
	PSM	0	n/a	n/a	n/a	0		0
6.1.2 - Does the SOE disclose the details of the board of directors including their academic and professional background?	IASL	4	n/a	1	n/a	5	7	71
	HDC	4	n/a	2	n/a	6		86
	STELCO	3	n/a	1	n/a	4		57
	MACL	0	n/a	0	n/a	0		0
	PSM	0	n/a	0	n/a	0		0
6.1.3 - Does the SOE publish the remuneration details of the individual board members?	IASL	0	0	0	0	0	11	0
	HDC	3	1	2	0	6		55
	STELCO	0	0	0	0	0		0
	MACL	0	0	0	0	0		0
	PSM	0	0	0	0	0		0
6.1.4 - Does the SOE publish its performance evaluation policy for board members?	IASL	0	n/a	n/a	n/a	0	5	0
	HDC	0	n/a	n/a	n/a	0		0
	STELCO	0	n/a	n/a	n/a	0		0
	MACL	0	n/a	n/a	n/a	0		0
	PSM	0	n/a	n/a	n/a	0		0



VARIABLE	SOE NAME	A	R	C	T	SOE SCORE	CGTI MAX. SCORE	RATING (%)
Category 6.2 - Board operations								
6.2.1 - Does the SOE publish the Board charter or TOR for CEO, chairman, board of directors and company secretary?	IASL	0	n/a	0	n/a	0	7	0
	HDC	0	n/a	0	n/a	0		0
	STELCO	0	n/a	0	n/a	0		0
	MACL	0	n/a	0	n/a	0		0
	PSM	0	n/a	0	n/a	0		0
6.2.2 - Does the SOE publish objectives and composition of the Board committees?	IASL	0	n/a	0	n/a	0	7	0
	HDC	3	n/a	1	n/a	4		57
	STELCO	0	n/a	0	n/a	0		0
	MACL	0	n/a	0	n/a	0		0
	PSM	0	n/a	0	n/a	0		0
6.2.3 - Does the SOE publish details on the number of board and committee meetings held including attendance of board members?	IASL	0	0	0	0	0	11	0
	HDC	3	1	3	0	7		64
	STELCO	0	0	0	0	0		0
	MACL	0	0	0	0	0		0
	PSM	0	0	0	0	0		0
Category 6.3 - Decisions taken by the Board								
6.3.1 - Does the SOE publish information about the AGM including the minutes of the AGM?	IASL	0	0	0	n/a	0	10	0
	HDC	0	0	0	n/a	0		0
	STELCO	0	0	0	n/a	0		0
	MACL	0	0	0	n/a	0		0
	PSM	0	0	0	n/a	0		0

RATINGS TAB



QUALITY DIMENSIONS



Issues observed

SERIOUS ISSUES

1. None of the SOEs had disclosed the policy on nomination and appointment of board of directors.
2. Two out of the five SOEs (MACL and PSM) did not disclose any information about the board of directors. Both IASL and STELCO had limited information on the board of directors, with only the names and designations of directors disclosed on their websites.
3. Four out of the five SOEs (IASL, MACL, STELCO and PSM) had not disclosed information on remunerations provided to the board of directors. HDC did not get a score for timeliness and completeness as only a lump sum amount was disclosed in the financial statements for the year 2019.
4. None of the SOEs had disclosed their performance evaluation policy for board of directors, board charter or TOR and information on its AGM.
5. Four out of the five SOEs (IASL, MACL, STELCO and PSM) had not disclosed information on board committee objectives and compositions, number of board and committee meetings held and board member attendance. HDC published these details in their annual reports, but not in a timely manner.

4.2.3 General observations across SOEs

Apart from the insufficient overall disclosure of governance mechanisms, the analysis also revealed the following common issues and findings across the pilot SOEs:

1. **Delays in timely publication of the Annual Reports** – At the time of assessment, none of the five SOEs reviewed had published their annual reports for 2021. The PCB Code requires all SOEs (excluding listed SOEs) to publish their annual reports within six months of the year end. In line with this provision, annual reports for the year 2021 must be published on the corporate websites of the SOE by the end of June 2022.
2. **No Clear distinction made between public policy activities and economic activities of the SOEs** – While all SOEs evaluated proactively disclose information on goods and services they provide, none of the SOEs evaluated make a clear distinction between their public policy activities and economic activities on their websites. It is critical to make this distinction to improve efficiency, create consistency and eliminate overlap across public policy mandates. Clear distinction is also vital for stakeholders to assess SOEs' performance and increase accountability.
3. **Absence of a local language website or translation options** – At the time of the assessment, none of the five SOEs had a Dhivehi, the local language, version of their website. International best practices call for maximum accessibility of information including information disclosure in the native language. As Dhivehi is the native language of Maldives, it is vital to provide the information in a language that is understood by non-English speakers in the community. It is imperative for the information disclosed on the SOE websites to be available in Dhivehi language as well as in English. PCB's code also requires SOEs to disclose information on their websites in Dhivehi and if possible, in English.
4. **SOE websites are not user friendly** – To improve transparency and ensure information is accessible on the website it is imperative that the website is user friendly and easily navigable. Only three out of five SOEs evaluated within the scope of this assessment provided a search function on their website which may be used by the end users for easy access to specific information. It was also observed that the tab names of some information disclosed do not indicate topic area, causing difficulties in using the website efficiently and a lot of uncategorized information is contained in the downloads tab. Clear labels for information such as tenders, job announcements and application forms for services would make the websites more user friendly.
5. **The date when information is uploaded to the websites are not provided** – International best practices for information disclosure on SOE websites include a date of publication or "last updated on" which indicates when the information was published or updated. This enables the end users of the information to confirm if the information published is timely and up to-date. However, this feature is absent in all the five SOEs assessed for the CGTI.

4.3 Observations from questionnaire

The observations below are based on the responses received to the email questionnaire that was sent out to all five SOEs.

Operational

- All five SOEs reported that they have an existing procurement policy, a mechanism for lodging feedback/complaints and they distinguish between its economic activities and public policy activities.
- All SOEs except one have an existing strategic plan and human resource policy.

Internal control, corporate responsibility and corporate integrity policies

- All five SOEs reported that they have existing internal control mechanisms, policies that promote anti-corruption, code of ethics/conduct, conflict of interest policy, whistle-blowers protection policy.
- Three out of five SOEs have an existing risk management mechanism, CSR policy, and a policy on political activities including political contributions.
- Two out of five SOEs also reported that they have an existing policy on charitable donations.

Board of directors

- All SOEs except one reported that they do not have a policy on nomination and appointment of board of directors since the board members are appointed by PCB.
- Only three out of five SOEs have an existing performance evaluation policy for the board of directors and a board charter in place.

The key finding from the questionnaire responses is that while SOEs reported that a lot of the key corporate governance mechanisms exist in all five SOEs, proactive disclosure of their practices remains weak. For the purpose of this report, the policies were not collected from the SOEs for verification and the findings are exclusively based on the survey responses.

5. CONCLUSION AND RECOMMENDATIONS

Unlike private sector entities, SOEs are both owned (fully or partly) and regulated by the government. The overlap of these two critical functions has major implications for both the SOEs and the government. A strong and comprehensive legal and regulatory framework for SOEs is essential to ensure effective management, limit ad-hoc interventions, strengthen governance and transparency, increase accountability and oversight and reduce fiscal risks from SOEs. A state's ownership policy and a specific law governing all aspects of SOEs, including the formation, ownership, regulation and monitoring is required to overcome the gaps and current challenges in the legal and regulatory framework and to ensure long-term value creation for the society as a whole. As SOEs contribute significantly to the economy and some provide public services they should be evaluated on their delivery of public service mandate and contribution to the society, rather than on their financial performance alone.

TM developed the CGTI using a mixed research methodology. The framework for the CGTI was designed to measure the level and quality of proactive disclosure of corporate governance mechanisms in SOEs using a matrix structure. After validation sessions with relevant stakeholders, a total of 38 corporate governance transparency variables were finalized to be included in the CGTI framework. A sample of five SOEs were selected using a pre-determined set of parameters to pilot the CGTI and to assess disclosure practices among SOEs in the Maldives. Information was also collected through a questionnaire consisting of 22 policy-related questions of the variable assessed under the framework to understand the existing practices within SOEs.

The pilot of the CGTI indicates that the level of transparency in the evaluated SOE websites are very weak, and insufficient. The proactive disclosure and transparency practices do not comply with the PCB Code or international best practices. The CGTI results revealed that at present, SOE websites are predominantly used as a mechanism to publish information related to service delivery and lacks information related to corporate governance. Disclosure of key information on operations and financial performance, engagements with the State and private sector, internal structures, policies and practices related to corporate integrity, and information related to board of directors were found to be lacking and the level of proactive disclosure is very weak, which is highly concerning with some pillars generating a score of zero. The analysis of the questionnaire revealed that some of the key policies and practices assessed in the framework were reportedly in place but not disclosed on their website. The findings portray poor disclosure practices and the culture of secrecy which is highly embedded in management practices leading to greater corruption vulnerabilities, risks and threatens sustainability. SOEs need a more concerted effort to improve transparency of their practices for greater accountability.

The validation sessions, assessment and survey findings, validates that the index is fit and appropriate to the Maldivian context. The CGTI can be used by SOEs to identify gaps, improve compliance and transparency. Based on the results of the CGTI, the following recommendations are proposed for the executive management of SOEs, regulator and oversight bodies to strengthen corporate governance mechanisms and disclosure practices of the SOEs.

It is hoped that the findings of this research and recommendations provided below will support efforts to strengthen governance mechanisms, promote transparency of SOEs and stimulate a healthy competition for achieving good corporate governance practices within SOEs in the Maldives.

Recommendations for the SOEs

- To improve overall quality of **information published** on the SOE websites should adopt the following:
 - Information disclosed must not be limited to English language only. Disclosure of information in Dhivehi language should be prioritized to increase accessibility.
 - Display the “date of publication” or “last updated on” on all pages of the websites to strengthen timeliness and reliability of information.
 - Provide historical information (eg: financial reports, tenders) to ensure reliability and completeness of the information

- To improve the overall **website** SOEs should consider the following:
 - Websites must include a section dedicated to Corporate Governance to publish information related to governance.
 - Tabs to include self-explanatory headings e.g., Tenders, Jobs, Press/Media.
 - Improve the search function and provide Dhivehi search function, suggest related information, key words etc.
 - Develop an online feedback/complaint mechanism, ensure it is fully functional and promote stakeholder feedback and engagement through this mechanism.
 - Website should be available in Dhivehi and English.

- Establish reporting mechanisms to ensure that the SOE complies with all corporate governance and disclosure requirements under the PCB CG code and RTI Act.

- SOEs should develop and implement an information disclosure policy which:
 - Promotes good governance and transparency practices.
 - Assigns a specific individual to ensure compliance to the information disclosure policy of the SOE (I.e., Company Secretary or any other employee),
 - Conduct timely reviews of websites to ensure maximum accessibility (e.g., bi-annually).
 - Disclose the SOE’s Disclosure policy on its websites to ensure compliance and social accountability.

- To further strengthen disclosure practices, the CGTI can act as a guiding document to identify information that must be disclosed proactively by the SOE based on international best practices, the PCB Code’s disclosure requirements and RTI Act.

Recommendations for regulatory and oversight bodies

- PCB to develop necessary guidelines to address the gaps in the legal and regulatory framework. These guidelines and policies should be publicly disclosed. The following policy documents are recommended:
 - Information disclosure guideline for SOEs.
 - CSR policy/regulation.
 - Code of ethics/conduct for SOE management/Board.
 - Ensure that there are policies and safeguards in place to prevent the use of SOEs in political activities. This policy should prohibit SOEs from making any political contributions, the use of company resources for any political activity.

- Enact a specific law for SOEs, that governs all aspects of SOEs, including the formation, ownership, regulation and monitoring.

- Develop a State ownership policy that defines the overall rationale for State ownership, and ownership of individuals SOEs. The policy should clearly define the State's role in SOE governance and roles and responsibilities of offices or institutions involved in implementation of the policy. The policy should be subject to review and disclosed to the public.

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7. ANNEXES

7.1 Annex 1: CGTI assessment framework

CORPORATE GOVERNANCE PILLAR	CORPORATE GOVERNANCE CATEGORIES	CORPORATE GOVERNANCE TRANSPARENCY VARIABLES	1.ACCESSIBILITY		2.RELIABILITY	
			1.1 Is the information easy to find? (0-3)	1.2 Is the information in accessible language? (Dhivehi and English) (0-2)	2.1 Is information verified by an executive or external auditor? (0-1)	
1. Transparency in the ownership policy and objectives of the SOEs	1.1 Purpose and strategic objectives of the SOE	1.1.1 Does the SOE publish its Law or Decree that established the company, AOA and MOA ?	3	2	n/a	
		1.1.2 Does the SOE publish its purpose including vision, mission and values?	3	2	n/a	
		1.1.3 Does the SOE publish its strategy including its goals and objectives?	3	2	1	
	TOTAL PER CATEGORY					
	1.2 Economic activities and public policy activities	1.2.1 Does the SOE publish information about its services and differentiate between economic activities and public policy activities?	3	2	n/a	
	TOTAL PER CATEGORY					
	1.3 State's role as the owner	1.3.1 Does the SOE publish the role of the State in its corporate governance mechanism including information on State's share, board appointments and ownership agency?	3	2	1	
	TOTAL PER CATEGORY					
	TOTAL PER PILLAR					
	2. Transparency of the organization, operation and results of the SOE	2.1 Structure of the SOE	2.1.1 Does the SOE publish an organizational chart that shows the reporting structure including the functions/departments/sections?	3	2	n/a
2.1.2 Does the SOE publish information on senior management including their scope and responsibilities?			3	2	n/a	
2.1.3 Is the company's group structure , including subsidiaries, parent companies and cross-shareholdings with other groups or affiliated companies published?			3	2	n/a	
TOTAL PER CATEGORY						

3. COMPLETENESS		4. TIMELINESS		TOTAL (0-11)	Supporting sources	Location
3.1 All the information assessed under the variable is disclosed (0-2)	3.2 Historical/past data about the information is available on the website (0-2)	4.1 The information is disclosed within the required time frame (0-1)				
2	n/a	n/a		7	PCB Code (Section 35, 3a)	Website
2	n/a	n/a		7	RTI Act (Chapter 37,a)	Website
2	2	1		11	PCB Code (Section 33, k)	Annual report
				25		
2	n/a	n/a		7	RTI Act (Chapter 37)	Website
				7		
2	2	1		11	PCB Code (Section 36, 1)	Website & annual report
				11		
				43		
2	n/a	n/a		7	RTI Act (Chapter 37.a)	Website
2	n/a	n/a		7	RTI Act (Chapter 37.f)	Website
2	n/a	n/a		7	PCB Code (Section 33j) (Section 35, 3j)	Website
				21		

CORPORATE GOVERNANCE PILLAR	CORPORATE GOVERNANCE CATEGORIES	CORPORATE GOVERNANCE TRANSPARENCY VARIABLES	1.ACCESSIBILITY		2.RELIABILITY	
			1.1 Is the information easy to find? (0-3)	1.2 Is the information in accessible language? (Dhivehi and English) (0-2)	2.1 Is information verified by an executive or external auditor? (0-1)	
2. Transparency of the organization, operation and results of the SOE	2.2 Performance of the SOE	2.2.1 Does the SOE publish yearly financial information in accordance with International Financial Reporting Standards (IFRS)?	3	2	1	
		2.2.2 Is there an online mechanism for lodging feedback/complaints on the website?	3	2	n/a	
	TOTAL PER CATEGORY					
	2.3 Human resource management	2.3.1 Does the SOE publish its human resources policy ?	3	2	n/a	
		2.3.2 Does the SOE publish compensation for senior management including Chief Executive Officer (CEO)/ Managing Director (MD) and Chief Financial Officer (CFO) ?	3	2	1	
	TOTAL PER CATEGORY					
	2.4 Procurement	2.4.1 Does the SOE publish its procurement policy ?	3	2	n/a	
		2.4.2 Does the SOE publish basic information on tenders including the objective, evaluation process and any modifications or variations of the tender?	3	2	n/a	
		2.4.3 Is the information on awarded contracts published, including information on the number of bidders for each tender, awarded party and contract value?	3	2	n/a	
	TOTAL PER CATEGORY					
	TOTAL PER PILLAR					
	3. Transparency in engagements with State	3.1 Arrangements between the State and SOEs	3.1.1 Is information about transfers (capital contribution, subsidies etc.) that the SOE receives from all levels of government published?	3	2	1
			3.1.2 Is information about the transfers (dividends and expenditure such as taxes, fees & rent) to all levels of government published?	3	2	1
			3.1.3 Are information on contracts between the SOE and all levels of government published, including the name of the partner, country of residence and nature of the contract?	3	2	1
		TOTAL PER CATEGORY				

3. COMPLETENESS		4. TIMELINESS		TOTAL (0-11)	Supporting sources	Location
3.1 All the information assessed under the variable is disclosed (0-2)	3.2 Historical/past data about the information is available on the website (0-2)	4.1 The information is disclosed within the required time frame (0-1)				
n/a	2	1		9	PCB Code (Section 33, 3a)	Website & annual report
n/a	n/a	n/a		5	RTI Act (Chapter 37c)	Website
				14		
n/a	n/a	n/a		5	PCB Code (Section 18.3), (Section 35.2), (Section 31.2)	Website
2	2	1		11	PCB Code (Section 33L)	annual report
				16		
2	n/a	n/a		5	PCB Code (Section 18.3), (Section 35.2), Procurement procedures and guidelines for SOEs (5.3)	Website
2	2	n/a		9	Procurement procedures and guidelines for SOEs (6.5a, b)	gazette and website
2	2	1		10	Procurement procedures and guidelines for SOEs (6.5c)	gazette and website
				24		
				75		
2	2	1		11	PCB Code (Section 36, 2), (Section 33, 3a)	annual report
2	2	1		11	PCB Code (Section 36, 2), (Section 33, 3a)	annual report
2	2	1		11	PCB Code (Section 36, 2),	annual report
				33		

CORPORATE GOVERNANCE PILLAR	CORPORATE GOVERNANCE CATEGORIES	CORPORATE GOVERNANCE TRANSPARENCY VARIABLES	1.ACCESSIBILITY		2.RELIABILITY
			1.1 Is the information easy to find? (0-3)	1.2 Is the information in accessible language? (Dhivehi and English) (0-2)	2.1 Is information verified by an executive or external auditor? (0-1)
3. Transparency in engagements with State	3.2 Public/private financing	3.2.1 Is sources of private and public financing information (such as loans, debentures and bonds) published including the name and amount?	3	2	1
		TOTAL PER CATEGORY			
TOTAL PER PILLAR					
4. Transparency in arrangements with the private sector	4.1 Beneficial and business arrangements with the private sector	4.1.1 Does the SOE publish information on beneficial agreements and business arrangements carried out with the private sector including name of the partner, country of residence and nature of the engagement?	3	2	1
		4.1.2 Does the SOE publish data on revenue and costs related to business arrangements carried out with private sector partners?	3	2	1
		TOTAL PER CATEGORY			
TOTAL PER PILLAR					
5. Transparency in corporate responsibility, internal control, and corporate integrity	5.1 Corporate social responsibility	5.1.1 Does the SOE publish its integrated sustainability report with focus on ethics, environment, health and safety and social issues?	3	2	1
		5.1.2 Are the details on charitable donations published including the purpose, recipient and amount?	3	2	1
	TOTAL PER CATEGORY				
	5.2 Internal control systems	5.2.1 Does the SOE publish its statement on internal control including information on internal control activities, reporting and monitoring?	3	2	1
		5.2.2 Does the SOE publish its statement on risk management including information on key risks and mitigation measures?	3	2	1
	TOTAL PER CATEGORY				
	5.3 Corporate integrity	5.3.1 Does the SOE publish its code of ethics/conduct ?	3	2	n/a
		5.3.2 Does the SOE publish its conflict of interest policy ?	3	2	n/a
5.3.3 Does the SOE publish its whistleblowers protection policy ?		3	2	n/a	

3. COMPLETENESS		4. TIMELINESS		TOTAL (0-11)	Supporting sources	Location
3.1 All the information assessed under the variable is disclosed (0-2)	3.2 Historical/past data about the information is available on the website (0-2)	4.1 The information is disclosed within the required time frame (0-1)				
2	2	1	11	PCB Code (Section 36, 2),	annual report	
				11		
				44		
2	2	1	11	PCB Code (Section 36, 2),	annual report	
2	2	1	11	PCB Code 33g NRGi Guide	annual report	
				22		
				22		
2	2	1	11	PCB Code (Chapter 7.2, section 33.3b)	annual report	
2	2	1	11	PCB Code (Section 37)	annual report	
				22		
2	2	1	11	PCB Code (Section 32.3)	annual report	
2	2	1	11	PCB Code (Section 32.4)	annual report	
				22		
n/a	n/a	n/a	5	PCB Code (Section 33,3e)	Website & ref in annual report for the location on website	
n/a	n/a	n/a	5	PCB Code section 10 and section 27.1	Website & annual report	
n/a	n/a	n/a	5	Whistleblower Protection Act of Maldives, PCB Code section 27.1	Website & annual report	

CORPORATE GOVERNANCE PILLAR	CORPORATE GOVERNANCE CATEGORIES	CORPORATE GOVERNANCE TRANSPARENCY VARIABLES	1.ACCESSIBILITY		2.RELIABILITY
			1.1 Is the information easy to find? (0-3)	1.2 Is the information in accessible language? (Dhivehi and English) (0-2)	2.1 Is information verified by an executive or external auditor? (0-1)
5. Transparency in corporate responsibility, internal control, and corporate integrity	5.3 Corporate integrity	5.3.4 Does the company have policies that promote anti-corruption such as policy on anti-bribery, gift & entertainment policy?	3	2	n/a
		5.3.5 Does the SOE publish its policy on political activities?	3	2	n/a
	TOTAL PER CATEGORY				
TOTAL PER PILLAR					
6. Transparency of the board of directors	6.1 Information related to the board of directors	6.1.1 Does the SOE publish its policy on nomination and appointment of board of directors?	3	2	n/a
		6.1.2 Does the SOE disclose the details of the board of directors including their academic and professional background?	3	2	n/a
		6.1.3 Does the SOE publish the remuneration details of the individual board members?	3	2	1
		6.1.4 Does the SOE publish its performance evaluation policy for board members?	3	2	n/a
	TOTAL PER CATEGORY				
	6.2 Board operations	6.2.1 Does the SOE publish the Board charter or Terms of Reference for CEO, Chairman, board of directors and company secretary?	3	2	n/a
		6.2.2 Does the SOE publish objectives and composition of the Board committees?	3	2	n/a
		6.2.3 Does the SOE publish details on the number of board and committee meetings held including attendance of board members?	3	2	1
	TOTAL PER CATEGORY				
	6.3 Decisions taken by the Board	6.3.1 Does the SOE publish information about the AGM including the minutes of the AGM?	3	2	1
TOTAL PER CATEGORY					
TOTAL PER PILLAR					
TOTAL SCORE FOR THE INDEX					

* PCB Code 35.2 - All documents to be discussed at the Annual General Meeting should be posted on the Company's web site and be available to the public by the end of the second quarter.

3. COMPLETENESS		4. TIMELINESS		TOTAL (0-11)	Supporting sources	Location
3.1 All the information assessed under the variable is disclosed (0-2)	3.2 Historical/past data about the information is available on the website (0-2)	4.1 The information is disclosed within the required time frame (0-1)				
n/a	n/a	n/a	n/a	5	PCB Code section 27.1	Website
n/a	n/a	n/a	n/a	5	PCB Code 33g NRG I Guide	Website
				25		
				69		
n/a	n/a	n/a	n/a	5	PCB Code (Ch2 Section 2.1)	Website
2	n/a	n/a	n/a	7	PCB Code (Chapter 8, Section 35, 3c)	Website
2	2	1		11	PCB Code (Section 33,3h)	annual report
n/a	n/a	n/a	n/a	5	PCB Code (35,3e)	Website
				28		
2	n/a	n/a	n/a	7	PCB Code (Section 35.b, d)	Website
2	n/a	n/a	n/a	7	PCB Code (Section 35.d)	Website
2	2	1		11	PCB Code (Section 33,3h)	annual report
				25		
2	2	n/a	n/a	10	PCB Code (Section 35.3)	Website
				10		
				63		
				316		

7.2 Annex 2: Corporate governance questionnaire

OPERATIONAL		YES	NO	COMMENTS
1	Does the company have a strategic plan?			
2	Does the company distinguish between its commercial and non-commercial activities?			
3	Does the company have a mechanism for lodging feedback/complaints?			
4	Does the company have a human resources policy?			
5	Does the company have a procurement policy?			
Internal control, corporate responsibility and corporate integrity policies		YES	NO	COMMENTS
6	Does the company have an internal control mechanism?			
7	Does the company have a risk management mechanism?			
8	Does the company have policies that promote anti-corruption?			
9	Does the company have a code of ethics/conduct?			
10	Does the company have a conflict-of-interest policy?			
11	Does the company have a whistleblowers protection policy?			
12	Does the company have a CSR policy?			
13	Does the company have a policy on political activities including political contributions?			
14	Does the company have a criteria/guideline related to the treatment of politically exposed persons? *			
15	Does the company have a policy on charitable donations?			
16	Does the company have a reporting mechanism for lack of, or breach of internal controls, and issues of ethics and anti-corruption? *			
Board of directors		YES	NO	COMMENTS
17	Does the company have a policy on nomination and appointment of board of directors?			
18	Does the company have a policy for conflict of interest for the board of directors?			
19	Does the company have a register of interest for the board of directors?			
20	Does the company have a remuneration policy of the board of directors?			
21	Does the company have a performance evaluation policy for the board of directors?			
22	Does the company have a board charter?			

*Questions 14, 16, 18 and 19 removed from the CGTI framework and not included in the analysis.

7.3 Annex 3: Examples of good practices adopted by global SOEs

Variable 1.2.1 - Economic Activities of the SOE

SOE Name: **Santiago Metro**

Country: Chile

Website: <https://www.metro.cl/#/> (information provided under the drop-down box of MetroCorporate)

Santiago Metro’s website clearly demonstrates the economic activities undertaken by the SOE, which makes it easier for the stakeholders to identify their public policy objectives. Additional information on their economic activities is also provided on the website.

The screenshot shows the website's navigation bar with 'MetroCorporativo' highlighted. Below it, two columns of links are visible: 'Bids' (Business Registration, Metro Tenders, Upcoming Tenders for New Projects) and 'New Projects' (Line 7, Line 8, Line 9, Extension Line 2, Extension Line 3, Extension Line 4, Extension Line 6). A third column, 'Commercial Activities', is circled and includes Advertising Spaces, Commercial locations, Commercial Permits, and Land Rental Management.

Object	Type of participation	Start date of participation	Date of completion of participation	Text of the rule that justifies it	Link to the entity site	Additional information	
80-	"To attend suburban passenger transport services and the commercial exploitation of their goods in	Subsidiary	January 30, 1998	Current	DFL No. 1 of 1993 of the Ministry of Transport and Telecommunications	There is no website because this subsidiary is not operational.	DFL No. 1 of the Ministry of Transport and Telecommunications (see article 46)

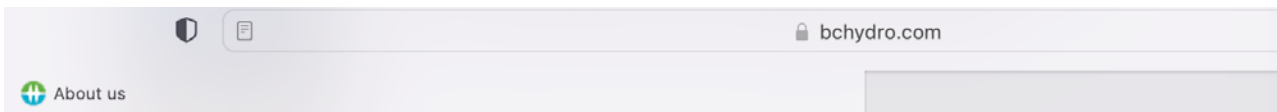
Variable 1.3.1 - Role of State in SOE corporate governance

SOE Name: **BC Hydro**

Country: Canada

Website: <https://www.bchydro.com/toolbar/about.html>

BC Hydro provides ample information on the role of State in its corporate governance mechanism including information on the government agency that exercise ownership rights of the SOE, its role, mandate and other governing documents.



Customer research panel

Our research panel plays an important role in providing customer input on our initiatives.

Governance & mandate

We report through the Ministry of Energy, Mines, and Low Carbon Innovation

As a Provincial Crown corporation, the owner and sole shareholder of BC Hydro is the Province of British Columbia.

[See our 2021/2022 Government Mandate Letter](#) (PDF, 376 KB)

We report through the Ministry of Energy, Mines, and Low Carbon Innovation. Four key pieces of legislation – including the Clean Energy Act – combine to provide:

- A mandate to generate, manufacture, conserve, supply, acquire, and dispose of power and related products
- Regulatory power to the B.C. Utilities Commission (BCUC), to ensure our customers receive safe, reliable and non-discriminatory energy services at fair rates
- A reasonable opportunity to the shareholder (Province of B.C.) to earn a fair return on its invested capital.
- The Act also ensures public ownership of our heritage resources, which include BC Hydro's transmission and distribution systems, and all of our existing generation and storage assets.

Variable 2.1.3 - Group structure

SOE Name: **TAP Air Portugal**

Country: Portugal

Website: <https://www.tapairportugal.com/en/about-us/tap-group>

TAP Air Portugal provides a simple group structure on their website which includes information on the group's shareholding including, subsidiaries, parent companies and cross-shareholdings with other groups or affiliations.



Variable 2.3.2 - Remuneration details of senior management

SOE Name: **Santiago Metro**

Country: Chile

Website: <https://www.metro.cl/gobierno-corporativo/informacion-del-directorio-y-del-personal#remuneraciones>

Santiago Metro disseminates information on remuneration paid to senior management of the SOE, including remuneration paid to individual senior management officials and remuneration history for the past 10 years.

DIRECTORY	REMUNERATION	STAFF INFORMATION
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Remuneration to Managers

The following table shows the remuneration received by Managers during the period from May 2022 to April 2023.

CARGO EJEC. MAIN	Name	ANNUALIZED GROSS INCOME	ANNUALIZED LIQUID RENT	MONTHLY GROSS INCOME	MONTHLY LIQUID RENT	APPOINTMENT DATE	OBS
GENERAL MANAGER	RUBÉN ALVARADO VIGAR	56,461,972	40,007,572	4,705,164	3,333,964	09-29-2014	End date 30/06/2022
GENERAL MANAGER	FELIPE ANDRÉS BRAVO BUSTA	266,967,299	205,183,253	22,247,275	17,098,604	12-08-2022	
INFORMATION SECURITY MANAGER	JORGE ANTONIO BAEZA GUERRA	122,663,711	93,927,575	10,221,976	7,827,298	01-04-2019	
CORPORATE MANAGER OF PEOPLE	PATRICIO BARONTI CORREA	238,074,639	168,691,620	19,839,553	14,057,635	01-12-2014	
OPERATIONS AND MAINTENANCE ENGINEERING MANAGER	CRISTIÁN GERALD CAÑETE CAÑAS	159,090,500	117,619,951	13,257,542	9,801,663	08-13-2019	
INTERNAL AUDIT MANAGER (I)	RODRIGO ARAYA IBÁÑEZ	72,083,980	58,956,021	6,006,998	4,913,002	01-02-2022	
CORPORATE MANAGER PLANNING AND DEVELOPMENT	SEBASTIÁN ANDRÉS COURT BENVENUTO	138,855,808	102,391,822	11,571,317	8,532,652	01-12-2016	End date 01/09/2023
CORPORATE PLANNING AND DEVELOPMENT MANAGER (I)	ARTUS CONTRERAS YVANNIA	139,231,984	105,911,757	11,602,665	8,825,980	10-01-2023	
CORPORATE MANAGER FOR CLIENTS AND SUSTAINABILITY	PAULINA DEL CAMPO FUENTES	209,259,504	150,229,804	17,438,292	12,519,150	09-03-2018	
BUSINESS DIVISION MANAGER	JUAN FELIPE MAHUZIER HERRERA	212,753,544	159,682,066	17,729,462	13,306,839	04-02-2018	
CORPORATE MANAGER OF LEGAL AFFAIRS	MARÍA IGNACIA CASTRO CRUZ	176,128,175	128,694,440	14,677,348	10,724,537	04-01-2021	
OPERATIONS AND SERVICES MANAGER	CARLOS PARDO MELLA	171,964,975	126,067,718	14,330,415	10,505,643	08-13-2019	
PASSENGER TRANSPORT DIVISION MANAGER	ROBERT SPRÄTZ DEMARIA	247,489,689	174,188,911	20,624,141	14,515,743	01-07-2019	
CORPORATE MANAGER ADMINISTRATION AND FINANCE	JOSÉ LUIS ROSSO STREETER	187,146,031	135,819,046	15,595,503	11,318,254	11-01-2021	

Variable 3.1.1 - Information on transfers from the State

SOE Name: BC Housing

Country: Canada

Website: <https://www.bchousing.org/about/corporate-reports-plans>

BC Housing provides a breakdown of transfers from the different levels of government.

Financial Summary¹

(\$000)	2019/20 Actual	2020/21 Budget	2020/21 Actual	2020/21 Variance
Revenue				
Provincial Contributions ²	1,117,896	1,370,368	1,689,514	319,146
Federal Contributions	114,908	168,464	164,881	(3,583)
Other ³	63,305	57,168	49,423	(7,745)
Total Revenue	1,296,109	1,596,000	1,903,818	307,818
Expenses				
Grants	502,378	743,310	772,674	29,364
Housing Subsidies	507,195	548,011	638,495	90,484
Rental Assistance	131,272	141,356	265,218	123,862
Salaries and Labour	71,045	80,042	80,639	597
Operating Expenses	26,806	27,633	88,748	61,115
Building Maintenance	24,378	17,664	22,247	4,583
Office and Overhead	14,198	14,211	13,768	(443)
Utilities	8,488	9,717	9,654	(63)
Grants in lieu of Property Taxes	7,718	8,839	9,650	811
Research and Education	2,204	1,467	2,509	1,042
Interest Expense	404	3,750	185	(3,565)
Total Expenses	1,296,086	1,596,000	1,903,787	307,787
Net Income	23	-	31	31
Total Liabilities	634,597	1,558,467	1,373,652	(184,815)
Capital Expenditures	5,885	5,000	3,433	(1,567)
Accumulated Surplus	186,298	195,435	203,910	8,475

¹The financial information was prepared based on current Generally Accepted Accounting Principles.²In 2020/21 this includes funding of \$1.06 billion provided directly by the provincial government to BC Housing, \$589.8 million from the Housing Priority Initiatives Special Account, \$12.9 million from the Housing Endowment Fund, \$27.8 million from other partnering ministries/agencies.³This includes tenant rent and revenues from other sources including builder licensing fees.

Variable 4.1.1 - Beneficial agreements business arrangements

SOE Name: **Turkish Airline**

Country: Turkey

Website: <https://investor.turkishairlines.com/en/financial-and-operational/annual-reports>

Turkish airline publishes information on subsidiaries and affiliates including information on their objectives and operations.

Subsidiaries and Affiliates

SUBSIDIARIES AND AFFILIATES IN 2021

		December 2021 Staff	Shareholding Structure	Business Line
1	Sun Express Aviation Inc. (Consolidated)	3,372	Turkish Airlines 50% - Lufthansa 49% - other 1%	Passenger and Cargo Transport
2	Air Albania SHPK	124	Turkish Airlines 49% - MDN Investment 41% - Albcontrol 10%	Passenger and Cargo Transport
3	Turkish Airlines International Investment and Transport Inc.	-	Turkish Airlines 100%	Cargo and Courier Transport
4	We World Express Inc.	40	Turkish Airlines 45% - ZTO 45% - Pal Air 10%	Cargo and Courier Transport
5	THY Air Cargo Transport Inc.	-	Turkish Airlines 100%	Cargo Transport
Passenger and Cargo Transport Group Total		3,536		
6	Turkish Technic Inc.	8,797	Turkish Airlines 100%	Aircraft Maintenance - MRO
7	Pratt&Whitney Turkish Engine Center Co. Ltd.	402	P&W 51% - Turkish Technic 49%	Engine Maintenance - MRO
8	Goodrich Turkish Technic Service Center Co. Ltd.	76	TSA Rina Holdings BV 60% - Turkish Technic 40%	Reverse Thrust and Engine Nacelle - MRO
Maintenance, Repair and Overhaul (MRO) Group Total		9,275		
9	Turkish Cabin Interior Systems Inc.	132	Turkish Airlines 30% - Turkish Technic 20% - TUSAŞ 50%	Manufacturing and Trading Cabin Interior Accessories
10	TSI Aviation Seats Inc.	123	Turkish Airlines 45% - Turkish Technic 5% - Kibar Holding 50%	Manufacturing and Trading Aircraft Seats
11	Cornea Aviation Systems Industry and Commerce Inc.	69	Turkish Technic 80% - Havelsan 20%	In-Flight Entertainment
Entertainment Systems Cabin Interior Manufacturing Group Total		324		
12	Turkish Opet Aviation Fuels Inc. (Consolidated)	483	Turkish Airlines 50% - Opet 50%	Aviation Fuel Trade
13	Turkish Do&Co Catering Services Inc.	3,676	Turkish Airlines 50% - Do&Co 50%	Catering

Variable 4.1.1 - Beneficial and business arrangements with the private sector

SOE Name: **Turkish Airline**

Country: Turkey

Website: <https://investor.turkishairlines.com/en/financial-and-operational/annual-reports>

Turkish airline publishes information on subsidiaries and affiliates including information on their objectives and operations.

Subsidiaries and Affiliates

TURKISH NACELLE CENTER (TNC)
Goodrich Turkish Technic Service Center Co. Ltd.



Revenue USD Million

2021	21
2020	16

Goodrich Turkish Technic Service delivers high quality maintenance and repair service for aircraft engine nacelle and reverse thrust systems at Istanbul Sabiha Gökçen Airport facilities. It was established in 2010 as a 40%-60% partnership between Turkish Technic Inc and TSA Rina Holdings B.V, an affiliate of Goodrich. Goodrich, the foreign partner, changed its name to UTC Aerospace Systems in 2012 and to Collins Aerospace in 2019, and expanded its scope with these acquisitions. Since 2019, it has been serving under the brand of "Turkish Nacelle Center." The company completed 279 nacelle maintenance works in 2020 due to the shrinkage of business volume with the pandemic, and 347 nacelle maintenance works in 2021. It continues its mission to provide internationally accepted high quality services to its domestic and international customers, particularly Turkish Airlines.

TCI
Turkish Cabin Interior Systems Inc.



Revenue USD Million

2021	6
2020	3

Turkish Cabin Interior (TCI) conducts the design, certification, production and marketing of aircraft cabin interior products and components. Established in 2011, Turkish Cabin Interior is jointly owned by Turkish Airlines (30%), Turkish Technic (20%) and Turkish Aerospace (TUSAŞ - TAI) (50%). Turkish Cabin Interior started to receive international orders due to its inclusion in the worldwide "Approved Supplier Company" list for B-737 aircraft galleys by Boeing. TCI targets a 20% market share in this segment over the long-term. As first priority, it meets the needs of Turkish Airlines with the aircraft cabin interior it manufactures and it also provides services to various international companies.

TSI
TSI Aviation Seats Inc.



Revenue USD Million

2021	16
2020	20

TSI Aviation Seats is engaged in aircraft seat design, manufacturing, spare parts manufacturing and retrofitting, marketing and sales activities. It was established in 2011; Turkish Airlines owns a 45% stake, Turkish Technic holds a 5% stake, and Assan Hanil Group owns a 50% stake. TSI Aviation Seats became operational at end-2013. As a result of the transfer of Assan Hanil's shares in 2021, it continues its activities with a 50% partnership of Kibar Holding. Royalux seats, a Business Class product, won the first prize in the Yacht and Aviation Awards in 2021.

The company, which delivered 28 projects in 2021 being primarily Airbus A321 and Boeing 787 projects, aims to be among the world's top 5 aircraft seat suppliers by designing and manufacturing seats, producing, modifying and selling spare parts for many airline companies and aircraft models in the future.

Variable 5.1.2 - Charitable donations

SOE Name: Latvenergo

Country: Latvia

Website: <https://latvenergo.lv/lv/sociala-atbildiba/davinajumi-ziedojumi>

Latvenergo publishes their policy on donations, details of recipients, the value of donations and historical data.



State-owned companies may donate financial resources or property in accordance with the [Law On Prevention of Squandering of the Financial Resources and Property of a Public Person](#).

According to the Donation Strategy Latvenergo AS donates financial resources in the following focus areas:

- education, science, children and youth sports;
- social assistance;
- culture.

[Donation Strategy of Latvenergo AS](#)

Social assistance		Culture	
2022			
Recipients of the donations	Registration number	Donation	Amount (EUR)
Foundation "Rīga Technical University Development Fund"	40008067097	Support for the development of RTU curiosity centre <i>Futurimo Rīga</i>	100,000
Foundation "Iespējamā misija" (Mission Possible)	40008124084	Support for the establishment of excellent physics classrooms in Latvian general education schools by organising a project tender (a list of winners of the 2022 project tender)	210,000
Association "Latvijas Komandu sporta spēļu asociācija" (Team Sports Association of Latvia)	40008188047	Support for sports activities of children and youth teams by organising a project tender (a list of winners of the 2022 project tender)	100,000
National Centre for Education	90009115938	Support for the participation of the Latvian team in the 6th European Physics Olympiad	3,819.47

Variable 6.1.3 - Remuneration details of board members

SOE Name: **Genesis Energy**

Country: New Zealand

Website: <https://www.genesisenergy.co.nz/investor/results-and-reports/reports-and-presentations>

Genesis Energy provides information on board remunerations for individual board members with a detailed breakdown of different fees.

Table 1 – Approved Directors' fees

	POSITION	FEES PER ANNUM	TOTAL
Board of Directors	Chairman	180,000	180,000
	Member (x7) ¹	90,000	630,000
Audit and Risk Committee	Chairman	24,000	24,000
	Member (x3) ¹	12,000	36,000
Human Resources and Remuneration Committee	Chairman	15,000	15,000
	Member (x3)	7,500	22,500
Nominations Committee	Chairman ²	-	-
	Member (x3)	5,000	15,000
Pool for additional work or attendances ³		17,500	17,500
Total approved pool			\$940,000

1. During the year the Board consisted of six Directors plus the Chairman and the Audit and Risk Committee had two members plus its Chairman.

2. The Chairman of the Board is the chairman of the Committee and does not receive any fees for Committee membership.

3. In 2016 shareholders approved a \$25,000 pool of fees for additional work or attendances. In the FY19 year, \$7,500 of the pool was reallocated to permit the appointment of a third member to the Human Resources and Remuneration Committee (plus its Chairman).

Table 2 – Directors' fees paid during FY21

DIRECTOR	BOARD FEES	AUDIT & RISK COMMITTEE	HR & REM COMMITTEE	NOMINATIONS COMMITTEE	TOTAL
Barbara Chapman	180,000	-	-	-	180,000
Catherine Drayton	90,000	24,000	-	-	114,000
Doug McKay	90,000	-	15,000	5,000	110,000
Tim Miles	90,000	-	7,500	5,000	102,500
James Moulder	90,000	12,000	-	-	102,000
Maury Leyland Penno	90,000	12,000	7,500	-	109,500
Paul Zealand	90,000	-	7,500	5,000	102,500
Pool for additional work or attendances	-	-	-	-	-
GRAND TOTAL					\$820,500

Directors' fees exclude GST and reimbursed costs directly associated with carrying out their duties.

Variable 6.2.3 - Number of board meetings and attendance of board members




SOE Name: **Canadian Broadcasting Corporation**

Country: Canada

Website: <https://cbc.radio-canada.ca/en/impact-and-accountability/finances/annual-reports>

Canadian Broadcasting Corporation provides information on board attendance for individual board members including detailed breakdown of board and committee meetings.

Board of Directors Attendance

 In person**  Video conference  Conference call

BOARD MEMBERS	BOARD			AUDIT COMMITTEE			BROADCASTING COMMITTEE			TECHNOLOGY AND INFRASTRUCTURE COMMITTEE			STRATEGIC PLANNING COMMITTEE			HUMAN RESOURCES AND GOVERNANCE COMMITTEE		
	# of meetings	In person**	Video conference	In person**	Video conference	Conference call	In person**	Video conference	Conference call	In person**	Video conference	Conference call	In person**	Video conference	Conference call	In person**	Video conference	Conference call
Michael Goldbloom	6	6	3/3	4			2			4			2			4		
Catherine Tait	6	6	3/3				2											
Guillaume Anioré	6	6	3/3				2			2			2			3		
Edward W. Boyd ¹			3/3															
Harley Finkelstein ²			0/2							1								
Suzanne Guèvremont	6	6	3/3	2			2			4								
Rob Jeffery ³	4	4	3/3	3			1											
René Légère	6	6	3/3				2						2			4		
Sandra Mason ⁴	6	6		2			2											
Jennifer Moore Rattray	5	5	3/3	3			2						2					
François R. Roy	5	5	3/3	3			1									1		
Rita Shelton Deverell ⁵	2	2					1											
Sandra Singh	5	5	2/3	2			2						2			4		
Bill Tam ⁶	6	6		2			2			2								
Marie Wilson	6	6	3/3				2			4						4		

**Regularly scheduled in-person meetings were held by videoconference.

¹ Edward W. Boyd's term ended May 31, 2020.

² Harley Finkelstein resigned May 25, 2020.

Variable 6.3.1 - AGM

SOE Name: **Genesis Energy**

Country: New Zealand

Website: <https://www.genesisenergy.co.nz/investor/results-and-reports/annual-shareholders-meeting>

Genesis Energy provides various information on their AGM.

Annual shareholder meeting • 28 Oct 2021

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**2021 Annual Shareholder Meeting summary Director's fees report -
Korn Ferry**

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