ASEAN Capital Markets Forum

ASEAN Corporate Governance Scorecard Readiness Report for Cambodia

October 2026

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Introduction – The Capital Market Landscape in Cambodia

Capital markets are playing an increasingly important role in financing corporate growth, investment and innovation in the region.

This section outlines the key features of Cambodia's capital market landscape to highlight the importance of corporate governance in fostering market integrity, investor confidence, and sustainable capital market development. The capital market landscape in Cambodia is centered around the Cambodia Securities Exchange (CSX), which has shown significant development alongside the country's robust economic performance with a 5-year GDP growth rate of 7.6%.

Market Size and Listed Companies

As of February 2026, the market capitalization of the Cambodian capital market stood at 2.9 billion USD. The exchange currently hosts 12 listed companies, which are divided into two distinct tiers: 9 companies on the "Main Board" and 3 on the "Growth Board". The companies represent a variety of sectors, including finance, utilities, telecommunications, and logistics, specifically:

- Banking & Finance: ACLEDA Bank (ABC).
- Infrastructure & Logistics: Phnom Penh Autonomous Port (PPAP), Sihanoukville Autonomous Port (PAS), and Phnom Penh Special Economic Zone (PPSP).
- Utilities: Phnom Penh Water (PWSA) and Pestech Cambodia (PEPC).
- Telecommunications: CAMGSM (CGSM).
- Education & Services: Mengly J. Quach Education (MJQE).
- Real Estate & Construction: Picasso City Garden Development (PCG), JS Land (JSL), and DBD Engineering (DBDE).
- Manufacturing: Grand Twins International (GTI).

The listed companies in Cambodia are typically characterized by highly concentrated ownership, with a single controlling shareholder that is either a corporate entity or a group of individual strategic investors. Given this ownership structure, independent directors play a critical governance role in protecting the interests of minority shareholders and ensuring that the influence of controlling shareholders is exercised fairly and responsibly.

Trading and Liquidity

Despite the growing number of listings, the market is characterized by "thin" liquidity. On May 29, 2026, the trading volume was recorded at 172,283 shares, with a total transaction value of approximately 1,063,095,190 KHR (roughly 265,111 USD, or 0.01% of market capitalization). Average free-float of listed companies is as low as 17%[1].

Recent Activity and Future Potential

The market continues to attract new entrants, evidenced by the 2025 IPO of Picasso City Garden Development (PCG), which was valued at 5.9 million USD.

The potential for future growth remains high due to a large pool of unlisted businesses. As of 2022, there were approximately 2,250 unlisted large firms in the country. Furthermore, Cambodia has a vast ecosystem of 752,147 SMEs, which are primarily concentrated in the Wholesale and Retail Trade (46.7% of firms); Other Services (38.1%); and Manufacturing (15.2%). These figures suggest a significant pipeline for future "Growth Board" listings as these enterprises seek formal capital market financing.

[1]Reported by CFA Institute Research Foundation in July 2020, estimated for 6 companies (PWSA 15%, GTI 20%, PPAP 20%, PPSP 20%, PAS 25% and ABC 1%).

Section 1: Assessment of National Regulatory Framework Readiness

National Corporate Governance Frameworks promote transparent and fair markets, and the efficient allocation of resources.

This section reviews and assesses the completeness of Cambodia's corporate governance regulatory framework, its alignment with the ASEAN Corporate Governance Scorecard (ACGS) and the OECD Principles of Corporate Governance, and identifies the regulatory gaps that need to be addressed to elevate the corporate governance practices of Cambodian PLCs.

Corporate governance regulations serve as a critical driver of market development in the Kingdom of Cambodia, providing the institutional foundation necessary for transparency, accountability, and long-term value creation. The current regulatory landscape is anchored in several key legislative and regulatory instruments, including the Law on Commercial Enterprises (2005), the Law on the Issuance and Trading of Non-government Securities (2007), and various *Prakas* (Circulations) governing listing rules, corporate disclosure, and the public issuance of equity. While these documents establish a baseline for listed-company governance, certain essential components, such as the Guideline on Nomination of Independent Director and NED for the SOEs, remain available only in the Khmer language, which can limit accessibility for international stakeholders.

Cambodia is currently in the process of finalizing the draft of Cambodia Corporate Governance Principles for Listed Companies. The *Prakas* on ESG Disclosure, which will take effect from May 2027, are expected to serve as catalysts for elevating governance standards. An assessment of this draft and the *Prakas* against the ASEAN Corporate Governance Scorecard (ACGS) and OECD Corporate Governance Principles reveals that while a foundation exists, more detailed guidelines are required to improve the decision-usefulness of public information and ensure closer alignment with regional expectations.

I. Board Leadership and Effectiveness

Board Composition and Succession Planning

Effective board stewardship depends on a merit-based selection of directors supported by a balanced mix of skills and independence. Current Cambodian regulations mandate that listed companies maintain at least five directors, with a minimum of 1/5 being independent (CG *Prakas*, Art 13; CG Principles Draft, Rec. 4.2.1), a threshold that remains below the ACGS expectation of 1/2 independence.

While companies are required to disclose outside directorships, the framework does not yet set explicit caps on the number of board seats a director may hold, making it difficult for investors to evaluate whether directors can devote sufficient time to their responsibilities (CG Principles Draft Rec. 2.2.3, 9.1.4).

Independence safeguards also require further strengthening, as there is currently no mandatory three-year cooling-off period for a former CEO to join the board as a director (CG *Prakas*, Art 29). Furthermore, although gender diversity is recognized through a 30% female board representation target, there is no specific requirement for at least one independent female director (CG Principles Draft Rec. 4.1.7).

The transparency of the nomination process is also affected by the lack of requirements for firms to utilize external search firms or professional recruiters to identify candidates. Finally, while board committees for audit, nomination, and remuneration must be established (CG Principles Draft, Rec. 6.1.1, 6.1.2, 6.3.1), they are not required to have a majority of independent members, which may limit their role as safeguards for objective oversight.

Board Performance

Refining board performance metrics is essential for reinforcing accountability within the corporate structure. The Draft CG Principles require directors to attend at least 60% of total board meetings per year (CG Principles Draft, Rec. 5.2.6), yet this remains below the 75% benchmark established by the ACGS. Additionally, board meetings at which decisions are made are not currently required to meet a two-thirds minimum quorum.

The role of the corporate secretary is acknowledged as vital for ensuring compliance and facilitating communication (CG Principles Draft Rec. 7.5.1 - 7.5.5), but the framework lacks detailed requirements regarding professional qualifications in legal or accounting fields.

II. Effective Audit and Risk Management

Internal Control and Oversight

Robust internal control arrangements are central to maintaining investor confidence and the credibility of the capital market. While the Disclosure *Prakas* requires reporting on significant capital changes and borrowings, there is no explicit requirement for the board to conduct an annual review of the company's capital and debt structure.

Conflict-of-interest governance also presents a challenge; although the Audit Committee is tasked with reviewing material Related Party Transactions (RPTs) (CG Principles Draft 3.1.8; CG *Prakas*, Art 23–24), the committee currently lacks sufficient independence to fulfill this safeguard effectively. Furthermore, the framework lacks a mandatory three-business-day reporting period for directors' share dealings.

Transparency and Shareholder Rights

Shareholder protection is relatively strong, but there are still opportunities for enhancement. Annual General Meeting (AGM) documents are not required to clearly identify auditors seeking appointment or re-appointment. Shareholder protection during major corporate actions is also limited, as there is no requirement for an independent party to evaluate the fairness of the transaction price in the event of mergers, acquisitions, or takeovers.

Decision-useful disclosure is necessary for assessing corporate conduct and ensuring the equitable treatment of all shareholders. In Cambodia, public disclosure of a company's constitution on company websites is not standard practice, and current laws allowing manual extraction of records for a fee (LCE Art 109–110) do not encourage transparency. Accessibility is further constrained as companies are not required to post their constitutions or materials from media briefings, analyst briefings, and press conferences on their corporate websites. This lack of systematic disclosure can lead to information asymmetry among investors regarding the company's business and financial position.

III. Sustainability and ESG Stewardship

Environmental, Social, and Governance (ESG) Materiality

Sustainability issues are increasingly viewed by investors as integral to enterprise value and risk management. The Draft CG Principles recommend that boards establish sustainability policies and that risk committees oversee material climate risks (CG Principles Draft, Rec. 6.2.3, 7.6.1 - 7.6.3). However, the framework does not mandate a dedicated unit or board member or board committee specifically responsible for managing sustainability matters.

Regarding performance tracking, while the ESG Guidance includes quantitative environmental and social metrics (ESG Guidance, Table A), it does not require companies to publicly set specific sustainability goals or disclose progress against targets (CG Principles Draft, Rec. 9.1.6).

To bridge these identified gaps and drive the behavioral shifts necessary for a mature capital market, Cambodia must prioritize providing a pool of qualified independent directors and building institutional capacity for the training and development of board members.

Section 2 – Institutional investors, stock markets and other intermediaries

Institutional investors, stock markets and other intermediaries acting as independent decision makers influence the incentives and the ability to engage in corporate governance.

The stock market development framework and initiatives should incentivize and support institutional investors, investment advisory service providers and other intermediaries and market participants to engage with investee companies. This section synthesizes the key findings from interviews with diverse market participants in Cambodia, including financial institutions, securities firms, legal experts, and the investee companies.

The findings highlight a complex landscape where significant challenges in market motivation, board effectiveness, and regulatory focus coexist with technical progress of investee companies in meeting corporate governance expectations.

I. Market Motivation and the Perceived Value of Public Status

A primary finding across several interviews is evidence of the low motivation for Public Listed Companies (PLCs) to improve corporate governance (CG) post-IPO. Market participants, particularly legal advisors, observe that the benefits of being a public company, specifically regarding stock price and liquidity, are currently insufficient to incentivize rigorous governance standards.

The Public-Private trade-offs. Many entities perceive that remaining private offers higher returns and more direct benefits, leading to a low inherent motivation for seeking an IPO. The public market is characterized as inactive and lacks a "rich population" of individual investors, which diminishes its attractiveness.

Capital Raising Trends. Instead of utilizing Secondary Public Offerings (SPOs), PLCs are increasingly raising funds through bond issuances via private channels. Because these private market products involve professional investors, there is less perceived demand for the high levels of public disclosure typically associated with robust CG frameworks.

Trust and perceived value of being public. There is a fundamental weakness in trust regarding the actual benefits the public capital market can bring to a PLC. Consequently, while the market has seen some IPOs, the utilization of SPOs remains very limited.

II. Board Leadership and the Challenge of Independent Oversight

The interviews reveal significant gaps in how boards are composed and how they perceive their governance responsibilities.

Director Engagement and Competence. It was noted that many directors do not prioritize CG. Furthermore, even when directors meet formal qualification requirements, they often lack a deep, practical understanding of the specific company they serve.

Board Standards. To address these gaps, some participants suggest that the Securities and Exchange Regulator of Cambodia should establish a mandatory "bar" for Board members, such as a certification or a qualifying test, prior to them assuming directorships in PLCs.

Major Shareholder Influence. Director nomination processes are frequently dominated by major shareholders, which can compromise the independence of the board.

Scarcity of Independent Directors. Finding qualified independent directors who are objective and free from conflicts of interest is a major hurdle. Resources for independent directors are described as "very limited," although some securities firms are actively supporting pre-IPO companies in sourcing candidates who have had no prior trading relationship with the firm.

III. The Evolving Role of Professional Intermediaries and Functions

The interviews highlight a disparity in how different corporate functions and external services are valued within the Cambodian ecosystem.

The Corporate Secretary. The importance of the Corporate Secretary varies widely between institutions. In some advanced organizations, the Corporate Secretary plays a significant role in embedding CG values. However, in other entities, there is a general lack of understanding regarding the importance of the Corporate Secretary, with companies often prioritizing support for disclosure, Investor Relations, and Public Relations over the Corporate Secretary function.

Advisory Service Costs vs. Perceived Value. While the support of market stakeholders and intermediaries is recognized as important, PLCs often struggle to perceive the value of these services relative to their cost. Most demand for CG-related services is concentrated in the pre-IPO phase; once listed, companies rarely seek further external guidance on governance.

Internal Corporate Culture. For some companies, CG is not just a regulatory requirement but is rooted in corporate culture and integrated into strategy, risk management, and ESG commitment programs.

IV. Regulatory Focus and Training Gaps

Participants offered a critical look at the current regulatory environment, noting a heavy emphasis on market expansion over qualitative governance.

IPO Focus vs. CG Promotion. Regulators are perceived to be more invested in increasing the volume of the market than in the quality of governance. It is observed that a majority of regulatory effort is directed toward promoting IPOs, while little effort is dedicated to CG training post-IPOs.

Knowledge Gaps. Awareness of CG terminology and CG regulations remains low. This lack of understanding extends even to the staff of securities companies, for whom the concept of CG is still relatively new.

Need for Practical Training. Recently, SERC accredited a corporate governance professional training program for board directors offered by a training institute. This is a step toward establishing a professional institute of directors that provides a certified program for board directors.

There is a strong call for the regulators to move beyond theoretical training (such as "about what is CG") and provide practical guidance on how to implement corporate governance policies with real-world examples. Participants suggest that training should be offered in both onsite and online formats to remain sustainable, and should target all market participants, including the media/information intermediaries, through conferences and specialized policy and topical sessions.

V. Technical Progress vs. Strategic Gaps

Cambodia shows signs of technical sophistication in shareholder engagement despite broader governance challenges.

Advanced AGM Practices and Digitalization. Evidence shows that advanced Annual General Meeting (AGM) practices exist, including the use of webinars for AGMs, the implementation of e-voting, and disclosure of resolutions within 24 hours. Some firms are leveraging digitalization programs specifically to improve transparency and ESG reporting.

CG and ESG Principles. There is high anticipation for the upcoming launch of official Corporate Governance Principles and ESG disclosure frameworks.

VI. Recommendations from Market Participants

To bridge the gap between current practices and international standards, interviewees proposed several strategic initiatives:

Incentive Structures. Instead of relying solely on mandates, the market should make more effort to encourage CG through various award events and self-assessments, both local and regional ones. Awards could specifically recognize excellence in disclosure and be granted to both individual directors and the PLCs themselves.

Financial Justification. PLCs need to be convinced of the tangible financial benefits of implementing CG to outweigh the perceived costs of disclosing sensitive business information. More communication about the benefits of CG should be promoted and educated.

Enforcement and Fairness. The legal and regulatory requirements that affect corporate governance practices should be consistent with the rule of law, transparent and enforceable. Participants emphasize that enforcement must be strengthened to ensure fairness among PLCs. Penalties for non-compliance should be impactful enough to change corporate behavior.

Professionalization. Beyond the proposed director certification, there is a desire to see effective exercise of board roles in strategy and risk management of all listed firms, moving CG from a “compliance box” to a strategic asset.

Section 3: Public Listed Companies Readiness

Public listed companies implement sound corporate governance by establishing governance structures and systems that provide effective direction, oversight, strategic decision-making, and performance monitoring.

This section analyzes and assesses the prevailing challenges in the corporate governance policies and practices of listed companies in Cambodia, drawing on ACGS standards.

Regional cross-border initiatives aimed at fostering the development of ASEAN capital markets prioritize the continuous elevation of corporate governance (CG) standards among listed companies to enhance market transparency and investor confidence. An assessment of the current state of corporate governance readiness of listed companies serves as a critical diagnostic tool for identifying the strategic interventions required from both regulators and market participants to bridge existing gaps.

Scope and companies reviewed

The review covers 12 companies listed on the Cambodia Securities Exchange, listed below.

Company	Code	Main activity	Ownership profile
ACLEDA Bank Plc.	ABC	Financial services	Corporate shareholder
CAMGSM Plc.	CGSM	Telecommunications	Corporate-controlled
DBD Engineering Plc.	DBDE	Construction and engineering	Mixed / no dominant category identified
Grand Twins International (Cambodia) Plc.	GTI	Apparel manufacturing	Corporate-controlled
JS Land Plc	JSL	Real estate development	Corporate shareholder
Mengly J. Quach Education Plc.	MJQE	Education	No dominant category identified
Pestech (Cambodia) Plc.	PEPC	Power and infrastructure	Corporate-controlled
Phnom Penh Autonomous Port	PPAP	Port services	State-controlled
Phnom Penh Water Supply Authority	PWSA	Water utility	State-controlled
Picasso City Garden Development Plc.	PCG	Real estate	No dominant category identified
Royal Group Phnom Penh SEZ Plc.	PPSP	Industrial-zone development	Corporate-controlled
Sihanoukville Autonomous Port	PAS	Port services	State-controlled with corporate participation

Assessment of Corporate Governance Areas

The assessment is organized around the principal governance areas addressed by the ACGS. For each area, the review considers whether companies provide sufficient public evidence of the expected practices that comply with ACGS standards, identifies the elements that are generally in place, and explains the specific gaps that prevent fuller alignment with the ACGS.

- **Shareholder rights and annual general meetings:** Timely and complete AGM information, voting arrangements, participation rights, meeting outcomes and minutes.
- **Equitable treatment of shareholders:** Protection of minority shareholders, transparent related-party transaction procedures, equal access to information, and prevention of conflicts-of-interest.
- **Role of stakeholders and sustainability:** Recognition of stakeholder interests, sustainability governance, ESG reporting and channels for reporting misconduct.
- **Disclosure and transparency:** Financial and non-financial reporting, governance documents, ownership information, investor-relations access and timely public disclosure.
- **Responsibilities of the board:** Board composition, independence, nomination, election, induction, meetings, board committees, performance evaluation, internal control and risk oversight.

Shareholder Rights and Annual General Meetings

Compliant: Good practices are evident, as most companies publish the English-language AGM notice on the same date as the local-language version and generally provide at least 21 days' notice before the meeting. AGM resolutions are also commonly disclosed by the next working day following the meeting.

Non-compliant: Information available to shareholders for exercising their rights at AGMs usually stops at the notice and resolution. The complete AGM package is frequently not available, including the proxy form, meeting and voting procedures, detailed explanations for agenda items, detailed resolutions for informed decision-making, board and audit committee reports, and full profiles of directors standing for election or re-election.

The disclosed voting results on the resolutions do not distinguish among votes in favor, against and abstentions. AGM minutes are generally not published, limiting shareholders' ability to review questions raised, responses provided and the substance of deliberations.

Equitable Treatment of Shareholders and Related-Party Transactions

Compliant: Corporate annual reports and financial statements commonly identify related-party transactions, providing a basic level of accounting disclosure.

Non-compliant: ACGS expects firms not only to disclose the practices implemented during the year, but, more importantly, to have policies in place that frame corporate behavior and practices accordingly. It is evident that corporate disclosures rarely provide a comprehensive related-party transaction policy covering key elements such as related-party transaction definitions, materiality thresholds, review and approval responsibilities, pricing principles, abstention restrictions, and safeguards for minority shareholders.

Disclosures on the implementation of related-party transaction policies tend to focus primarily on the details of individual transactions, while providing limited information on the oversight activities performed by the Board of Directors, the Audit Committee, or Internal Audit.

Role of Stakeholders, Sustainability And Integrity Mechanisms

Compliant: A number of companies disclose information on corporate social responsibility activities, workforce-related initiatives, community program, and environmental measures. Some companies also provide information on certain aspects of sustainability governance and risk management.

Non-compliant: While firms implement various activities, sustainability-related disclosures are generally fragmented. Only a limited number of companies publish a standalone sustainability report or include a well-structured sustainability section within their annual report. No evidence was found that firms apply either internal or external assurance over sustainability disclosures.

The information disclosed is often narrative and selective, with limited support from quantitative indicators, measurable targets, time-series data, or clearly defined board-level accountability. Material ESG issues and stakeholder engagement processes are not systematically identified or explained.

Although stakeholder-related and sustainability activities may be undertaken in practice, the information being disclosed to the public is often insufficient to demonstrate the existence of a structured governance framework consistent with ACGS expectations.

Whistleblowing arrangements are also inadequately disclosed, as many companies do not provide sufficient information on available reporting channels, confidentiality safeguards, protection against retaliation, escalation procedures, or processes used to investigate and address reported concerns; and whether the Board or Audit Committee has an oversight role.

Disclosure and Transparency

Compliant: Audited financial statements and annual reports are generally published within 120 days of the financial year-end. Dividend-related information and basic corporate information, including the company's mission, vision, objectives, and key financial and non-financial indicators, are also commonly accessible. Several companies maintain good corporate websites with dedicated investor-relations sites containing annual reports, financial statements, and regularly updated corporate announcements.

Non-compliant: Disclosure remains fragmented across company websites and stock exchange announcement platforms, while dedicated and well-organized investor-relations repositories are not consistently maintained. In some cases, companies do not publish information through their own websites and rely entirely on the stock exchange's disclosure platform.

Core governance documents—including the articles of association, corporate governance policies, board charters, committee charters, and detailed ownership information—are frequently unavailable or difficult to locate.

Responsibilities of the Board

Compliant: Most companies disclose the composition of their boards and provide information on the individuals serving as directors. Audit Committees are commonly established, and some companies have also formed Nomination and Remuneration Committees, and Risk Committees. A number of companies also disclose committee membership, meeting frequency, and activities undertaken during the reporting year.

Non-compliant: Disclosure on board appointments, board processes, and annual performance assessment remains limited. Companies often identify who serves on the board but provide substantially less information on how directors are nominated, selected, elected, inducted, assessed, and held accountable.

Core governance documents, including articles of association, corporate governance policies, board charters, and committee charters, are frequently unavailable or difficult to locate. As a result, there is limited information on director terms, candidate qualification criteria, search and selection procedures, orientation program for newly appointed directors, the respective roles and authorities of the Board, Chairperson, Corporate Secretary, and board committees, as well as procedures for scheduling meetings and circulating board papers.

Board profiles are also often incomplete, with one or more key details omitted, such as age, academic qualifications, date of first appointment, relevant professional experience, directorships in other listed companies, and the ownership interests of directors. In terms of board composition, female representation among independent directors remains limited and no company was found to have an independent Chairperson or a board composed of at least 50% independent directors.

Annual performance assessment is one of the weakest areas of disclosure. Most annual reports provide little or no substantive information on evaluations of the Board, individual directors, board committees, or the Chief Executive Officer.

Although most companies have established an Audit Committee and some have Nomination and Remuneration Committees, committee charters are not consistently disclosed. Committee composition also does not always demonstrate the expected level of independence, including the appointment of an independent committee Chairperson and an appropriate proportion of independent and non-executive directors. More systematic disclosure of committee mandates, membership, independence, meeting frequency, and annual activities is needed to demonstrate how these committees support effective board oversight.

Section 4 – Recommendations for regulators

A sound legal, regulatory, and institutional framework plays a vital role in promoting economic efficiency, sustainable growth, and financial stability.

This section provides recommendations designed to help policy makers and regulators in Cambodia evaluate and improve their legal, regulatory, and institutional frameworks. These aim to support market confidence, economic efficiency, and the effective mobilization of resources through the capital market.

I. Ensuring the Basis for an Effective Corporate Governance Framework

The corporate governance framework should promote transparent and fair markets, be consistent with the rule of law, and support effective supervision and enforcement.

- **The corporate governance framework should be developed with a view to its impact on corporate access to finance, market integrity, and the incentives it creates for market participants.** Regulatory efforts in Cambodia should focus on building trust in the public market and demonstrating the tangible financial benefits of public status. Implementing robust corporate governance should be presented as a means of outweighing the perceived trade-offs of disclosing sensitive business information.

- **The corporate governance framework should be monitored and benchmarked against international standards.** The Cambodian authorities should promptly launch the official Corporate Governance Principles and conduct a comprehensive review to benchmark domestic regulations against the ACGS.

- **Supervisory and enforcement authorities should have the authority and resources to fulfil their duties in a professional and objective manner.** Strengthening the enforcement of corporate governance regulations is essential to ensure market credibility. Regulatory guidance and Corporate Governance Principles should be issued to assist PLCs in implementing governance practices and disclosures.

- **Professional training and capacity building should be facilitated to build a community of responsible corporate actors.** Professional training institutions should be established to serve as a source for qualified independent directors and to provide ongoing education for corporate secretaries and other market participants, including brokers, institutional investors, and the media.

II. The Rights and Equitable Treatment of Shareholders and Key Ownership Functions

The corporate governance framework should protect and facilitate the exercise of shareholders' rights and ensure the equitable treatment of all shareholders.

- **Shareholders should have the opportunity to participate effectively and vote in general shareholder meetings.** Shareholder relations and protection should be improved through better-informed voting at Annual General Meetings.

- **Related party transactions should be approved and conducted in a manner that ensures proper management of conflicts of interest.** The role of independent committees must be enhanced to review material Related Party Transactions (RPTs) and ensure the protection of the company and its minority shareholders.

- **Insiders should be required to report share dealings within a specified timeline.** To prevent market abuse, insiders should report share dealings prior to the transaction date.

III. Institutional Investors, Stock Markets, and Other Intermediaries

The corporate governance framework should provide sound incentives throughout the investment chain and provide for stock markets to function in a way that contributes to good corporate governance.

- **Policies should be implemented to increase market liquidity and encourage active trading through diverse investor participation.** Authorities should adopt policies to increase the free-float of listed securities and encourage the active participation of institutional investors.

- **Efforts should be made to encourage the entry of individual investors into the stock market.** This should be accompanied by a focus on financial literacy and robust investor protection mechanisms.

IV. DISCLOSURE AND TRANSPARENCY

The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation.

- **Disclosure should include, but not be limited to, material information on financial results and strategic developments.** Active disclosure is critical to improving market liquidity. This should include quarterly financial updates, analyst briefings, and media conferences.

- **Channels for disseminating information should provide for equal, timely and cost-efficient access to relevant information.** Companies should be encouraged to publish governance-enhanced articles of association, board charters, committee charters, and codes of conduct directly on their corporate websites.

V. The Responsibilities of the Board

The board should provide strategic guidance, effective monitoring of management, and remain accountable to the company and its shareholders.

- **The board should be able to exercise objective independent judgement on corporate affairs.** Board independence should be enhanced by requiring that at least half of board members be independent to balance the influence of major shareholders and concentrated ownership structures.
- **Boards should establish specialized committees to support the board in performing its functions effectively.** These should include Audit, Nomination, and Remuneration committees, with a majority of independent members on each committee.
- **The process to nominate new board members must be transparent and independent.** The nomination committee should play a lead role in ensuring the objectivity of the board and setting clear qualifications for board members.
- **Monitoring of management should include a clear separation of the roles of Chair and CEO.** Consideration should be given to separating the roles of Chair and CEO and preventing former CEOs from exercising undue influence over the board.
- **The board should oversee the company's internal control and risk management systems.** This includes monitoring financial resilience through metrics such as the leverage ratio.

VI. Sustainability and Resilience

The corporate governance framework should provide incentives for companies to manage risks in a way that contributes to their sustainability and resilience.

- **Disclosures on sustainability practices should include measurable targets.** Progress against these targets should be monitored by a dedicated sustainability/ESG board committee or a designated board member.
- **The board should ensure that material sustainability risks and opportunities are considered in corporate strategy.** This includes aligning sustainability performance with long-term value creation.

Section 5 – Recommendations for public listed companies

Sound corporate governance policies and practices among public listed companies are fundamental to maintaining financial stability at the national level.

This section summarizes the key recommendations for public listed companies in Cambodia to enhance their corporate governance practices and maximize the benefits of participating in the ACGS.

AGM documentation: Publish a complete English-language package comprising the notice, explanatory materials, proxy form, voting procedures, director-election information, full voting results and minutes.

Related-party transaction governance: Publish the RPT policy, materiality thresholds, independent review and approval process, conflicted-party abstention rules and minority shareholder safeguards.

Governance documents: Maintain a centralized investor-relations repository containing the articles of association, corporate governance policy, board charter, committee charters, and up-to-date ownership information, with all key documents also made available in English.

Board processes: Disclose nomination criteria, election and re-election procedures, induction and training, individual meeting attendance and annual evaluations of the board, committees and chief executive.

Board independence and diversity: Increase the proportion of independent directors to at least 50% of the Board and adopt a board diversity policy that explicitly addresses gender diversity, including a requirement for at least one female independent director.

Sustainability and stakeholder governance: Move from activity-based ESG descriptions to material ESG topics, measurable indicators, targets, stakeholder-engagement processes and explicit board oversight.

Whistleblowing: Disclose the whistleblowing policy, covering confidential reporting channels, anti-retaliation protection, escalation and investigation procedures, oversight responsibility and high-level outcomes.

Roadmap for Cambodia's Readiness toward ASEAN Corporate Governance Scorecard

Phase	Strategic Objective	Key Actions
Phase 1: Foundation (Short-term from 1-2 years)	**Regulatory Readiness**	▪ Launch official Cambodia CG Principles and ESG disclosure *Prakas*. ▪ Strengthen the regulatory framework in line with ACGS standards; identify and close regulatory gaps between local regulations and ACGS standards. ▪ Monitor compliance and incentivize best practices through self-assessments and corporate governance awards. ▪ Establish a professional body for director certification and training. ▪ Enhance monitoring of board assessment and board training. ▪ Mandate 1/3 board independence and clear director qualifications. ▪ Enforce the establishment of independent Audit, Nomination, Remuneration committees with higher standards of independence. ▪ Enhance the role and training requirements for Corporate Secretaries.
Phase 2: Accountability and Transparency (Medium-term from 3-5 years)	**Board & Oversight Strengthening**	▪ Mandate 1/2 board independence and clear director qualifications. ▪ Enforce transparency and disclosure pre- and post-AGM to enhance trust and shareholder protection. ▪ Implement mandatory quarterly reporting and RPT oversight rules. ▪ Integrate mandatory ESG reporting with measurable targets.
Phase 3: Maturity (Long-term from 5 years and beyond)	**Sustainability & Stewardship**	▪ Develop a Stewardship Code to encourage active engagement by institutional investors. ▪ Regularly review corporate governance frameworks to allow continuous adoption of regional and global best practices.

