



MINORITY SHAREHOLDER  
WATCHDOG GROUP

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# MALAYSIA-ASEAN CORPORATE GOVERNANCE REPORT

2013

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# corporate profile

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Minority Shareholder Watchdog Group (MSWG) was set up in the year 2000 as a Government initiative to be part of a broader Capital Market framework to bring about awareness primarily on minority shareholder interests and corporate governance matters through shareholder activism and engagement with stakeholders.

MSWG is a professional body licensed under the Capital Market & Services Act 2007. It is a non-profit body, funded substantially by the Capital Market Development Fund (CMDF). It is self-governing and is an important channel of market discipline, encouraging good governance with the objective of creating sustainable value.

Over the last 12 years of its operations, MSWG has evolved into a respected and independent corporate governance research & monitoring organisation in the capital market. It highlights and provides independent views to investors and guidance.

MSWG's four founding organisations are:

1. Armed Forces Fund Board (Lembaga Tabung Angkatan Tentera)
2. National Equity Corporation (Permodalan Nasional Berhad)
3. Social Security Organisation (Pertubuhan Keselamatan Sosial)
4. Pilgrims Fund Board (Lembaga Tabung Haji)

# contents

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<b>CORPORATE PROFILE</b>	<b>02</b>
<b>FOREWORD</b>	<b>05</b>
<b>EXECUTIVE SUMMARY</b>	<b>06</b>
<b>MAIN FINDINGS</b>	<b>13</b>
Overview	13
<b>SALIENT FINDINGS</b>	<b>15</b>
Part A : Rights of Shareholders	16
Part B : Equitable Treatment of Shareholders	18
Part C : Role of Stakeholders	20
Part D : Disclosure and Transparency	24
Part E : Responsibilities of the Board	31
Bonus	39
Penalty	41
<b>CONCLUDING REMARKS</b>	<b>45</b>
<b>REFERENCES</b>	<b>48</b>
<b>GLOSSARY</b>	<b>49</b>
<b>APPENDICES</b>	<b>52</b>
Appendix 1 : Methodology	53
Appendix 2 : List of Default Response Items	95
Appendix 3 : List of Top 20 Companies Based On Overall CG Performance (According to Rank)	98
Appendix 4 : List of Top 20 Companies Based On CG Disclosures (According to Rank)	100
Appendix 5 : List of Top 100 Companies in Alphabetical Order	102
Appendix 6 : Key Statistics of PLCs in Malaysia (2009-2013)	104

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# foreword

MSWG is pleased to present the Malaysia-ASEAN Corporate Governance Report 2013 that uses the ASEAN Corporate Governance Scorecard for the second year running. This report is far more comprehensive as it assesses the state of corporate governance (CG) practices of 862 public listed companies (PLCs), accounting for 93 per cent of the Malaysian stock market and represented a 72 per cent increase in coverage from 2012.

The companies are assessed according to globally accepted CG parameters based on the OECD principles and other best practices. Keeping in mind the ASEAN CG Scorecard exceeds current domestic legislative requirements and recommended standards, we hope that the companies would be able to see how they measure up on the global arena.

The latest edition of the assessment using the ASEAN CG Scorecard is one of the ways investors and stakeholders can get a critical snapshot of the Malaysian companies based on their published information as at 31 July 2013. From findings on board diversity and succession planning to critical insights on the level of shareholder engagement and sustainability initiatives, there is a wealth of information to consider.

With the pace of the global economic recovery remaining patchy at best and Asian financial markets bracing for a gradual withdrawal of U.S. monetary stimulus, it is becoming crucial for directors and management to be familiar with international best practices and standards to steer companies forward.

This Report should provide guidance for directors in the Malaysian PLCs to improve their governance, which will be able to boost investor confidence and share prices. Malaysian PLCs scored the best in equitable treatment of shareholders, logging 83.6 per cent, followed by disclosure and transparency. However, the companies obtained 28.3 per cent in meeting standards for stakeholders – from staff to whistleblowers. This clearly shows that there are gaps that need to be addressed.

The ASEAN CG Scorecard has parameters that measure disclosures on Environment, Social and Governance (ESG), which we see as important and in line with the Government's agenda in promoting companies with good ESG. These parameters will be able to gauge practices including the impact to the internal stakeholders such as employees as well as external stakeholders such as community and customers.

My sincere appreciation goes to the Capital Market Development Fund for its continued support of MSWG and for funding the project. My appreciation also goes to the Securities Commission for appointing MSWG as the Domestic Ranking Body in recognition of our track record in carrying out assessment of CG practices among PLCs in the Malaysia through the Malaysia Corporate Governance Index since 2009.

I would also like to thank the Board of Directors of MSWG for their encouragement and guidance as well as invaluable support.

Lastly, I wish to extend my heartfelt appreciation to my management team and staff for their dedication and commitment as well as to MSWG's associates, friends and partners for their support.

**RITA BENOY BUSHON**  
Chief Executive Officer

## executive summary

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This is the second year MSWG used the ASEAN Corporate Governance (CG) Scorecard as a key tool to assess Malaysian public listed companies (PLCs) and their compliance with recommended principles and best practices in corporate governance. Initiated by the ASEAN Capital Markets Forum (ACMF) and funded by the Asian Development Bank, the **Scorecard**<sup>1</sup> is based on disclosures in annual reports and company websites that are then assessed under Level 1 comprising 179 items and 30 bonus and penalty items under Level 2.

While there is much to compare with the assessment conducted in 2012 - the first year when the scorecard was used, readers of this Report are requested to keep in mind that 500 companies were assessed that year compared to 862 this year - representing more than 70 per cent jump in coverage. Nevertheless, there is much to be gained from measuring the 2013 data against 2009-2011 when more than 800 companies each year were assessed and a more simplified Malaysian Corporate Governance Index Scorecard was in place.

<sup>1</sup> The methodology of the current review is discussed in the "Methodology" section, which is located at the end of this report. Readers are advised to read this section carefully in order to understand the similarities and differences between the current and prior years methods including the different scorecards used in the current and prior years reviews.

## THE TOTAL AVERAGE SCORE FOR TOP 100 COMPANIES WAS 75.99

Figure 1 shows the average score of the top 100 Malaysian companies in 2013 has jumped to 75.99 points from 68.20 points from a year ago, signaling the companies have made significant progress in improving their corporate governance practices and disclosures, which was attributed to higher requirements imposed by the Malaysian Code on Corporate Governance (*Code*) when it was introduced in 2012. There is a strong upward trend from five years ago when the average score of the top 100 companies stood at 66.40 points in 2009.

## THE TOTAL AVERAGE SCORE FOR 862 COMPANIES WAS 61.59

Table 1 shows the trend on the average base score over five years, 2009 to 2013.

For the overall findings of 862 companies, the average score stood at 61.59 points, compared to 56.70 points in 2012 when only 500 firms were assessed. The scores in 2013 ranged from a high of 104.12 points to a low of 39.91 points.

Figure 2 shows that 713 companies or 83 per cent of the companies were in the 50 to 75 points range. Additionally, 64 companies had scores of more than 75 points, more than five times the number of companies that had achieved the level in 2012. 85 companies had less than 50 points.

FIGURE 1

Average MCG Score of Top 100 PLCs

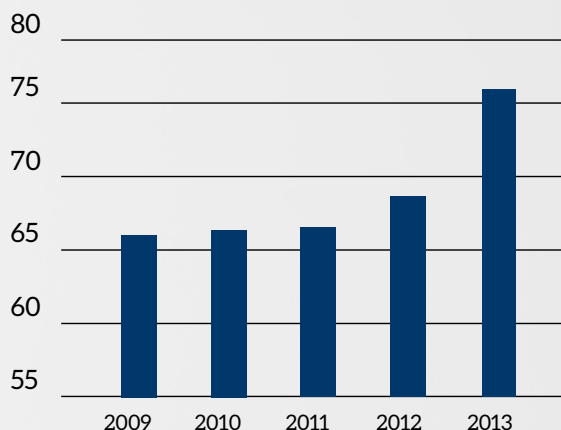


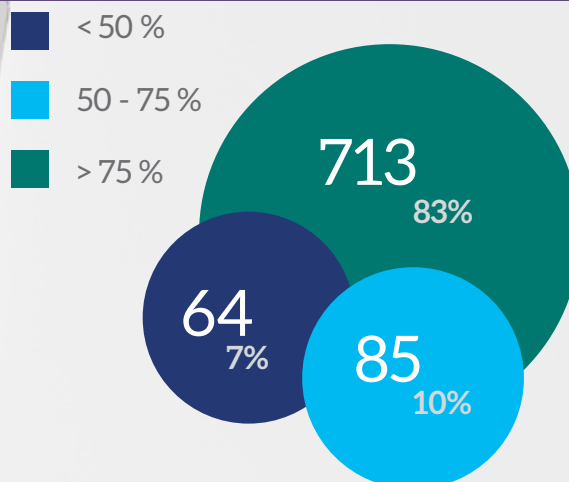
TABLE 1

Trend on Average Base Score from 2009-2013

	2009	2010	2011	2012	2013
No. of Companies Assessed	899	898	820	500	862
Average Base Score	52.00	55.60	57.50	56.70	61.59
Maximum Base Score	82.10	88.70	92.80	91.49	104.12
Minimum Base Score	22.00	29.20	31.80	35.00	39.91

FIGURE 2:

Distribution of Overall CG Scores for 862 PLCs



## SUMMARY OF SALIENT FINDINGS

The key findings of the assessment from each of the sections of the **Scorecard** are as follows:

### **Rights of Shareholders**

#### **(i) Companies paying dividends in an equitable and timely manner**

- Just 20 per cent, or 175 out of a total of 862 companies paid shareholders within 30 days of declaring interim dividends or/and getting approvals at general meetings for final dividends.

#### **(ii) Disclosure of AGM Minutes**

- Out of 862 companies assessed, only seven or one per cent of companies had published their AGM minutes on their corporate websites. In 2012, there was only one company that published its AGM minutes.
- Out of the seven companies that published their AGM minutes, four companies showed that shareholders were given opportunities to ask questions or raise issues. Only two companies recorded the full questions and answers in their AGM minutes.

#### **(iii) Board of directors appoint an independent party to evaluate a Mergers & Acquisitions (M&A) or transaction deal**

- Almost all the companies assessed appointed independent advisors to evaluate the fairness of the deal.

#### **(iv) Institutional investors hold more than 5 per cent of company shares**

- Results show 291 companies, or 34 per cent of the total companies assessed, have institutional investors that own more than five per cent of the company shares.

Part A

### **Equitable Treatment of Shareholders**

#### **(i) Publicised voting rights attached to each class of shares**

- 28 or three per cent of companies with more than one class of shares publicised the voting rights to each type of share via company website, reports, the stock exchange or regulator websites.

#### **(ii) Bundling of resolutions**

- All the companies did not practice bundling several items into the same resolution in the most recent AGM.

#### **(iii) Explaining dividend policies and amount payable**

- Only 37 or four per cent of companies provided explanations in notice of AGM/circulars on the dividend policy. However, 345 or 40 per cent of companies disclosed the amount payable for the final dividends.

#### **(iv) Providing profiles of directors/commissioners seeking election or re-election in notice of AGM/circulars**

- 435 or half of the companies assessed provided at least the age, qualification and experience of the directors, separating directorships in listed and non-listed companies.

Part B



## Role of Stakeholders

### (i) **Company disclosure of policies for various stakeholders**

- Approximately 73 per cent of companies assessed had detailed how creditors rights would be safeguarded, followed by 43 per cent making efforts to interact with local communities in areas that they operate in and 39 per cent ensuring their operations were eco-friendly.
- Only 11 per cent of companies described anti-corruption programmes and procedures, which appeared to be the least important consideration.

### (ii) **Developing human resources**

- One in every two companies assessed had carried out training and development programmes for their employees. However, only ten per cent of the 862 companies had a reward or compensation policy which accounted for the performance of the company beyond short-term financial measures.

### (iii) **Whistle-blowing policies**

- 211 or 24 per cent of companies had procedures to deal with complaints by employees pertaining to illegal and unethical behaviour. Approximately 20 per cent or 169 companies had whistle-blowing protection policies for employees or individuals.

Part C

Approximately

73%

of companies assessed had detailed how creditors rights were being safeguarded

39%

ensured their operations were eco-friendly

211

companies had procedures to deal with complaints by employees pertaining to illegal and unethical behaviour

1 in every 2

companies assessed had carried out training and development programmes for their employees

## Disclosure and Transparency

### (i) **Transparency in ownership structure**

- Close to 100 per cent of the companies disclosed the beneficial owners of shareholders controlling five per cent of the shares or more.
- Almost all companies revealed the direct and indirect shareholdings of major owners and directors of the companies, although only six per cent or 51 companies disclosed the number of shares controlled by senior management.
- Approximately 98 per cent of companies identified parent companies, subsidiaries, associates, joint ventures and special purpose vehicles and their shareholding details.

### (ii) **Quality of annual report**

- All companies disclosed the number of board of director meetings and attendance details.
- Malaysian companies tended to publish financial performance indicators as opposed to key risks, corporate objectives, dividend policy and whistleblower policies.

Part D

(iii) **Corporate governance**

- Only 14 per cent or 120 companies assessed published their full compliance with the **Code** as well as identify and explain instances of non-compliance – despite mandatory requirements to do so was only effected from 1 January 2013.

(iv) **Audit disclosures**

- All companies disclosed audit fees with 96 per cent detailing non-audit fees.
- In 84 per cent of the companies, the audit fees exceeded the non-audit fees.

(v) **Modes of communicating**

- All Malaysian companies used quarterly financial results and official websites to communicate with their investors and stakeholders.
- Less than 20 per cent of companies held analyst briefings and less than 15 per cent conducted media briefings or press conferences.

(vi) **Release of financial and annual reports**

- About 85 per cent or 732 companies assessed released their audited annual financial reports within 120 days from financial year end. In contrast, only 28 per cent or 244 companies published their annual reports within the same period.

(vii) **Up-to-date information on company website**

- Companies were more inclined to publish the most recent information on business operations, annual reports/financial statements, AGM/EGM notices, corporate and shareholding structures rather than materials provided in briefings to analysts and the media. Only 22 or three per cent of companies disclosed their company's constitution on their website.

(viii) **Investor relations**

- More than half of the companies assessed disclosed the contact details of the officer or department responsible for investor relations.

**Responsibilities of the Board**

(i) **Disclosing roles and responsibilities of the board/Board Charter**

- Of the 862 companies assessed, 82 per cent clearly defined the roles and responsibilities of the board of directors. However, only 41 per cent disclosed the corporate governance policy or board charter and approximately 47 per cent of companies revealed the types of decisions that required board of directors' approval.

Approximately

96%

of companies detailed non-audit fees

84%

audit fees exceeded non-audit fees

732

companies assessed released their audited yearly financial reports within 120 days

3%

of companies disclosed their company's constitution on their website

Part E

(ii) **Corporate vision/mission**

- Almost all the companies had an approved vision and mission statement but only 14 companies had reviewed their corporate ideology in the last five years.

(iii) **Board structure**

- Independent directors make up less than half of the board of directors in 61 per cent of the companies assessed.
- More than two-thirds of the companies assessed had not set a term limit of nine years or less for independent directors.

(iv) **Gender Diversity**

- 534 or nine per cent out of 6,177 directors are female directors, out of which 221 or 41 per cent are female executive directors and 118 or 22 per cent are female non-executive directors.
- 185 or 21 per cent of companies had at least one female independent director in their board.

(v) **Establishment of Nominating Committee (NC)**

- 822 or 95 per cent of companies had established NC even though the Listing Requirements only mandated the establishment of NC from 1 June 2013.
- 87 per cent of 734 of NCs chaired by independent directors.
- However, in 73 per cent of the companies, the NC met less than two times in the year.

(vi) **Risk oversight**

- 80 per cent or 688 companies disclosed the internal control procedures or risk management procedures that had been put in place but only 29 per cent of the total number of companies assessed disclosed how the key risks were managed.
- Slightly more than half of the companies disclosed that the board of directors reviewed the operational, financial and compliance controls as well as risk management systems.

(vii) **Board chairman**

- 709 or 82 per cent of the companies had different individuals assuming the roles of chairman and CEO.
- 342 or 40 per cent of companies had chairmen who were independent directors.

(viii) **Board assessment**

- 369 or 43 per cent of companies conducted annual performance review of the board.
- Only 71 or eight per cent of companies revealed the process and criteria used to review the board performance.

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# main findings

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## OVERVIEW

One of the key initiatives under the ASEAN Capital Markets Forum, the ASEAN Corporate Governance Scorecard aims to raise CG standards in companies from the region and showcase well-governed firms to the rest of the world that will attract global investors and improve valuations.

As ASEAN countries look to achieve convergence by 2015, the Scorecard goes a long way in branding the region as an asset class in its own right, especially in terms of corporate governance. To make this a reality, ASEAN members made this a key part of the ASEAN Economic Community agenda that includes regional capital market integration.

The methodology adopted was taken from standards already used in some of the ASEAN countries by local corporate governance monitors. In Malaysia, the MSWG was appointed as the Domestic Ranking Body (DRB) and made the transition to ASEAN CG Index from the MCG Index, which used domestic Listing Requirements (LR) and CG practices and also combined the bonus points for aspirational practices and penalties for the negatives.

The ASEAN CG Scorecard is made up of five main criteria assessed in Level 1 and bonus and penalty items under Level 2.

The universe was 862 companies listed on the Bursa Malaysia Securities based on market capitalisation as at 30 April 2013. The methodology and parameter of all these items are as per **Appendix 1** and reference had been made on the numbering of the parameters throughout the document.

The results of the top 20 companies based on Overall Corporate Governance Performance, top 20 companies based on Corporate Governance Disclosures and top 100 companies are shown in alphabetical order and top 20 companies according to rank are shown in **Appendix 3, Appendix 4** and **Appendix 5** respectively.

## Level 1

*comprises 179 items and divided into five major criteria*

- Rights of Shareholders (Part A)
- Equitable Treatment of Shareholders (Part B)
- Role of Stakeholders (Part C)
- Disclosure and Transparency (Part D)
- Responsibilities of the Board (Part E)

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## Level 2

- Bonus and Penalty sections comprises 30 items

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## salient findings

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**Table 2** reports the average score for 862 PLCs and top 100 PLCs in respect of their performance in each of the major sections of the **Scorecard**, i.e. Parts A to E and compared them against the maximum possible. Based on the results presented in **Table 2**, it is clear that Malaysian companies performed well in Parts B and D that deal with Equitable Treatment of Shareholders and Disclosure & Transparency. Company scores in part E, which deals with board responsibilities, improved from a year ago. Companies in Malaysia have made little headway in parts A and C that are concerned with shareholder rights and the role of stakeholders.

**TABLE 2**  
Average Scores by Parts of Scorecards

Score	Part A	Part B	Part C	Part D	Part E	Total Average Scores
Average (All 862 PLCs)	4.72	12.64	2.88	14.90	21.46	61.59
Maximum (Top 100 PLCs)	5.09	13.14	5.88	17.89	27.35	75.77
Maximum Possible	8.80	15.00	10.00	23.13	35.79	104.12

## PART A: RIGHTS OF SHAREHOLDERS

From a total of 25 items in the **Scorecard**, seven were default response items where all companies scored a point. The following findings relate to the remaining voluntary items that are based on OECD principles and other international best practices, which are not currently required under current local provisions.

One of the key rights accorded to the shareholder is the right to partake in the company's profits. The timing in which shareholders receive dividend payments indicates company's observance in treating all shareholders equally (**A.1.1**)<sup>2</sup>. The current review revealed that out of the 862 companies, 363 or 42 per cent of the companies did not pay any dividends (interim or final) during the year in question. Approximately, 20 per cent or 175 companies paid shareholders within 30 days after declaring interim dividends and approving final dividends at AGMs, a small improvement from 132 companies in 2012

### *Right to participate effectively and vote in general meeting of shareholders*

The **Scorecard** examined the quality of AGMs conducted and the impact on shareholders' right to participate in decisions involving fundamental decisions. Despite the series of awareness programmes undertaken by MSWG, only seven out of 862 companies published their AGM minutes on their corporate website.

On the whole, the performance of the 862 companies as regards disclosure of minutes on their corporate website was less than encouraging.

- 12 companies disclosed voting and vote tabulation procedures before the AGM commenced (**A.3.4**).
- Four companies gave an opportunity for shareholders to ask questions or raise issues (**A.3.5**).
- Two companies recorded questions and answers in the latest AGM (**A.3.6**).
- Three companies disclosed the list of board members who attended the most recent AGM (**A.3.9**).
- Seven companies disclosed that the board chairman attended the most recent AGM (A.3.10), while four companies had their CEO/Managing Director/President (A.3.11) and another four had their Audit Committee Chairman (A.3.12) attended the AGM.

Approximately

12

companies disclosed voting and vote tabulation procedures before the AGM commenced

6%

of companies gave shareholders the opportunity to approve remuneration or any increases in remuneration for non-executive directors

749

companies disclosed the outcome of the recent AGM that included all resolutions

92%

of companies made the results of the votes taken in the AGM for all resolutions publicly available by the next working day



Further findings with respect to the conduct of AGM revealed:

- 48 or six per cent of companies gave shareholders the opportunity to approve remuneration or any increases in remuneration for the non-executive directors (A.3.1)
- 749 or 87 per cent of companies disclosed the outcome of the recent AGM that included all resolutions (A.3.7).
- All companies organised their AGMs in an accessible location (A.3.13).
- 22 companies voted by poll rather than a show of hands for all resolutions at the AGM, an increase from just four companies in 2012 (A.3.15). Fifteen companies disclosed the voting results, including approving, dissenting and abstaining votes for each agenda item (A.3.8). This small group of companies, whose numbers are growing, are showing greater transparency with the AGM voting process.
- There was an increase in the number of companies that appoint independent party to count and validate votes at the AGM, which enhances the credibility of the meeting. In 2013, it was six companies compared to just one in 2012 (A.3.16).
- 789 or 92 per cent of companies made the results of the votes taken in the AGM for all resolutions publicly available by the next working day (A.3.17).
- 122 or 14 per cent of companies provided the rationale and explanation for each agenda item which required shareholders' approval in the notice of AGM, circulars and accompanying statement (A.3.19).

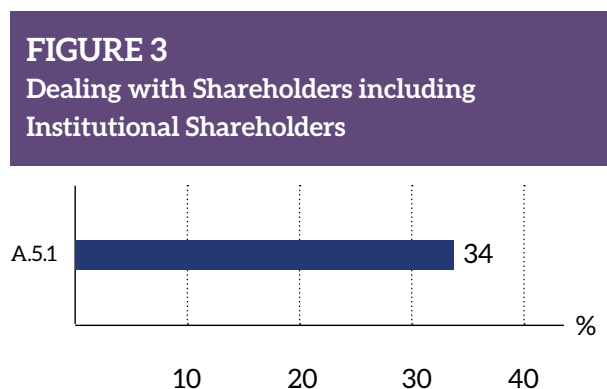
With the **Companies Act 1965** and the **LR** making it mandatory for companies to provide at least 21 days notice for all resolutions, item A.3.18 was considered as a default response item. However, three companies provided notice periods for their AGMs that were in fact less than 21 days.

### Dealing with Shareholders Including Institutional Shareholders

Institutional investors have the potential to exert significant influence in the corporate governance landscape, especially if they hold significant holdings in their investee companies. According to the OECD Principles, the effectiveness and credibility of corporate governance and company oversight depends on "institutional investors who make informed use of shareholder rights and effectively exercise ownership functions."

The **Code** goes straight to the point and recommends that "the board should take reasonable steps to encourage shareholder participation at general meetings."

**Figure 3** presents the results of the item that deals with institutional investors in the **Scorecard**. Here, 291 or 34 per cent of companies had institutional investors, other than major shareholders, who have share ownership of more than five per cent (A.5.1). With the current changing CG landscape, institutional investors are expected to play a leading role in monitoring their investee companies and protecting the rights of minority shareholders.



## PART B: EQUITABLE TREATMENT OF SHAREHOLDERS

This section of the **Scorecard** had 17 items and all companies scored one point for seven items that were considered default responses, which are mandatory requirements. The following discussions deal with items not listed within mandatory requirements:

### Shares and Voting Rights

Out of the 862 companies reviewed, 28 companies that had more than one class of shares publicised the voting rights attached to each class of shares (**B.1.2**). Some of the companies include Government-Linked Companies (GLCs) whose controlling shareholder holds a 'Special Rights Redeemable Preference Share' that does not have voting rights but has other special rights.

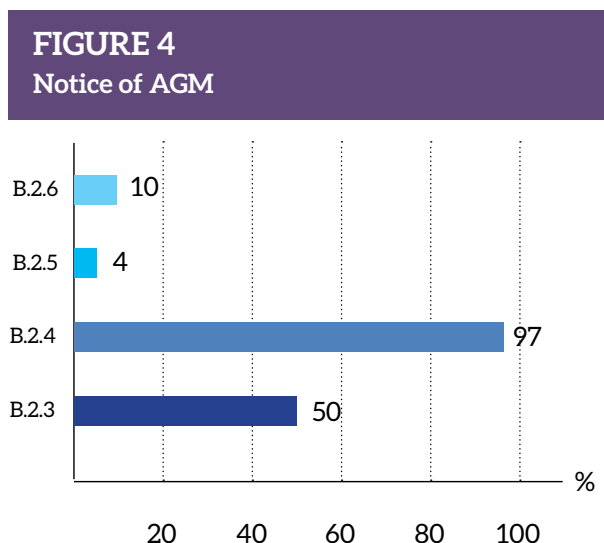
### Notice of AGM

The quality of notice of AGM helps shareholders decide on whether to attend the meeting or otherwise. The current assessment of 862 companies in 2013 found:

- None of the companies practiced bundling of several items into the same resolution (**B.2.1**).
- All the companies fully translated the notice of the AGM into English and published the notice on the same date as the local language version (**B.2.2**).
- The proxy documents were made easily available by all companies (**B.2.7**).

There were other aspects of the notice of AGM that were not practiced by all companies. The current review as depicted in **Figure 4** showed:

- Only four per cent or 37 companies explained their dividend policy (**B.2.5**)
- 86 or 10 per cent of companies that appeared to have proposed final dividends did not disclose the amount payable (**B.2.6**).
- Half of the companies did not provide sufficient details of directors, such as age, qualification, date of first appointment, experience and director roles held in other listed companies, for those seeking election or re-election (**B.2.3**).
- 97 per cent or 835 companies clearly identified the auditor seeking either appointment or re-appointment (**B.2.4**).



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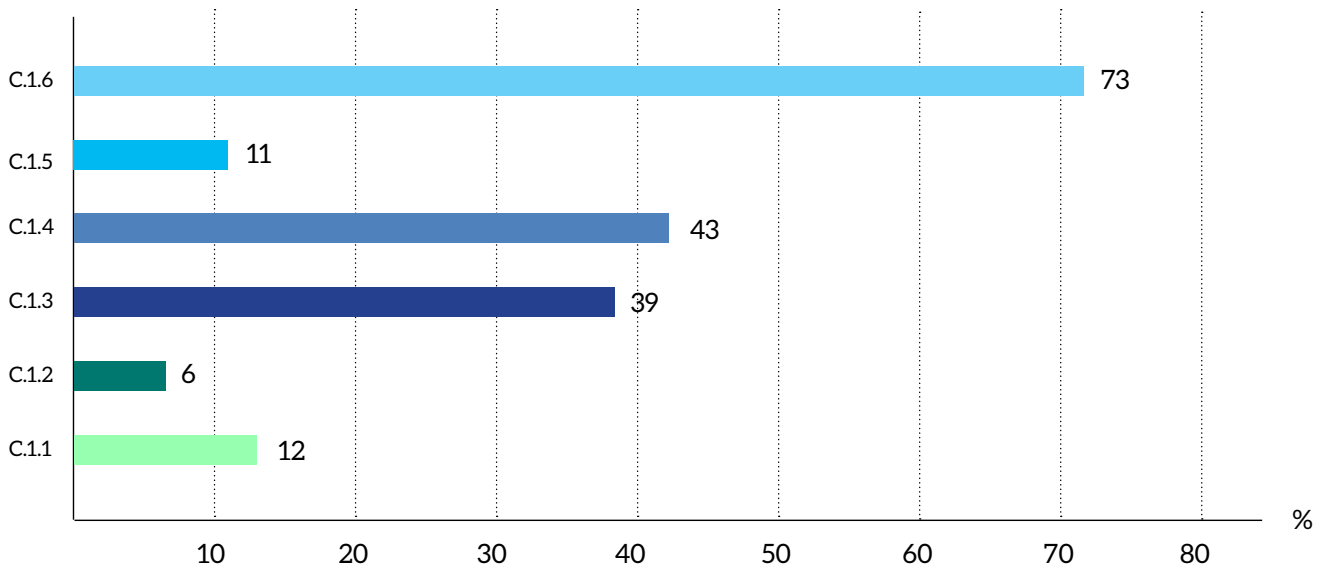
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## PART C: ROLE OF STAKEHOLDERS

The **Code** recognised and brought the sustainability agenda right up to the boardroom. The **Code** states that “The board should ensure that the company’s strategies promote sustainability.”

### Dealing with External Stakeholders

**FIGURE 5**  
Practices Dealing with Stakeholders



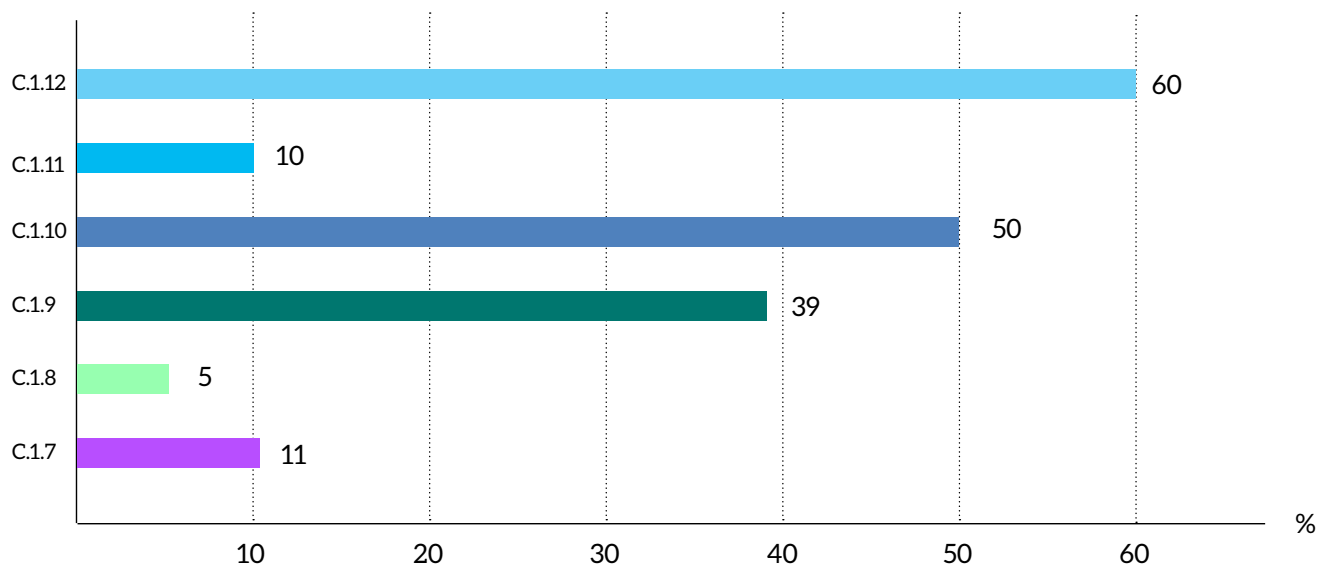
The **Scorecard** recognises a company should account for the interests of customers, suppliers, creditors, and the wider community in its conduct with appropriate policies and their actual implementation. In terms of policies, the current review of the 862 companies found (as presented in **Figure 5**) that:

- More companies had policies in place describing how creditor rights would be safeguarded. About 73 per cent or 632 companies did this, compared to 150 or 30 per cent of the companies in 2012 (**C.1.6**).
- About 11 per cent or 97 companies had put in place a policy on anti-corruption programmes and procedures (**C.1.5**).
- 371 or 43 per cent of companies elaborated the policy on the company’s efforts to interact with the communities in which it operated (**C.1.4**).
- 339 or 39 per cent of companies described policies to ensure their value chain was environmentally friendly or consistent with promoting sustainable development (**C.1.3**).
- 51 or six per cent of companies disclosed a policy on supplier/contractor selection practice (**C.1.2**).
- 106 or 12 per cent of companies disclosed a policy that stipulates the existence and scope of the company’s effort to address customers’ welfare (**C.1.1**).

As to the actual implementation of the above mention policies, the current review revealed that (refer to **Figure 6**):

- Once again, a significant jump in companies that had activities on creditors' rights. In 2013, the number rose to 514 or 60 per cent of companies, compared to 149 or 30 per cent in the year before (**C.1.12**).
- 87 or 10 per cent of the total companies assessed conducted anti-corruption programmes and procedures (**C.1.11**).
- Half of the companies assessed held activities to interact with communities (**C.1.10**).
- 333 or 39 per cent of companies disclosed activities on implementing an environmentally friendly value chain (**C.1.9**).
- 42 or five per cent of companies published the practices on supplier/contractor selection and criteria (**C.1.8**).
- 95 or 11 per cent of companies disclosed the activities on customer health and safety (**C.1.7**).

**FIGURE 6**  
Practices Dealing with Stakeholders



Based on the findings, it is clear that in terms of both policies and practices, creditor rights were becoming more popular than environment and the community for these companies. However, many companies had yet to implement policies and act on other aspects of the sustainability agenda, potentially due to lack of awareness and resources.

The **LR** requires a company to have in its annual report “A description of the corporate social responsibility activities or practices undertaken ... or if there is none, a statement to that effect.” To this end, it was found that 551 or 64 per cent of companies had separate corporate responsibility or sustainability reports or sections describing policies and activities undertaken (**C.1.13**).

Companies are encouraged to disclose information on key issues relating to employees and stakeholders that may materially affect their long term sustainability in a separate Corporate Responsibility/Sustainability section or a stand-alone report instead of just a statement in the Chairman’s Statement.

## Communication Channels for Stakeholders

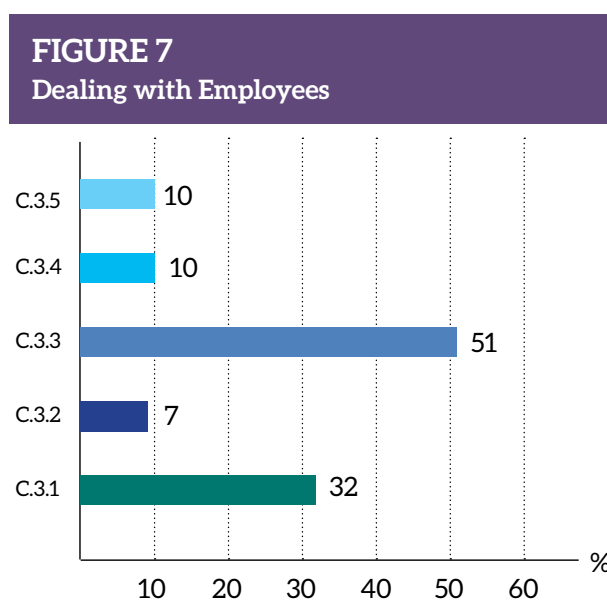
In addition to having the policies and practices that promote and safeguard the interest of external stakeholders, a company should provide information to stakeholders on the various modes of communication with its executives.

In 2013, more companies had made an effort to provide contact details on their websites or annual reports, which stakeholders such as customers, suppliers and the wider community could use to voice their concerns or lodge complaints on the possible violation of their rights. The findings show 241 companies or 28 per cent of the companies assessed provided the information, compared to 139 companies or 39 per cent of companies in 2012 (C.2.1).

## Dealing with Employees

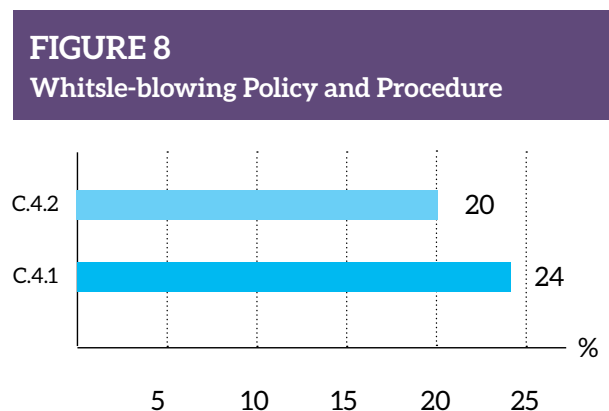
Companies like to assert that employees are their greatest asset but this needs to be quantified with clear and coherent policies and practices that promote and safeguard employees' interest. The review of the 862 companies' disclosure on their employees showed, as summarised in **Figure 7**, the following :

- With regard to training and development programmes for employees, 443 or 51 per cent of companies were said to have such policies (C.3.3). However, only 85 companies or 10 per cent published information on carrying out these programmes (C.3.4).
- 10 per cent or 87 companies had an employees' compensation policy that accounts for the performance of the companies beyond short-term financial measures, which goes far in aligning employees to the companies' goals (C.3.5).
- In terms of health, safety and welfare for employees, 274 or 32 per cent of the companies explicitly disclosed such policies (C.3.1), with 60 or just seven per cent of the companies assessed disclosed specific and quantifiable data on carrying out such activities and policies (C.3.2).



Open and frank communication between employees and company would mitigate the risk of wrongdoing or unethical behaviour from occurring. Thus, it is crucial for a company to have a whistle-blowing policy, which should clearly articulate the procedures for reporting and protecting the reporting employee from retaliation. In this respect, the current assessment found that (see **Figure 8**):

- More companies are coming forward and disclosing procedures for complaints by employees concerning illegal (including corruption) and unethical behavior. In the period under review, 211 or 24 per cent of companies assessed had such policies, compared to 92 companies or 18 per cent in 2012 (C.4.1).
- A similar trend could be seen with companies having protection policies for whistleblowers. For 2013, 169 or 20 per cent of companies had such policies, compared to 66 or 13 per cent in 2012. (C.4.2).





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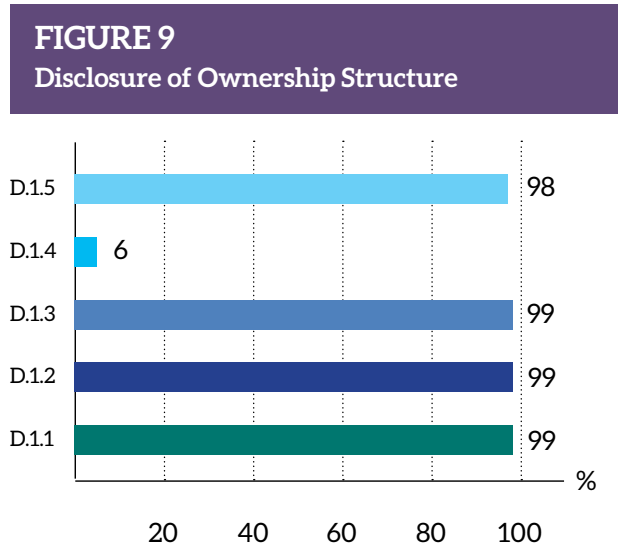
## PART D: DISCLOSURE AND TRANSPARENCY

A pivotal element of effective corporate governance system, transparency helps shareholders exercise their ownership rights on an informed basis. Given its importance, it is no surprise that **Part D** on Disclosure and Transparency had the highest number of items after **Part E**.

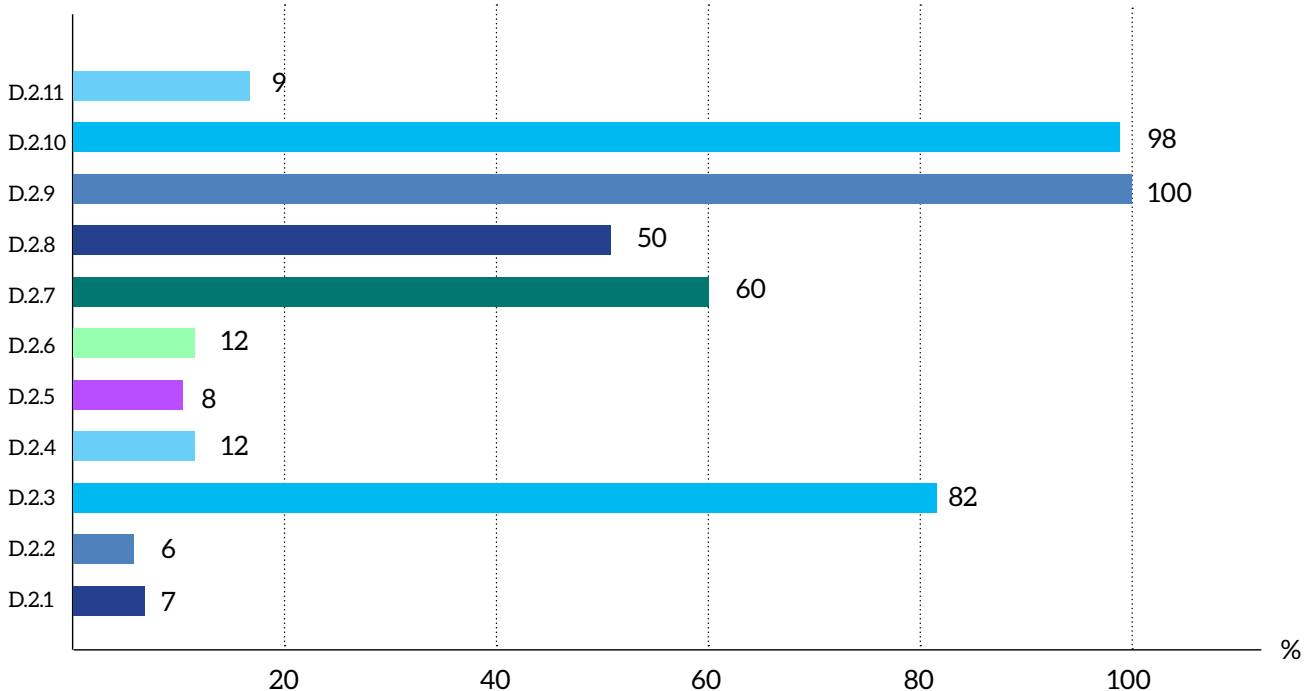
### Transparent Ownership Structure

Transparent ownership structure was one aspect that the **Scorecard** greatly encouraged as such information would enhance the investment decision-making process of current and potential investors. Based on the review of disclosures related to ownership structure made by the 862 companies, it was found that (see **Figure 9**):

- Almost all companies surveyed revealed the identity of beneficial owners of shareholders with five per cent shareholding or more (**D.1.1**)<sup>3</sup>; disclosed direct and indirect (deemed) shareholdings of substantial shareholders (**D.1.2**) and directors (**D.1.3**).
- However, only 51 companies or six per cent disclosed the direct and indirect (deemed) shareholdings of senior management (**D.1.4**).
- Nearly all the companies published details on the identity and shareholding interest of the parent or holding company, subsidiaries, associates, joint ventures and special purpose entities or vehicles (**D.1.5**).



**FIGURE 10**  
Quality of Annual Report



3 This was rather an expected finding given the requirements of sections 69(E) and 69 (L) of the Companies Act 1965.



## Quality of Annual Report

Being a primary tool for a company to communicate with its shareholders and stakeholders generally, the quality of an annual report is crucial. The **Scorecard** reviewed the annual reports of the 862 companies to determine whether the key information was presented. The review, as presented in **Figure 10**, found that:

- Just 59 or seven per cent of companies disclosed key risks that go beyond the financial risks (**D.2.1**).
- Even less companies disclosed their corporate objectives. In 2013, just 49 or six per cent disclosed the objectives (**D.2.2**).
- 68 or eight per cent of the companies disclosed their dividend policy (**D.2.5**).
- 105 or 12 per cent of companies disclosed a whistle-blowing policy (**D.2.6**).
- 74 or nine per cent of companies disclosed remuneration details of each member of the board of directors, including the CEO (**D.2.11**);
- While 703 or 82 per cent of the companies disclosed financial performance indicators in their annual reports (**D.2.3**), only 102 or 12 per cent of companies disclosed non-financial performance indicators (**D2.4**).
- Half of the 862 companies assessed disclosed the training and/or continuing education programme attended by each director during the year (**D.2.8**).
- Approximately 60 per cent, or 515 companies, published biographical details (at least age, qualification, date of first appointment, relevant experience, and directorships in other listed companies) of the directors (**D.2.7**). 40 per cent of companies did not clearly separate the disclosure on the directorships in listed and non-listed companies.
- All companies disclosed the number of board meetings held during the year (**D.2.9**) and the attendance details of each director. (**D.2.10**).

In Malaysian and ASEAN corporate governance, it has become reasonable to expect a company to make a statement in the annual report confirming its full compliance with the **Code** and where there were instances of non-compliance, to identify and give reasons.

The findings show only 120 or 14 per cent of the companies made such a declaration, even though the **LR** had made it mandatory effective 1 January 2013 for companies to disclose how they comply with the **Code** and explain non-compliance. Many companies still did not provide explanation on non-compliance of the principles. Annual reports published that year would need to make such disclosure.

## Directors' Remuneration

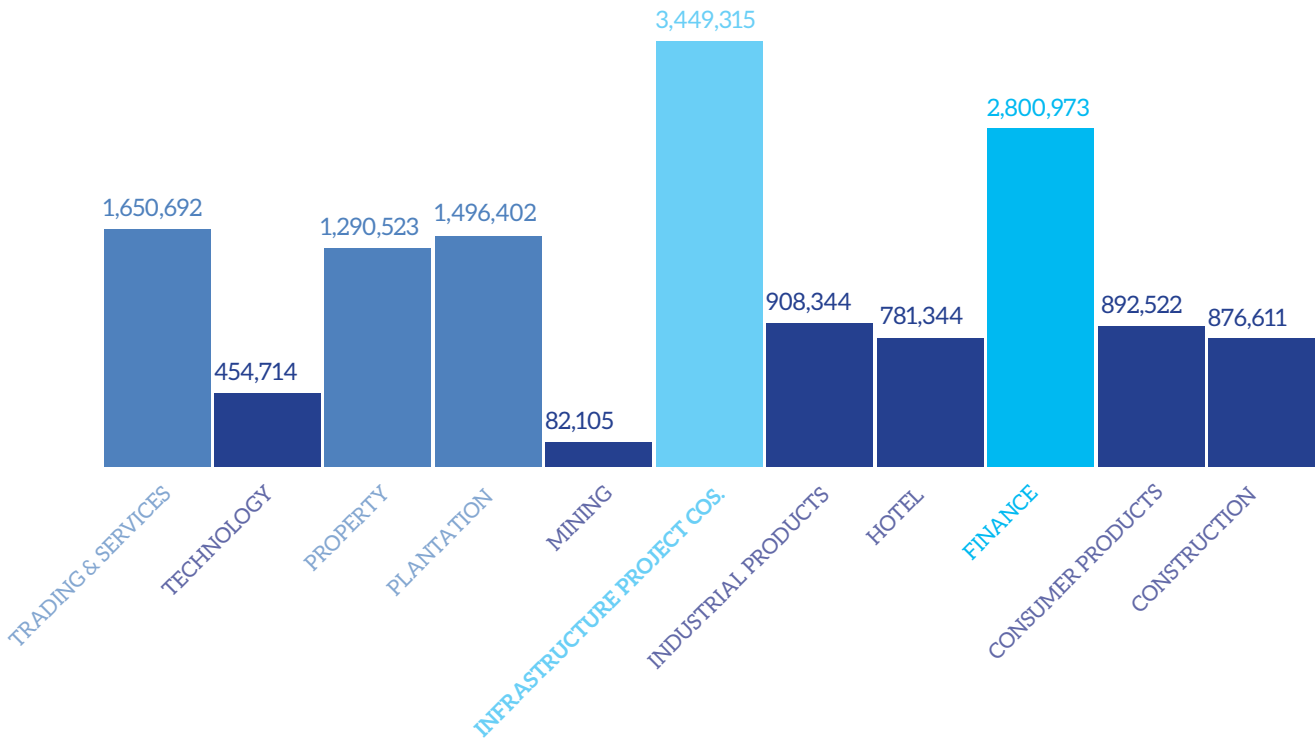
The statistics on directors' remuneration are presented in **Table 3**. Based on 862 companies, the average remuneration per executive director was RM 1,164,727 and RM83,356 for each non-executive director.

**TABLE 3**  
Annual Directors' Remuneration

	Executive Directors	Non-Executive Directors
Average (RM)	1,164,727	83,356
Minimum (RM)	5,000	2,000
Maximum (RM)	38,833,333	17,234,000

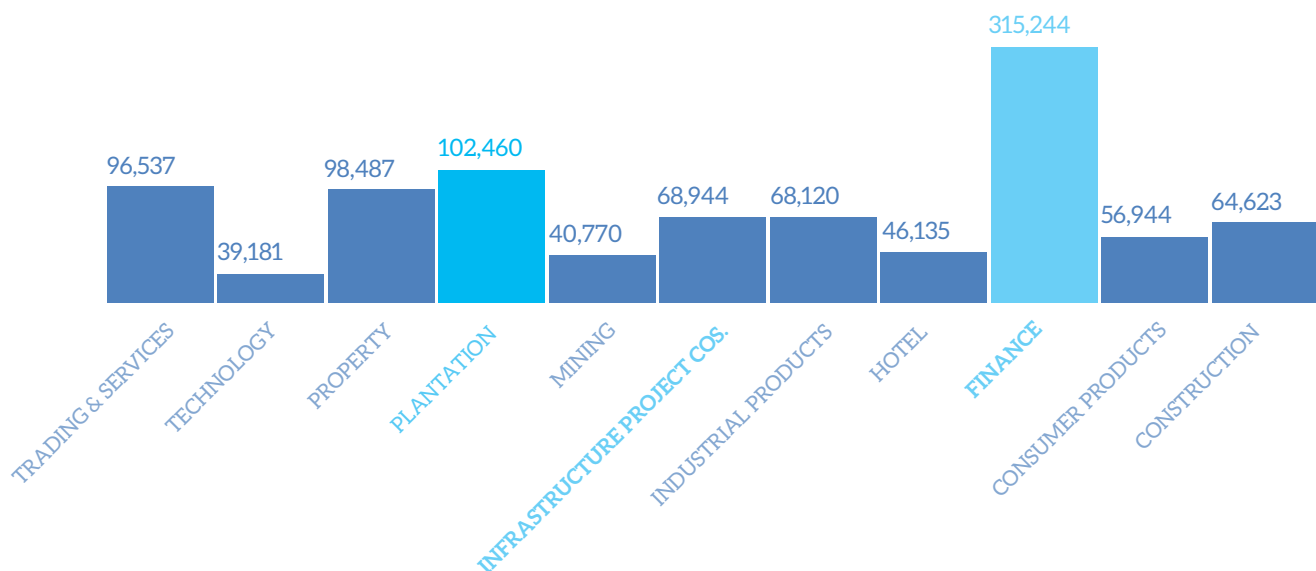
**Figure 11** shows the average annual remuneration per executive director (ED) by sector<sup>4</sup>. Infrastructure companies rewarded their executive directors the most with an average annual remuneration of RM 3.4 million, up from RM 2.9 million in 2012, followed by finance with RM 2.8 million (RM 2.6 million in 2012) and trading/services at RM 1.7 million (2012 RM2.3 million)

**FIGURE 11**  
Average Annual Remuneration per ED by Sector (RM)



**Figure 12** shows the average annual remuneration per non-executive director (NED) by sector. The highest paid NEDs were found in the finance, plantation and property sectors with an average remuneration of RM 315,244, RM 102,460 and RM 98,487 respectively.

**FIGURE 12**  
Average Annual Remuneration per NED by Sector (RM)



<sup>4</sup> Sector categorisation according to Bursa's classification.

## Disclosure of Related Party Transactions (RPTs)/ Recurrent Related Party Transactions (RRPTs) and Self-Dealing by Insiders

Minority shareholders need to be assured that if company officials engaged in RPTs/RRPTs during the year, the company would make an open declaration that the transactions were conducted fairly and at arm's length.

In this respect, among the 862 companies reviewed, 294 companies declared that these particular transactions were fair and conducted at arms' length (B.5.2). Approximately, 36 per cent or 314 companies provided financial assistance to entities other than their wholly-owned subsidiary companies (B.5.1).

RPTs/RRPTs and dealings in shares of the company by the insiders<sup>5</sup> can be potentially abusive to minority shareholders but could be mitigated by disclosure of timely relevant information.

In this respect, the current assessment of the 862 companies showed that (see Figure 13):

- 553 or 64 per cent of companies disclosed the policy covering the review and approval of material RPTs/RRPTs (D.3.1).
- 59 per cent or 505 companies disclosed the names of related parties and their relationship for each significant RPT/RRPTs (D.3.2), while 670 or 78 per cent of companies even disclosed the nature and value of each material RPTs/RRPTs (D3.3).
- Over a fifth or 178 companies disclosed trading in the company's shares by insiders (D.4.1).

### External Auditor and Auditor Report

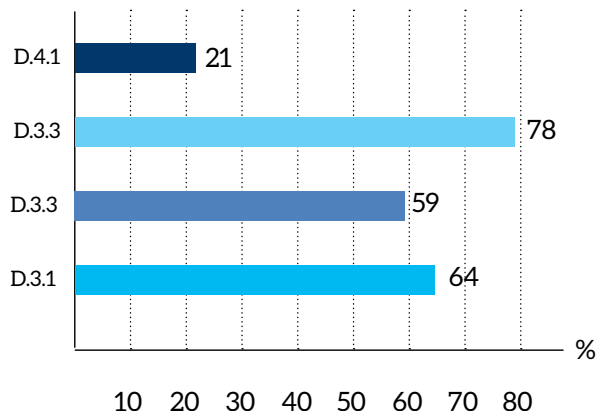
Disclosing both the statutory audit fees and non-audit fees is a mandatory requirement of the **Companies Act 1965 (Ninth Schedule)** and the **LR**. As expected, all 862 companies disclosed audit fees (D.5.1). As for the disclosure of non-audit fees, 827 or 96 per cent of companies either disclosed the non-audit fees or declared that the audit firm did not provide non-audit services during the year under review (D.5.2). It was further discovered that the non-audit fees of 40 companies had exceeded the audit fees (D.5.3).

Figure 14 shows Ernst & Young still dominated the external audit market for the 862 companies assessed, with a market share of 23 per cent. Deloitte was the smallest among the Big-4 firms with a market share of six per cent.

However, in terms of fees – audit and/or non-audit, the market was dominated by PricewaterhouseCoopers (PwC) (Table 4).

<sup>5</sup> The **Scorecard** defined insiders as directors, members of management or key officers (senior members of management one level below the board), major shareholders and connected persons.

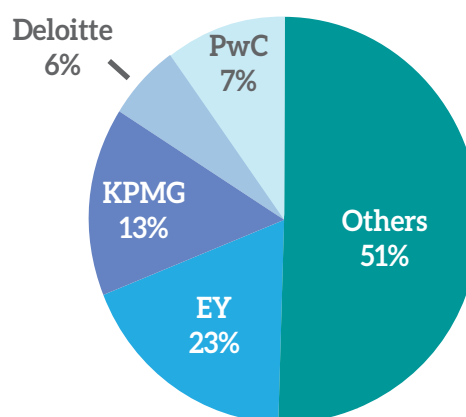
**FIGURE 13**  
Disclosure of RPTs/RRPTs and Self-Dealings



**TABLE 4**  
Audit and Non-Audit Fees by Firm

	No. of Clients	Ave. Audit Fees (RM)	Ave. Non-Audit Fees (RM)
PwC	58	1,876,812	729,894
EY	197	480,341	195,205
KPMG	115	392,257	234,828
Deloitte	49	231,340	50,083
Others	443	168,683	34,864

**FIGURE 14**  
External Audit Firm



## Medium of Communication

Companies use at least four modes of communication to engage with shareholders and stakeholders. All 862 companies under review used quarterly reporting (D.6.1) and their own official websites (D.6.2), while 19 per cent of the total companies held analyst' briefings (D.6.3) and an even smaller 13 per cent arranged for media briefings or press conferences (D.6.4).

Media briefings were held after the AGM/EGM, which can incur more costs – a factor that may discourage the smaller companies to take on. Also, a lack of interest from analysts and media has compelled smaller companies to do away with such briefings.

## Timely Release of Annual/Financial Reports

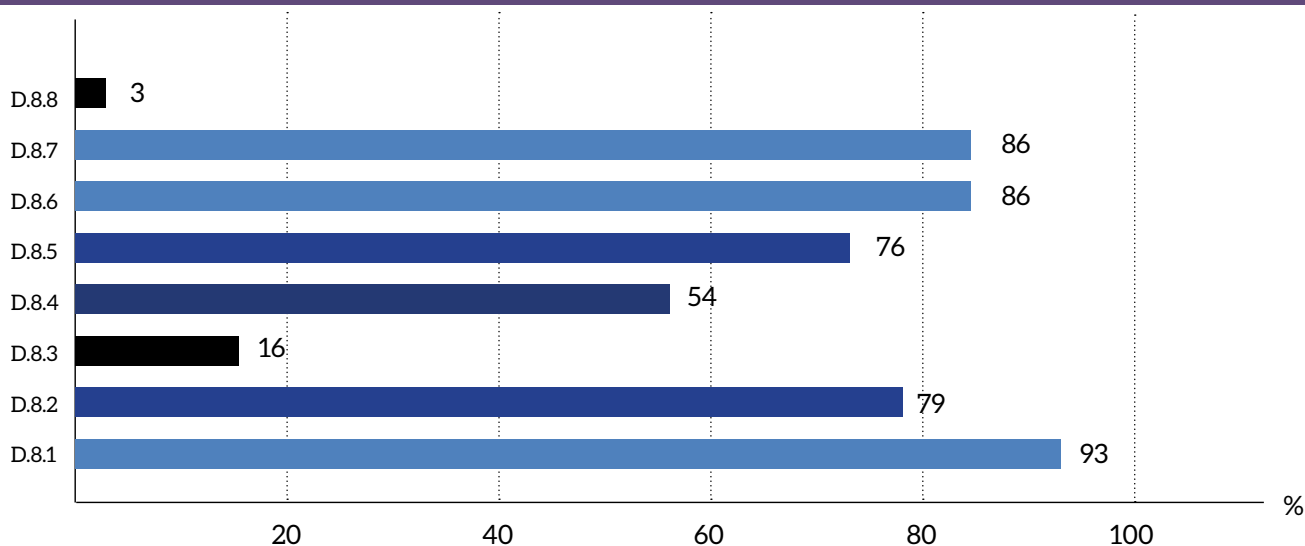
In this sub-section of the *Scorecard*, companies were assessed on the timely release of annual audited accounts “AAA” (or annual reports “AR”, where companies opted to dispense with AAA but issued only AR) during the period under review. The results, summarised in **Figure 15**, are as follows:

About 85 per cent, or 732 companies, released audited annual financial report within 120 days from the financial year end (D.7.1), while just 28 per cent, or 244 firms, issued the annual report within 120 days from the end of the financial year under review (D.7.2).

Almost all the firms had their board of directors or relevant company officers affirm the fair representation of the annual financial statements or report (D.7.3), which gives another layer of assurance to the shareholders and is, anyway, a key requirement of the *Companies Act, 1965*.

## Company Website

**FIGURE 16**  
Information on corporate website



Since all companies were expected to have company websites, as per the **Code** and the **LR**<sup>6</sup>, the **Scorecard** assessed the presence of desirable aspects found in company websites. It was found, as shown in **Figure 16**, that:

- About 93 per cent or 804 companies had websites that disclosed their business operations (**D.8.1**), while 658 or 76 per cent of companies posted their group corporate structure online (**D.8.5**) and 54 per cent or 463 companies posted their shareholding structure (**D.8.4**).
- 684 or 79 per cent of the companies' websites disclosed current and previous years' financial statements (**D.8.2**).
- 745 or 86 per cent of companies had downloadable annual report (**D.8.6**) and AGM/EGM notices on their corporate website (**D.8.7**).
- However, just 16 per cent of the companies published materials for the analysts and media briefings on their websites (**D.8.3**).
- Only 22 companies' websites had published the constitution, including the company's by-laws, memorandum or articles of association (**D.8.8**).

### **Investor Relations Contact**

The disclosure of contact details, such as the telephone, fax or email, of the officer responsible for investor relations would certainly be welcomed by stakeholders, particularly the shareholders of the company who may want to raise concerns or ask questions.

The current assessment found 487 or 56 per cent of the companies disclosed such information compared to 123 or 25 per cent in 2012 (**D.9.1**).

<sup>6</sup> **Recommendation 7.2** of the **Code** states that "The board should encourage the company to leverage on information technology for effective dissemination of information". The **LR** goes further and states under Para. 9.21(1) that "every listed issuer must have its own website".

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## PART E: RESPONSIBILITIES OF THE BOARD

Without the board of directors, a company will find it difficult to chart out strategies and policies for its future growth. While the legal duties and responsibilities of the board are codified under the **Companies Act, 1965**, the challenge is still in getting individual directors to play their respective roles effectively and carry out their fiduciary duties.

There are 81 items under this section, which is the biggest part of the **Scorecard** and goes to signify the importance of the directors and the board.

### Board Duties and Responsibilities

#### Clearly Defined Board Responsibilities and Corporate Governance Policy

The **Code** recommends the board “**establish clear functions reserved for the board and those delegated to management**” and “**establish clear roles and responsibilities in discharging its fiduciary and leadership functions**”.

As seen in **Figure 17**, the review showed 356 or 41 per cent of the companies clearly stated the roles and responsibilities of the board and directors (**E.1.1**), while 403 or 47 per cent of the companies disclosed the types of decisions requiring board approval (**E.1.2**).

The **Code** also recommends that the board should “**formalise, periodically review and make public its board charter**” and a large number of companies adhered to this. In 2013, nearly 82 per cent or 709 companies made this disclosure, a significant change from the year before where just 83 of 17 per cent of companies carried out this best practice (**E.1.3**).

#### Corporate Vision and Mission

The UK’s Institute of Directors defined one of the key tasks of the board was to “**establish and maintain vision, mission and values**”. Only 14 or two per cent of the total companies assessed, asserted their board of directors had periodically reviewed and approved their company’s vision and mission, a marginal increase from seven or one per cent that did so in 2012 (**E.1.5**). This findings show that there is a lack of awareness in the importance of reviewing a company’s vision and mission to reflect current market realities.

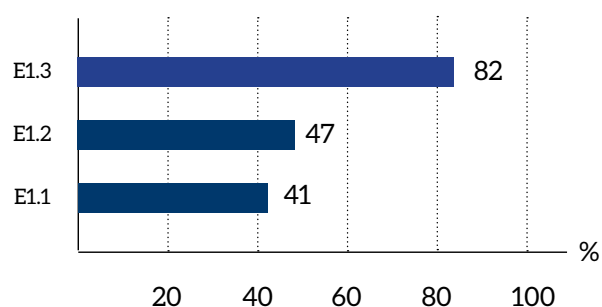
### Board Structure

#### Code of Ethics/Conduct

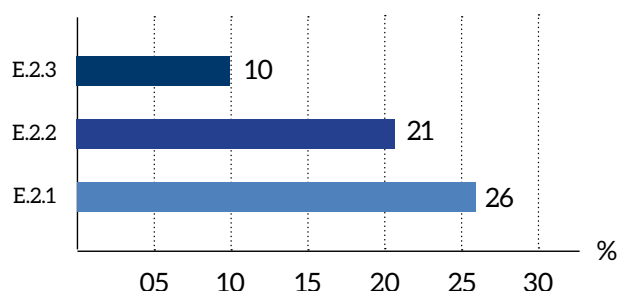
The **Code**’s states the board “**should formalise ethical standards through a code of conduct and ensure its compliance**.” As shown in **Figure 18**, 222 or 26 per cent of companies disclosed their code of ethics (**E.2.1**). Encouragingly, 179 or 21 per cent of the companies stated that all directors, senior management and employees were required to comply with the code of conduct, an increase from 59 or 12 per cent of the companies assessed in 2012 (**E.2.2**).

About 10 per cent of the 862 companies assessed, or 85 companies disclosed how they implement and monitor compliance with the code of ethics or conduct.

**FIGURE 17**  
Board Responsibilities and Board Charter



**FIGURE 18**  
Code of Ethics/Conduct



## Board Structure and Composition

The CG Blueprint 2011 (published by the Securities Commission) is of the view that size may be a contributory factor in governance issues but not the root cause. Nevertheless, a board should neither be too small nor too large. **Figure 19** shows 828 or 97 per cent of companies had boards comprised between five and 12 directors. Only 27 companies had less than five directors and seven companies had more than 12 directors.

644 companies had a board size ranging from five to eight directors. In fact, the average size of a typical board was 7.15 directors.<sup>7</sup> The largest and smallest boards comprised 16 directors and three directors respectively.

With regard to the representation of independent directors, the **LR** requires that they make up one-third of the board or minimum two members. The **Recommendation 3.5 of the Code** suggests a more stringent best practice where the board must comprise of “a majority of independent directors where the chairman of the board is not an independent director.”

The current assessment of the 862 companies showed 39 per cent of the companies had independent directors making up more than half of the board (**E.2.4**). In **Figure 20**, majority of the company (68 per cent) had independent directors making up one third and half of their respective board. At the other end of the spectrum, just 30 companies had independent directors comprising less than a third of the board. Nevertheless, these companies were in compliance with the **LR** because each of them had at least two **independent directors** during the year under review. There was only one company having its board comprised entirely of **independent directors**.

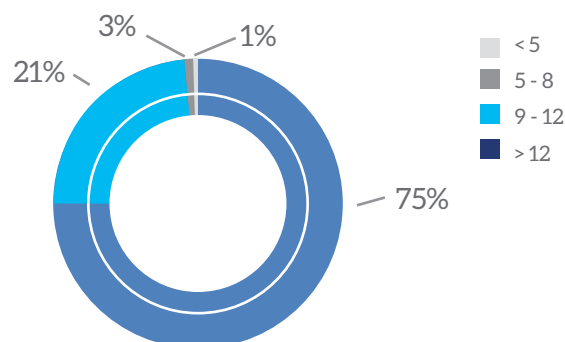
The **Code** also states the board “should undertake an assessment of its independent directors annually”. It would be of value to stakeholders and shareholders if the company disclosed the process and criteria in conducting the assessment of directors. However, only 52 or six per cent of companies disclosed the process (**E.5.9**) and 71 or eight per cent of companies disclosed criteria (**E.5.10**) for the Board assessment. Nevertheless, 48 per cent or 417 companies stated that their independent directors were in fact independent of management and substantial shareholders (**E.2.5**), up from 286 companies that declared the same in 2012.

Findings in relation to best practices concerning board structure and composition as can be seen in **Figure 21** show that :

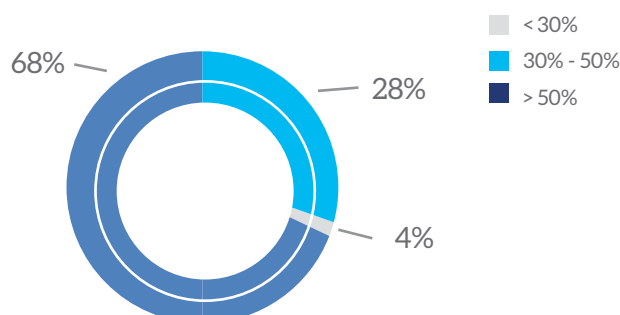
- 286 or 33 per cent of the companies had adopted a term limit of nine years for independent directors, an increase from 12 companies seen in 2012 (**E.2.6**). This shows significant improvement more than a year after the term limit was introduced in the **Code** in March 2012.

<sup>7</sup> The average board size of 7.15 directors was in line with the average board size in prior years; 2009 = 7.29 directors, 2010 = 7.27 directors, 2011 = 7.31 directors and 2012 = 7.64 directors.

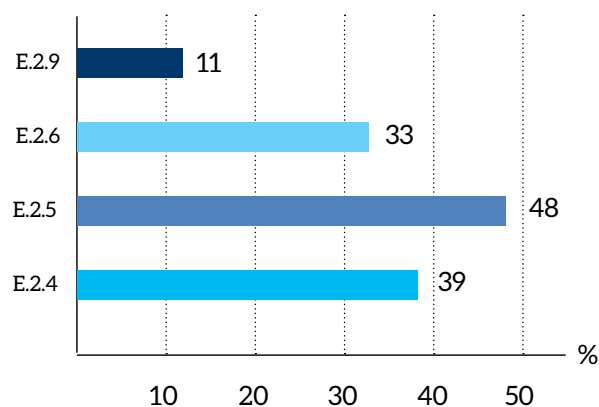
**FIGURE 19**  
Board Size



**FIGURE 20**  
Proportion of independent directors



**FIGURE 21**  
Other board structure matters





- 94 companies or 11 per cent of the total companies assessed in 2013, did not have any executive directors who served on more than two boards of listed companies outside the group (E.2.9).

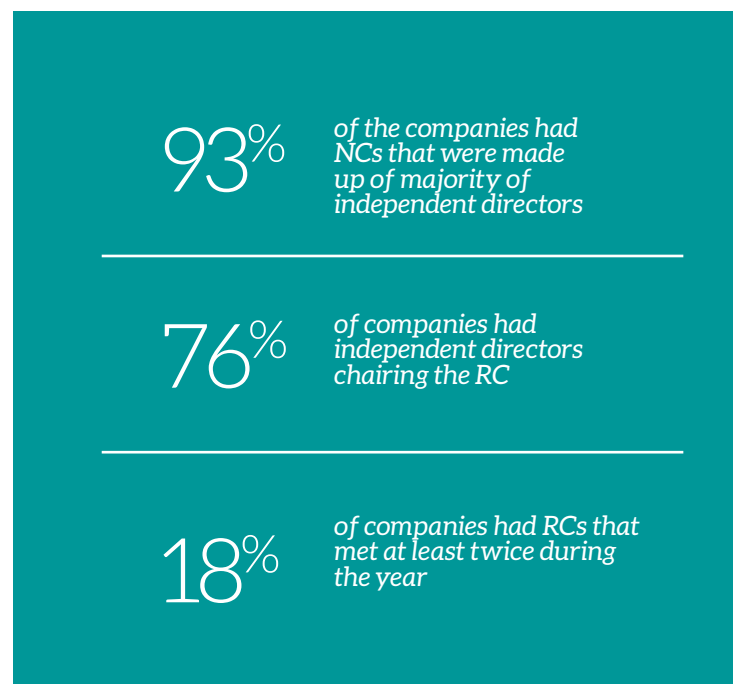
### Nominating Committee (NC)

With effect from 1 June 2013, the **LR** calls for boards to establish a nominating committee. This is consistent with the **Code** that states the board should “**establish a Nominating Committee (NC) which should comprise exclusively of non-executive directors, a majority of whom must be independent**”.

During the year under review, 822 or 95 per cent of companies had established NC (E.2.10), leaving remaining 37 or four per cent of companies that have yet to comply.

In terms of the composition and structure of NC, the findings were as follows:

- 802 or 93 per cent of the companies had NCs that were made up of majority of independent directors (E.2.11).
- 754 or 87 per cent of the companies had an independent director chairing the NC (E.2.12).
- 633 or 73 per cent of companies disclosed the terms of reference or governance structure or charter of the NC (E.2.13).
- 213 or 25 per cent of companies’ NCs met at least twice during the year (E.2.14) and 289 or 34 per cent of the companies had NCs that disclosed the attendance record of the members (E.2.15).



### Remuneration Committee (RC)

The **Code** states that the board should establish a remuneration committee, which “**should consist exclusively or a majority of non-executive directors.**” The function of the RC is to establish formal and transparent remuneration policies and procedures to attract and retain directors.

During the year under review, 812 or 94 per cent of the companies assessed established RC (E.2.16), while 41 or five per cent of companies did not see the need to do so. In terms of the composition and structure of RC, the findings were as follows:

- 692 or 80 per cent of the companies had RCs made up of majority of independent directors (E.2.17).
- 653 or 76 per cent of the companies had independent directors chairing the RC (E.2.18).
- 544 or 63 per cent of companies disclosed the terms of reference or governance structure of the RC (E.2.19).
- 156 or 18 per cent of the companies had RCs that met at least twice during the year (E.2.20) and 281 or 33 per cent of companies had RCs that disclosed the attendance record of their members (E.2.21).

## Audit Committee (AC)

The requirement of having AC, including its structure and process, are extensively provided for by the LR. Five of the nine items that deal with ACs were default responses, while the remaining four voluntary best practices items showed positive findings.

The review found:

- 815 or 95 per cent of the companies disclosed the profiles or qualifications of the AC members in the annual report (E.2.26).
- 849 or 98 per cent of the companies had at least four AC meetings during the year (E.2.28).
- 555 of 64 per cent of the companies had ACs that were primarily responsible for recommending the appointment, re-appointment and removal of the external auditor (E.2.30).

## Board Processes

### Board Meeting and Attendance

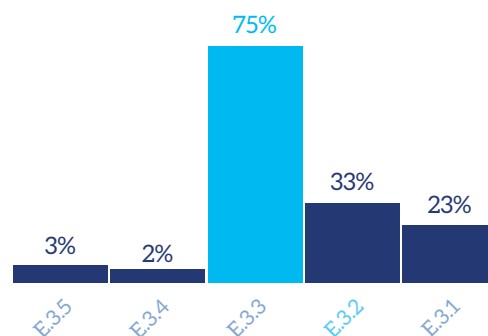
The diligence of board can be measured by frequency of meetings and the policy and practices that it is governed by. During the period under review, it was found (see Figure 22):

- 202 or 23 per cent of companies held board meetings before at or at the beginning of the year (E.3.1).
- 286 or 33 per cent of companies had convened at least six board meetings during the year (E.3.2).
- 650 or 75 per cent of companies had directors that attended at least 75 per cent of all board meetings held in a year (E.3.3).
- Only two per cent or 21 companies require a minimum quorum of at least two-thirds for board decisions (E.3.4).
- 25 or three per cent of the companies held an in-camera or executive session, where non-executive directors meet separately at least once during the year without management or other non-board members present (E.3.5).

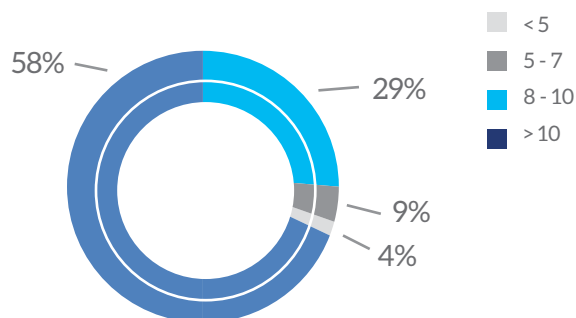
A typical Malaysian company would convene 5.6 board meetings during the year under review<sup>8</sup>. Based on the information presented in Figure 23, 58 per cent of companies convened between five to seven board meetings during the year. Roughly 29 per cent companies were found to have convened the least number of board meetings or less than five to be precise. At the other end, 4 per cent of the companies convened the more than 10 meetings.

<sup>8</sup> The average number board meetings of 5.6 meetings was marginally lower than 5.8 in 2012, , but was higher than 5.5 meetings in 2011 and 5.4 meetings in 2010 and 2009.

**FIGURE 22**  
Board meetings and attendance



**FIGURE 23**  
Number of board meetings



## Access to Information

The board of directors can play their role effectively in steering the company if they get access of timely and relevant information. Disappointingly, just 97 or 11 per cent of the total 862 companies provided board papers to the directors at least five business days ahead of the board meeting (E.3.6).

The company secretary plays a key role in helping the board discharge its responsibilities. While all companies under review hired company secretaries trained in legal, accountancy and company secretarial practices (E.3.8), only 31 per cent of 270 companies had a company secretary that played a significant role in supporting the board (E.3.7).

## Board Appointment and Re-Election

According to the **Code**, the NC is usually tasked with developing, maintaining and reviewing the criteria to be used in recruitment process and annual assessment of directors. As a matter of best practice, a company should also disclose this information.

To this end, the current assessment found that 276 companies or 32 per cent disclosed the criteria used in selecting new directors (E.3.9). Even less companies, at 11 per cent, disclosed the process in appointing new directors (E.3.10) that showed many in Malaysia did not see the need to either develop the recruitment criteria and process or to share with stakeholders such details.

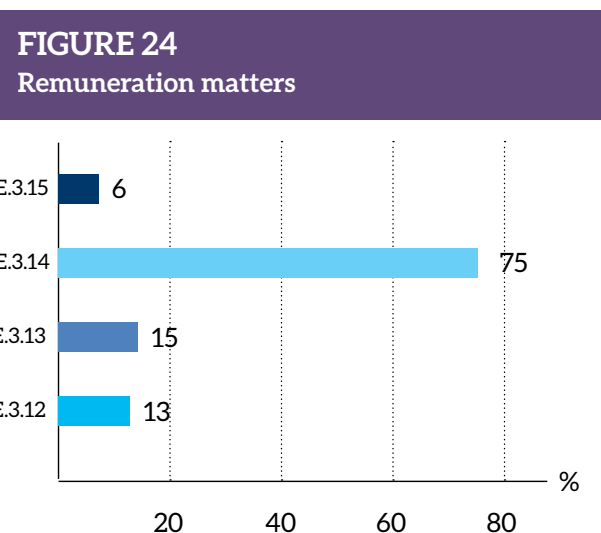
## Remuneration Matters

Attracting and retaining individuals who want to serve as directors, especially in the non-executive roles, remains a challenging issue as stakeholders demand more of the board.

In this context, the **Code** affirms the board “**should establish formal and transparent remuneration policies and procedures to attract and retain directors**” and that such policies and procedures should be disclosed. A close review of the disclosures by the 862 companies revealed the following findings, as summarised in **Figure 24**.

- 114 or 13 per cent of companies disclosed the remuneration policy and performance measures for executive directors and CEO (E.3.12).
- 130 or 15 per cent of the companies disclosed the fee structure for non-executive directors, lower than 224 or 45 per cent of companies that did so in 2012 (E.3.13).
- In contrast, 643 companies or 75 per cent of the companies had their board of directors approve remuneration of executive directors and/or senior executives, encouragingly higher than 284 or 57 per cent of companies that did so in 2012 (E.3.14).

The assessment also revealed that 49 or six per cent of companies had, either as a matter of policy or practice, awarded options, performance shares or bonuses to their independent directors (E.3.15). That is contrary to a stricter policy by the International Corporate Governance Network (ICGN) that does not “**support performance measures in non-executive director remuneration, including cash bonus schemes and equity vesting requirements.**”



## Internal Audit

The internal audit drives sound corporate governance. In this respect, the **Code** states “*the board should establish an internal audit function which reports directly to the Audit Committee (AC)*” – a recommendation that is fully reflected in the **LR**.

When specific matters pertaining to the independence of the audit were examined, it was found that:

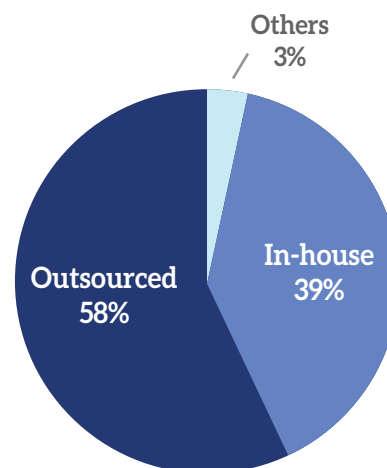
- 265 or 31 per cent of companies disclosed either the identity of the head of internal audit or, if outsourced the name of the external firm that provides such service (**E.3.17**).
- 506 or 59 per cent of companies had a policy requiring the approval of the AC to appoint or to remove the internal auditor (**E.3.18**).

**Figure 25** summarises the types of set-up for the internal audit function across the 862 companies reviewed in 2013. About 39 per cent of the companies had in-house internal audit functions, while 58 per cent outsourced and three per cent of the companies were in the “others” category.

This category mainly referred to internal audit role undertaken by the parent/holding company as a centralised function of the group of companies.

In terms of the costs associated with internal audit function, **Table 5** presents the overall statistics. Generally, larger companies tend to have the internal audit function as well as an in-house unit, which might explain the higher than average costs for an in-house audit function compare to other internal audit function set ups.

**FIGURE 25**  
Types of Internal Audit Function Set-up



**TABLE 5**  
Internal Audit Function Cost

	Average (RM)	Minimum (RM)	Maximum (RM)
In- house	1,504,076	2,000	42,000,000
Outsourced	56,111	3,000	1,033,180
Others	34,355	6,144	46,055

There are questions to be raised in terms of the quality of service a listed company could get for minimum fees for in-house and outsourced internal audit functions.

## Risk Oversight

The **Code** maintains that the board should establish a sound framework to manage risk and disclose the main features in the annual report. While the **Scorecard** finds 688 companies or 80 per cent disclosed the internal controls procedures and risk management were put in place (**E.3.19**), only 253 or 29 per cent of companies revealed how they managed their key risks (**E.3.21**).

Despite being flagged as a best practice, only 454 or 53 per cent of companies disclosed in their annual reports

that the board of directors reviewed material controls (including operational, financial and compliance controls) and risk management systems (E.3.20).

## People on the Board

### Board Chairman

The **Code** recognises the key role of the chairman of the board of directors in driving corporate governance. It goes on to say the positions of chairman and CEO should be held by different individuals and that a non-executive member of the board should become chairman. In the case of chairman not being an independent executive, the board must comprise a majority of independent directors where the chairman of the board is not an independent director.

A review of the board practices of the 862 companies showed:

- 709 or 82 per cent of companies had different persons assuming the roles of chairman and CEO during the year (E.4.1).<sup>9</sup>
- 342 or 40 per cent of companies had chairmen who were independent directors (E.4.2).
- 189 or 22 per cent of companies had chairmen who were CEOs of the companies in the last three years (E.4.3).
- 411 or 48 per cent of companies had disclosed the role and responsibilities of the chairman (E.4.4).

### Skills and Competencies

The board of directors should comprise individuals of relevant skills and competencies. For instance, at least one non-executive director should be an individual having prior working experience in the sector that the company operates in. To this end, 568 companies or two-thirds of the total companies assessed met this expectation (E.4.5).

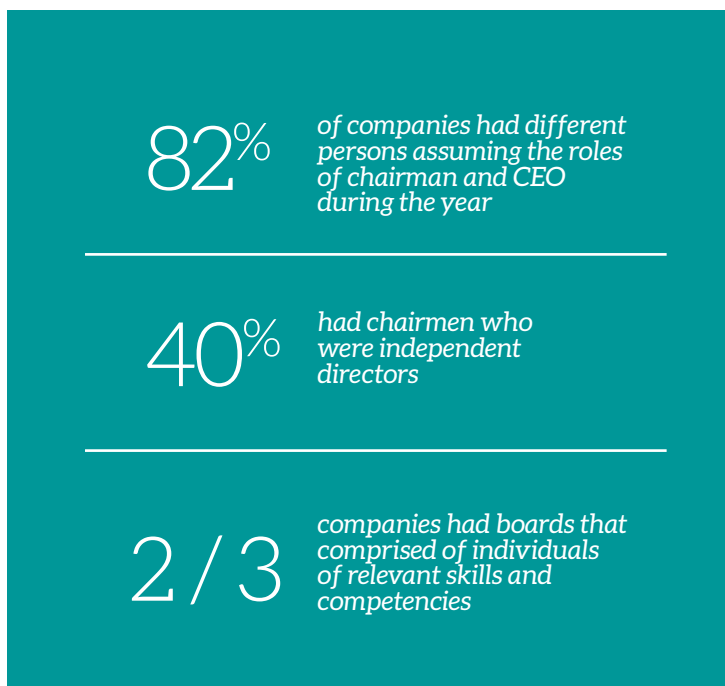
The **Code** goes on to state that the board of a company should establish a policy on diversity among its directors and ensure women candidates are actively recruited. Encouragingly, 134 companies or 16 per cent disclosed a diversity policy for their board of directors, up from 14 in 2012 (E.4.6).

## Board Performance

### Directors' Development

About 204 or 24 per cent of companies held orientation programmes for new directors to help them discharge their duties effectively (E.5.1). It was encouraging to note that 610 or 71 per cent of companies had a policy that encourages directors to attend continuing professional education programme during the year under

<sup>9</sup> Given more companies were surveyed in 2013 compared to 2012, the results indicate some improvement. In 2012, 85 per cent of the 500 companies ensured different individuals held the roles of chairman and CEO respectively. In 2009, the proportion was 59.5 per cent and in 2011, the proportion was 82.6 per cent.



review (E.5.2), meeting a recommendation of the **Code**.

It is crucial for investors and shareholders to monitor whether company directors have been updated with changes in the business and economic landscapes, so that they can chart the direction of the companies effectively.

### CEO Appointment and Performance

Succession planning and annual performance assessment of the CEO and senior management is crucial for a company's future growth. The review of 862 companies showed only 32 or 4 per cent of the total disclosed sufficient details on how the board plans for the succession of the CEO and other key senior management, much higher than just one company in 2012 but still needing much room for improvement (E.5.3). In terms of the annual performance assessment of the CEO, 80 or nine per cent of companies met this criterion during the year under review (E.5.4).

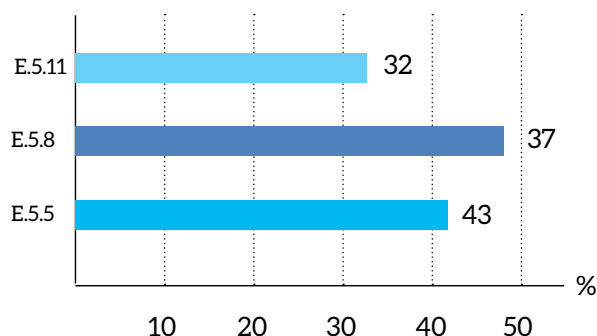
### Board Appraisal

From the **Code** to the **LR**, much is made of periodically assessing the performance of the board, at least annually. As **Figure 26** shows, 317 or 37 per cent of companies carried out annual performance assessment of the board during the year in review (E.5.8). However, only eight per cent, or 71 companies disclosed the criteria used to assess directors (E.5.10); and just six per cent or 52 companies revealed the process used for the assessment (E.5.9).

### Committee Appraisal

Almost all the 862 companies surveyed had established one or more board committees. While the AC is a mandatory requirement, the **Scorecard** notes that the formation of NC and RC were only made mandatory effective 1 June 2013. However, it was a concern to note that only 273 or 32 per cent of companies annually assessed the board committees during the period under review (E.5.11).

**FIGURE 26**  
Appraisals of board, director and committee



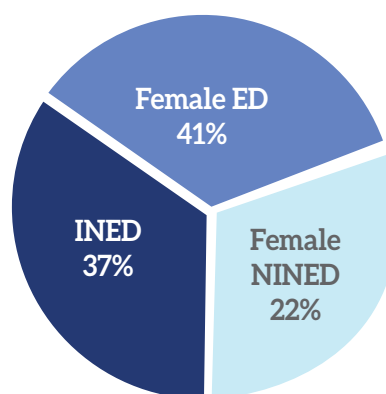
## BONUS

Only one of nine bonus items in the **Scorecard** was not practised by any of the 862 companies surveyed. This was with regards to whether companies used professional search firms or director databases when searching for candidates to make up the board of directors (**D.3.1(B)**).

As for the remaining eight bonus items in the **Scorecard**, the review found instances of companies adopting these best practices.

- Three companies allowed the use of secure electronic voting in absentia at the general meetings of shareholders (**A.1.1(B)**).
- About nine per cent, or 80 companies released notice of AGM, with detailed agendas and explanatory circulars, at least 28 days before the date of the meeting(**B.1.1(B)**). Generally, institutional investors, particularly the foreign-based, prefer longer period between the date of the notice of the AGM and the date of the AGM. With most companies, the practice was to comply with the minimum notice period as required by the law.<sup>10</sup>
- There is persuasive evidence in the literature suggesting the benefits of gender diversity in the boards of companies. The **Scorecard** recognised this aspect and gave bonus two points to any company that had at least one female independent director in their board. Out of the 862 companies assessed, 185 or 21 per cent of companies met this expectation (**D.1.1(B)**). Further analysis of female directorships can be seen **Figure 27**.
- From about 6,177 directorships across the 862 companies, women accounted for 8.6 per cent, or 534 directorships. Female executive directors make up 41 per cent of the 534 directorships, while 22 per cent hold non-independent non-executive directors and the balance are independent non-executive directorships (37 per cent). Women remain under-represented in boards, despite the government's call for more gender diversity.
- Only five companies released the audited annual financial report/statement within 60 days of the financial year end (**C.1.1(B)**).
- About eight per cent or 70 companies disclosed the details of the CEO's remuneration (**C.1.2. (B)**).
- It was found that more than half of the companies had NCs made up entirely of independent directors (**D.2.1 (B)**). One bonus point was given to each of the companies as this was an exemplary practice.

**FIGURE 27**  
Female Directorship



10 See the discussion on notice period for AGM in Part A for further analysis of the matter of interest.

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## PENALTY

The Penalty section had a total of 21 undesirable practices. From the review of 862 companies in 2013, all had refrained from practicing 10 of them that reflect well on the Malaysian corporate scene. These include instances of companies that had:

However, the ensuing discussion refers to evidence that a minority of the companies surveyed had practiced 11 of the penalty items:

- Failed or neglected to offer equal treatment for share repurchases to all shareholders (**A.1.1(P)**).
  - Prevented shareholders from communicating or consulting with other shareholders (**A.2.1(P)**).
  - Included any additional agenda item at the most recent AGM for which due notice has not been given (**A.3.1(P)**).
  - Failed to disclose existence of shareholders' agreement (**A.4.1(P)**), voting cap (**A.4.2(P)**) and multiple voting rights (**A.4.3(P)**).
  - Got convicted of insider trading involving directors, management and employees in the past three years (**B.1.1(P)**).
  - Received any "adverse opinion" in its external audit report (**D.1.2(P)**).
  - Revised its financial statements for reasons other than changes in accounting policies (**D.1.4 (P)**).
  - Non-executive directors have resigned and raised issues of governance-related concerns (**E.1.2(P)**)
- 
- Based on the disclosure made on the ownership and shareholding structures by the companies, 37 or four per cent of them had pyramid ownership structure and/or crossholding structure (**A.5.1(P)**), which allowed certain shareholders to control more than their equity ownership. These companies were given three penalty points each.
  - One company failed to comply with laws, rules and regulations pertaining to significant or material related party actions in the past three years (**B.2.1 (P)**).
  - It was rather unfortunate to find several instances of failure to safeguard the interests of external stakeholders. Seven companies had violated laws pertaining to labour, employment, consumer, insolvency, competition or environmental issues (**C.1.1(P)**).
  - Three companies faced sanctions from regulator for failing to make announcements within the requisite time period for key corporate or material events (**C.2.1. (P)**).
  - Out of the 862 companies assessed, seven received qualified opinion in their external audit reports (**D.1.1(P)**) while one received a disclaimer opinion (**D.1.3 (P)**).
  - There were eight companies that were given three penalty points because they did not comply with listing rules and regulations over the past year apart from disclosure rules (**E.1.1(P)**).
  - Interestingly, there was one company that failed to identify who were the independent directors in the board (**E.2.2 (P)**).
  - Furthermore, there were some penalties awarded to the three companies that had directors or senior managers who were former employees or partners to the current external auditor in the past two years (**E.3.1(P)**), which raises questions on the independence of the auditing firms involved.

About 47 per cent or 404 companies had independent directors who served for more than nine years or two terms (**E.2.1(P)**), which is contrary to the provision in the latest **Code** that had introduced this tenure limit for independent directors last year. Yet, the **Code** notes that in exceptional cases it may be justifiable for the said director to continue serving as independent directors although the board must go to shareholders to get approval. In the end, one penalty point was given to companies for each independent director who served more than nine years on the respective boards.

In an echo of Malaysian companies' inability or reluctance to bring on new independent directors, the **Scorecard** found that 13, or two per cent of the 862 companies assessed had appointed their former CEOs in the past two years as directors (**E.4.1. (P)**).

37%

of companies had pyramid ownership structures and/or crossholding structures

7

companies violated the laws pertaining to labour, employment, consumer insolvency, competition or environmental issues

3

failed to make announcements within the requisite time period for key corporate or material events



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## concluding remarks

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Malaysia's corporate governance scene ended 2013 on a strong note. This was the year World Bank endorsed our country as a regional leader in corporate governance standards worldwide. Malaysia's score surpassed many Asian countries such as Indonesia, India, Thailand, the Philippines and Vietnam, achieving compliance in key areas and sophisticated criteria such as prohibition of insider trading and implementing high quality accounting standards.

While the recognition is a credit to the corporate governance eco-system built up by the Government, SC, MSWG, listed companies and other parties, there were many other developments that made 2013 a year to remember. Some of the highlighters included:

- **Second edition of Bursa Malaysia's Corporate Governance Guide**, which is built on the **Code** and the **LR** that will help directors understand their role and duties to a company and its stakeholder. Corporate governance and investor confidence is nothing without a strong board leadership.
- **SC's Corporate Governance Blueprint**, which MSWG played a key role in formulating, reached the halfway point of its five-year implementation period in 2013. With the mid-term review due next year, the results of this **Scorecard** will help stakeholders gauge the effectiveness of regulatory efforts to fortify shareholder rights, make prominent institutional shareholder roles and clarify the board's position in governance, disclosure and transparency.
- Government policy in Budget 2014 for ValueCap to invest RM 1 billion in companies included in the soon-to-be formed Environmental Social and Governance (ESG) Index. With the frameworks to be put in place in 2014, the index will certainly enrich the corporate governance landscape in Malaysia and turn our companies into more sustainable ones.

With these developments in mind, Malaysia continues to play a leading role in ASEAN's CG landscape with this Scorecard. As one of the pioneer countries to adopt this Scorecard, MSWG is at its second year of assessing listed companies adoption and disclosure of CG principles and best practices.

The overall findings of the assessment of 862 companies have shown improvements in the companies' CG practices as evidenced by increase in the overall average score of 61.59 points compared to 56.70 points in 2012. This is a positive development amidst the increasing expectation for Malaysian companies to improve their CG practices in line with the recommendations of the CG Blueprint, the **Code**, revised **LR** and the expectations enjoined in the ASEAN CG Scorecard.

However, there are areas that warrant further improvements and efforts should be taken by the companies to address these gaps. The recommended areas for improvement include the following :

- Publishing the AGM minutes/summary of minutes on the company's website including the policies, procedures and insights on the conduct of the meeting as well as the voting results.
- Approval by shareholders of total directors' remuneration including the allowances, benefit in kinds and other emoluments instead of only directors' fees as mandated by laws.
- Publishing directors' profile with clear separation of directorships in listed and unlisted public companies.
- Disclosing more information on ESG policies and activities including the whistle-blowing aspects.
- Disclosing more information on corporate objectives, key risks areas (other than financial risks), dividend policy and remuneration of individual directors.
- Disclosing more information on Board Assessment including the process and criteria used for the assessment.
- More needs to be done by these Malaysian companies in terms of strengthening shareholder rights, engaging with shareholders and enforcing board responsibilities.

With the ASEAN Economic Community coming into a reality in 2015 and a challenging economic and financial markets landscape ahead, there is a strong case for Malaysian companies to lift their CG scores so that they can attract domestic and foreign investors. The **Scorecard** can make that happen.



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<b>AAA</b>	Annual Audited Accounts
<b>AC</b>	Audit Committee
<b>AGM</b>	Annual General Meeting
<b>AEC</b>	ASEAN Economic Community
<b>ACGA</b>	Asian Corporate Governance Association
<b>ACMF</b>	ASEAN Capital Markets Forum
<b>AR</b>	Annual Report
<b>ASEAN</b>	Association of South East Asian Nations
<b>Average</b>	See “Mean”
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CG</b>	Corporate Governance
<b>CG Blueprint</b>	Corporate Governance Blueprint released by Securities Commission Malaysia in July 2011
<b>Code</b>	Malaysian Code on Corporate Governance 2012
<b>CLSA</b>	Credit Lyonnais Securities Asia
<b>CMDF</b>	Capital Market Development Fund
<b>DRB</b>	Domestic Ranking Body
<b>ED</b>	Executive Director
<b>EGM</b>	Extraordinary General Meeting
<b>ESG</b>	Environment, Social and Governance
<b>Exchange</b>	Bursa Malaysia Securities Berhad
<b>GLC</b>	Government Linked Company
<b>ICGN</b>	International Corporate Governance Network
<b>IR</b>	Investor Relations
<b>INED</b>	Independent Non-Executive Director
<b>LR</b>	Listing Requirements
<b>MEAN</b>	The most common method of finding a typical value for a list of numbers. Found by adding up all the values then dividing by the number of items. Also Called the “Average”
<b>MSWG</b>	Minority Shareholder Watchdog Group
<b>MCG</b>	Malaysian Corporate Governance
<b>MD</b>	Managing Director
<b>NC</b>	Nominating Committee
<b>NED</b>	Non-Executive Director
<b>NINED</b>	Non-Independent Non-Executive Director
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PLC</b>	Public Listed Company
<b>RC</b>	Remuneration Committee
<b>RPT</b>	Related Party Transaction
<b>RRPT</b>	Recurrent Related Party Transaction
<b>SC</b>	Securities Commission Malaysia
<b>Scorecard</b>	ASEAN Corporate Governance Scorecard

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appendices



## APPENDIX 1: METHODOLOGY

The year 2013 was the second year MSWG used the ASEAN Corporate Governance Scorecard<sup>11</sup> (**Scorecard**) to assess 862 Malaysian public listed companies. Earlier on, MWSG had used Malaysian Corporate Governance (MCG) Index Scorecard<sup>12</sup> in 2009 and 2011 but it was later changed as ASEAN countries agreed to use a standard methodology that could be applied across the whole region.

The Scorecard essentially has two parts which are referred to as **Level 1** and **Level 2**. The descriptions and the mechanics in arriving the final score for each company are as follows:

### Level 1

Level 1 comprised 179 items and they were divided into five parts corresponding with the **OECD Principles**. Each part carried different weights based on the relative importance of the area. **Table 6** shows the number of items in each part and the weights attached to each part.

TABLE 6

Breakdown of Items in Level 1 Scorecard

	Part A	Part B	Part C	Part D	Part E	Total
No. of items	25	17	21	40	76	179
Weights	10%	15%	10%	25%	40%	100%

Each item in **Level 1** carried one point. Some items may also provide for a “Not Applicable” option. Where a practice was mandated by laws, regulations or listing rules in a country, the company is assumed to have adopted the practice unless there was evidence to the contrary. These items were referred to as ‘default response items’.

The overall score in each part of **Level 1** was then computed by adding all the points in that part, adjusting for items which were not applicable to the company. The total score for a company was then computed by weighting the scores for each part according to the relative importance and totaling the weighted scores.

### Level 2

**Level 2** contains 30 bonus and penalty items collectively, each with a different number of points. The bonus items were to recognise companies which went beyond items in **Level 1** by adopting other emerging good practices. The penalty items were designed to downgrade companies with poor governance practices which are not reflected in their scores for **Level 1**, such as being sanctioned by regulators for breaches of listing rules. The bonus and penalty items were designed to enhance the robustness of the **Scorecard** in assessing the extent to which companies apply the spirit of good corporate governance.

The total bonus and penalty points are added to or subtracted from the total score in **Level 1** to give the final score for the company. Readers of this report should take note that the **Scorecard** relied heavily on disclosures made by companies. In this regard, the accessibility of information disclosed is of utmost importance.

### Accessibility of Information

The assessment of companies by way of the **Scorecard** relied primarily on information contained in annual reports as at 31 July 2013 and company websites as at the date of assessment. Other sources of information included company announcements, circulars, articles of association, minutes of shareholders’ meetings, corporate governance policies, codes of conduct, and sustainability reports. Only information which was publicly available and which was easily accessible and understood was used in the assessment. To be given points in the **Scorecard**, disclosure must be unambiguous and sufficiently complete. To be assessed and ranked, most of this information should be in English.

### Sample Size

The current assessment was based on 862 companies<sup>13</sup>, a more than 70 per cent jump in coverage from 500 companies in 2012.

11 Further details about ACMF and the ASEAN Corporate Governance Scorecard initiative are available at [www.theacmf.org](http://www.theacmf.org) and [www.mswg.org.my](http://www.mswg.org.my)

12 The MCG Index Scorecard can be viewed at [www.mswg.org.my](http://www.mswg.org.my)

13 Readers are advised to exercise caution when comparing the results and findings from the current assessment to those of prior MCG Index assessments in 2009, 2010 and 2011.



scorecard  
.....



Country  
 PLCName  
 StockCode  
 CG Expert Name  
 Sector  
 Year  
 Date of Financial Year End

Source Document/ Location of Information

Guiding Reference

**A Rights of Shareholders**

A		Guiding Reference	Source Document/ Location of Information
<b>A.1</b>			
	Does the company pay (interim and final/annual) dividends in an equitable and timely manner; that is, all shareholders are treated equally and paid within 30 days after being (i) declared for interim dividends and (ii) approved by shareholders at general meetings for final dividends?	<b>OECD Principle II: The Rights of Shareholders and Key Ownership Functions</b> <b>(A) Basic shareholder rights should include the right to, amongst others: (6) share in the profits of the corporation.</b>	Dividends announcement
A.1.1			
<b>A.2</b>			
<b>Right to participate in decisions concerning fundamental corporate changes.</b>			
	Do shareholders have the right to participate in:	<b>OECD Principle II</b> <b>(B) Shareholders should have the right to participate in, and to be sufficiently informed on, decisions concerning fundamental corporate changes such as: (1) amendments to the statutes, or articles of incorporation or similar governing documents of the company</b>	Annual Report/Company website/Articles of Association.
A.2.1	Amendments to the company's constitution?		
A.2.2	The authorisation of additional shares?	<b>OECD Principle II (B):</b> (2) the authorisation of additional shares	
A.2.3	The transfer of all or substantially all assets, which in effect results in the sale of the company?	<b>OECD Principle II.(B):</b> (3) extraordinary transactions, including the transfer of all or substantially all assets, that in effect result in the sale of the company	
<b>A.3</b>			
<b>Right to participate effectively in and vote in general shareholder meetings and should be informed of the rules, including voting procedures, that govern general shareholder meetings.</b>			
	Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non-executive directors/commissioners?	<b>OECD Principle II (C):</b> (3) Effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members, should be facilitated.	Announcement of AGM/Articles of Association/Annual Report/Company website.
A.3.1			
	Does the company provide non-controlling shareholders a right to nominate candidates for board of directors/commissioners?	Shareholders should be able to make their views known on the remuneration policy for board members and key executives. The equity component of compensation schemes for board members and employees should be subject	Annual Report/Company website/Articles of Association.
A.3.2			

Rights of Shareholders			
A.3.3	Does the company allow shareholders to elect directors/commissioners individually?	to shareholder approval.	Minutes of AGM/Result announcement of AGM/Articles of Association/Annual Report/website.
A.3.4	Does the company disclose the voting and vote tabulation procedures used, declaring both before the meeting proceeds?	<b>OECD Principle II (C):</b> Shareholders should have the opportunity to participate effectively and vote in general shareholder meetings and should be informed of the rules, including voting procedures, that govern general shareholder meetings.	AGM Minutes/Articles of Association/Company website.
A.3.5	Do the minutes of the most recent AGM record that there was an opportunity allowing for shareholders to ask questions or raise issues?	<b>OECD Principle II (C):</b> (2) Shareholders should have the opportunity to ask questions to the board, including questions relating to the annual external audit, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations.	
A.3.6	Do the minutes of the most recent AGM record questions and answers?		
A.3.7	Does the disclosure of the outcome of the most recent AGM include resolution(s)?		AGM Minutes/ Summary of Minutes
A.3.8	Does the company disclose the voting results including approving, dissenting, and abstaining votes for each agenda item for the most recent AGM?	<b>OECD Principle II (C); and</b> <b>ICGN 2.4.2:</b> All directors need to be able to allocate sufficient time to the board to perform their responsibilities effectively, including allowing some leeway for occasions when greater than usual time demands are made.	
A.3.9	Does the company disclose the list of board members who attended the most recent AGM?		
A.3.10	Did the chairman of the board of directors/commissioners attend the most recent AGM?		
A.3.11	Did the CEO/Managing Director/President attend the most recent AGM?		
A.3.12	Did the chairman of the Audit Committee attend the most recent AGM?	<b>OECD Principle II (C)</b>	Notice of AGM/Company website.
A.3.13	Did the company organise their most recent AGM in an easy to reach location?		
A.3.14	Does the company allow for voting in absentia?	<b>OECD Principle II (C):</b> (4) Shareholders should be able to vote in person or in absentia, and equal effect should be given to votes whether cast in person or in absentia.	AGM Announcement/AGM Minutes/Articles of Association
A.3.15	Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?		AGM Minutes.
A.3.16	Does the company disclose that it has appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM?	<b>OECD Principle II (C)</b>	AGM Minutes.
A.3.17	Does the company make publicly available by the next working day the result of the votes taken during the most recent AGM for all resolutions?		Company announcement/Company website.
A.3.18	Do companies provide at least 21 days notice for all resolutions?	<b>OECD Principle II (C):</b> (1) Shareholders should be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full	Company announcements/Articles of Association/Annual Report/Company website.



A	Rights of Shareholders	Guiding Reference	Source Document/ Location of Information
A.3.19	Does the company provide the rationale and explanation for each agenda item which require shareholders' approval in the notice of AGM/circulars and/or the accompanying statement?	and timely information regarding the issues to be decided at the meeting.	Company announcements/Articles of Association/Annual Report/Company website.
A.4	<b>Markets for corporate control should be allowed to function in an efficient and transparent manner.</b>	<b>OECD Principle II (E):</b> Markets for corporate control should be allowed to function in an efficient and transparent manner.  (1) The rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets, should be clearly articulated and disclosed so that investors understand their rights and recourse. Transactions should occur at transparent prices and under fair conditions that protect the rights of all shareholders according to their class.	Merger announcement/Company Report on the merger.
A.4.1	In cases of mergers, acquisitions and/or takeovers, does the board of directors/commissioners of the offeree company appoint an independent party to evaluate the fairness of the transaction price?		
A.5	<b>The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.</b>		
A.5.1	Is the share ownership by institutional investors, other than controlling shareholders, greater than 5%?		Annual Report/Company website.

Country  
 PLCName  
 StockCode  
 CG Expert Name  
 Sector  
 Year  
 Date of Financial Year End

Equitable Treatment of Shareholders		Guiding Reference	Source Document/ Location of Information
<b>B</b>			
<b>B.1 Shares and voting rights</b>			
B.1.1	Do the company's ordinary or common shares have one vote for one share?	<p><b>OECD Principle III</b>  <b>(A) All shareholders of the same series of a class should be treated equally.</b>            (1) Within any series of a class, all shares should carry the same rights. All investors should be able to obtain information about the rights attached to all series and classes of shares before they purchase. Any changes in voting rights should be subject to approval by those classes of shares which are negatively affected.</p> <p><b>ICGN 8.3.1 Unequal voting rights</b>            Companies ordinary or common shares should feature one vote for one share. Divergence from a 'one-share, one-vote' standard which gives certain shareholders power which is disproportionate to their equity ownership should be both disclosed and justified.</p>	Annual Report / Company website / announcement
B.1.2	Where the company has more than one class of shares, does the company publicise the voting rights attached to each class of shares (e.g. through the company website / reports/ the stock exchange/ the regulator's website)?		Annual Report / Company website / announcement
<b>B.2 Notice of AGM</b>			
B.2.1	Does each resolution in the most recent AGM deal with only one item, i.e., there is no bundling of several items into the same resolution?		Notice of AGM
B.2.2	Are the company's notice of the most recent AGM/circulars fully translated into English and published on the same date as the local-language version?	<p><b>OECD Principle II</b>  <b>(C) Shareholders should have the opportunity to participate effectively and vote in general shareholder meetings and should be informed of the rules, including voting procedures, that govern shareholder meetings:</b>            (1) Shareholders should be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting.            (3) Effective shareholder participation in key corporate governance decisions,</p>	Notice of AGM
	<b>Does the notice of AGM/circulars have the following details:</b>		

Equitable Treatment of Shareholders		Guiding Reference	Source Document/ Location of Information
B			
B.2.3	Are the profiles of directors/commissioners (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) in seeking election/re-election included?	such as the nomination and election of board members, should be facilitated. OECD Principle II (A) All shareholders of the same series of a class should be treated equally. (4) Impediments to cross border voting should be eliminated.	Notice of AGM/Annual Report
B.2.4	Are the auditors seeking appointment/re-appointment clearly identified?	ICGN 8.3.2 Shareholder participation in governance Shareholders should have the right to participate in key corporate governance decisions, such as the right to nominate, appoint and remove directors in an individual basis and also the right to appoint external auditor.	Notice of AGM/Annual Report
B.2.5	Has an explanation of the dividend policy been provided?	ICGN 8.4.1 Shareholder ownership rights The exercise of ownership rights by all shareholders should be facilitated, including giving shareholders timely and adequate notice of all matters proposed for shareholder vote.	Notice of AGM
B.2.6	Is the amount payable for final dividends disclosed?		Notice of AGM
B.2.7	Documents required to be proxy/ Were the proxy documents made easily available?		Notice of AGM
B.3			
<b>Insider trading and abusive self-dealing should be prohibited.</b>			
B.3.1	Does the company have policies and/or rules prohibiting directors/commissioners and employees to benefit from knowledge which is not generally available to the market?	<b>OECD Principle III</b> <b>(B) Insider trading and abusive dealing should be prohibited</b>	Annual Report / Company website / announcement
B.3.2	Are the directors / commissioners required to report their dealings in company shares within 3 business days?	<b>ICGN 3.5 Employee share dealing</b> Companies should have clear rules regarding any trading by directors and employees in the company's own securities. Among other issues, these must seek to ensure individuals do not benefit from knowledge which is not generally available to the market. <b>ICGN 8.5 Shareholder rights of action</b> ... Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.	Annual Report / Company website / announcement

## Equitable Treatment of Shareholders

B

## B.4 Related party transactions by directors and key executives.

B.4.1	Does the company have a policy requiring directors /commissioners to disclose their interest in transactions and any other conflicts of interest?		Annual Report / Company website / announcement
B.4.2	Does the company have a policy requiring a committee of independent directors/commissioners to review material/significant RPTs to determine whether they are in the best interests of the company and shareholders?	<p><b>OECD Principle III</b> (C) Members of the board and key executives should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the corporation.</p> <p><b>ICGN 2.11.1 Related party transactions</b> Companies should have a process for reviewing and monitoring any related party transaction. A committee of independent directors should review significant related party transactions to determine whether they are in the best interests of the company and if so to determine what terms are fair.</p>	Annual Report / Company website / announcement
B.4.3	Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflicted?	<p><b>ICGN 2.11.2 Director conflicts of interest</b> Companies should have a process for identifying and managing conflicts of interest directors may have. If a director has an interest in a matter under consideration by the board, then the director should not participate in those discussions and the board should follow any further appropriate processes. Individual directors should be conscious of shareholder and public perceptions and seek to avoid situations where there might be an appearance of a conflict of interest.</p>	Annual Report / Company website / announcement
B.4.4	Does the company have policies on loans to directors and commissioners either forbidding this practice or ensuring that they are being conducted at arm's length basis and at market rates.		Annual Report / Company website / announcement

Equitable Treatment of Shareholders

Protecting minority shareholders from abusive actions

<p>B.5.1</p>	<p>Were there any RPTs that can be classified as financial assistance to entities other than wholly-owned subsidiary companies?</p>	<p><b>OECD Principle III</b>  <b>(A) All shareholders of the same series of a class should be treated equally.</b>                  (2) Minority shareholders should be protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and should have effective means of redress.</p> <p><b>ICGN 2.11.1 Related party transactions</b>                  Companies should have a process for reviewing and monitoring any related party transaction. A committee of independent directors should review significant related party transactions to determine whether they are in the best interests of the company and if so to determine what terms are fair.</p> <p><b>ICGN 2.11.2 Director conflicts of interest</b>                  Companies should have a process for identifying and managing conflicts of interest directors may have. If a director has an interest in a matter under consideration by the board, then the director should not participate in those discussions and the board should follow any further appropriate processes. Individual directors should be conscious of shareholder and public perceptions and seek to avoid situations where there might be an appearance of a conflict of interest.</p> <p><b>ICGN 8.5 Shareholder rights of action</b>                  Shareholders should be afforded rights of action and remedies which are readily accessible in order to redress conduct of company which treats them inequitably. Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.</p>	<p>Annual Report / Company website / announcement / Media</p>
<p>B.5.2</p>	<p>Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?</p>	<p>Annual Report / Company website / announcement</p>	<p>Annual Report / Company website / announcement</p>

Country  
 PLC Name  
 Stock Code  
 CG Expert Name  
 Sector  
 Year  
 Date of Financial Year End

Role of Stakeholders		Guiding Reference	Source Document/ Location of Information		
<b>C.1</b>					
The rights of stakeholders that are established by law or through mutual agreements are to be respected.					
	Does the company disclose a policy that :				
C.1.1	Stipulates the existence and scope of the company's efforts to address customers' welfare?	<p><b>OECD Principle IV (A):</b>            The rights of stakeholders that are established by law or through mutual agreements are to be respected. In all OECD countries, the rights of stakeholders are established by law (e.g. labour, business, commercial and insolvency laws) or by contractual relations. Even in areas where stakeholder interests are not legislated, many firms make additional commitments to stakeholders, and concern over corporate reputation and corporate performance often requires the recognition of broader interests.</p> <p><b>Global Reporting Initiative: Sustainability Report (C1.1 - C.15)</b>  <b>International Accounting Standards 1: Presentation of Financial Statements</b></p>	Annual Report/Company website/Sustainability or Corporate Responsibility Report (CSR)		
C.1.2	Explains supplier/contractor selection practice?				
C.1.3	Describes the company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development?				
C.1.4	Elaborates the company's efforts to interact with the communities in which they operate?				
C.1.5	Describe the company's anti-corruption programmes and procedures?				
C.1.6	Describes how creditors' rights are safeguarded?				
Does the company disclose the activities that it has undertaken to implement the above mentioned policies?					
C.1.7	Customer health and safety			<p><b>OECD Principle IV (A) &amp; Global Reporting Initiative</b></p>	Annual Report/company website/Sustainability or CR Report
C.1.8	Supplier/Contractor selection and criteria				
C.1.9	Environmentally-friendly value chain				
C.1.10	Interaction with the communities				
C.1.11	Anti-corruption programmes and procedures				
C.1.12	Creditors' rights				
C.1.13	Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?	Annual Report/Company website/Sustainability or CR Report.			

**C** Role of Stakeholders

**Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.**

C.2	Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.	<p><b>OECD Principle IV (B):</b> Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.</p> <p>The governance framework and processes should be transparent and not impede the ability of stakeholders to communicate and to obtain redress for the violation of rights.</p>	Company website/Annual Report.
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**C.3 Performance-enhancing mechanisms for employee participation should be permitted to develop.**

C.3.1	Does the company explicitly disclose the health, safety, and welfare policy for its employees?	<p><b>OECD Principle IV (C):</b> Performance-enhancing mechanisms for employee participation should be permitted to develop. In the context of corporate governance, performance enhancing mechanisms for participation may benefit companies directly as well as indirectly through the readiness by employees to invest in firm-specific skills.</p>	Annual Report/Company website/ separate CR or ESG report as the case may be
C.3.2	Does the company publish relevant information relating to health, safety and welfare of its employees?	<p>Firm specific skills are those skills/competencies that are related to production technology and/or organizational aspects that are unique to a firm.</p>	Annual Report/Company website/ separate CR or ESG report as the case may be
C.3.3	Does the company have training and development programmes for its employees?	<p>Examples of mechanisms for employee participation include: employee representation on boards; and governance processes such as works councils that consider employee viewpoints in certain key decisions. With respect to performance enhancing mechanisms, employee stock ownership plans or other profit sharing mechanisms are to be found in many countries.</p>	Annual Report/Company website/ separate CR or ESG report as the case may be
C.3.4	Does the company publish relevant information on training and development programmes for its employees?		Annual Report/Company website/ separate CR or ESG report as the case may be
C.3.5	Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?		Annual Report/Company website/ separate CR or ESG report as the case may be

**C.4 Stakeholders including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.**

C.4.1	Does the company have procedures for complaints by employees concerning illegal (including corruption) and unethical behaviour?	<p><b>OECD Principle IV (E):</b> Stakeholders, including individual employees and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.</p>	Annual Report/Company website
C.4.2	Does the company have a policy or procedures to protect an employee/person who reveals illegal/unethical behavior from retaliation?		Annual Report/Company website

Country

PLCName

StockCode

CG Expert Name

Sector

Year

Date of Financial Year End

Source Document/ Location of Information

Guiding Reference

D Disclosure and Transparency		Guiding Reference		Source Document/ Location of Information	
D.1 Transparent ownership structure					
D.1.1	Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more?			Annual Report	
D.1.2	Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?	<p><b>OECD Principle V: Disclosure and Transparency</b>  <b>(A) Disclosure should include, but not limited to, material information on:</b>            (3) Major share ownership and voting rights, including group structures, intra-group relations, ownership data, and beneficial ownership.</p>		Annual Report	
D.1.3	Does the company disclose the direct and indirect (deemed) shareholdings of directors (commissioners)?	<p><b>ICGN 7.6 Disclosure of ownership</b>            ... the disclosure should include a description of the relationship of the company to other companies in the corporate group, data on major shareholders and any other information necessary for a proper understanding of the company's relationship with its public shareholders.</p>		Annual Report	
D.1.4	Does the company disclose the direct and indirect (deemed) shareholdings of senior management?			Annual Report	
D.1.5	Does the company disclose details of the parent/holding company, subsidiaries, associates, joint ventures and special purpose enterprises/ vehicles (SPEs)/ (SPVs)?			Annual Report	
<b>D.2 Quality of Annual Report</b>					
<b>Does the company's annual report disclose the following items:</b>					
D.2.1	Key risks	"OECD Principle V (A): (1) The financial and operating results of the company; (2) Company objectives, including ethics, environment, and other public policy commitments; (3) Major share ownership and voting rights, including group structures, intra-group relations, ownership data, beneficial ownership; (4) Remuneration policy for members of the board and key executives, including their qualifications, the selection process, other company directorships and whether they are regarded as independent by the board; (6) Foreseeable risk factors, including risk management system; (7) Issues regarding employees and other stakeholders; (8) Governance structure and policies, in particular, the content of any corporate governance code or policy and the process by which it is implemented.		Annual Report	
D.2.2	Corporate objectives			Annual Report	
D.2.3	Financial performance indicators			Annual Report	
D.2.4	Non-financial performance indicators			Annual Report	



D Disclosure and Transparency			
D.2.5	Dividend policy	OECD Principle V (E): Channels for disseminating information should provide for equal, timely and cost-efficient access to relevant information by users.	Annual Report
D.2.6	Details of whistle-blowing policy	ICGN 2.4 Composition and structure of the board ICGN 2.4.1 Skills and experience ICGN 2.4.3 Independence	Annual Report
D.2.7	Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	ICGN 5.0 Remuneration ICGN 5.4 Transparency	Annual Report
D.2.8	Training and/or continuing education programme attended by each director/commissioner	UK Corporate Governance Code (2010) A.1.2 - the number of meetings of the board and those committees and individual attendance by directors.	Annual Report
D.2.9	Number of board of directors/commissioners meetings held during the year	CLSA-ACGA (2010) CG Watch 2010 - Appendix 2 (I) CG rules and practices (19) Disclose the exact remuneration of individual directors.	Annual Report
D.2.10	Attendance details of each director/commissioner in respect of meetings held	"	Annual Report
D.2.11	Details of remuneration of each member of the board of directors/commissioners	"	Annual Report
<b>Corporate Governance Confirmation Statement</b>			

D	Disclosure and Transparency		<p><b>OECD PRINCIPLE V (A) (8)</b></p> <p><b>UK CODE (JUNE 2010): Listing Rules</b> 9.8.6 R (for UK incorporated companies) and 9.8.7 R (for overseas incorporated companies) state that in the case of a company that has a Premium listing of equity shares, the following items must be included in its Annual Report and accounts: a statement of how the listed company has applied the Main Principles set out in the UK CG Code, in a manner that would enable shareholders to evaluate how the principles have been applied; a statement as to whether the listed company has complied throughout the accounting period with all relevant provisions set out in the UK CG Code; or not complied throughout the accounting period with all relevant provisions set out in the UK CG Code, and if so, setting out:</p> <p>(i) those provisions, if any, it has not complied with;</p> <p>(ii) in the case of provisions whose requirements are of a continuing nature, the period within which, if any, it did not comply with some or all of those provisions; and</p> <p>(iii) the company's reasons for non-compliance.</p> <p><b>ASX CODE:</b> Under ASX Listing Rule 4.10.3, companies are required to provide a statement in their Annual Report disclosing the extent to which they have followed the Recommendations in the reporting period. Where companies have not followed all the Recommendations, they must identify the Recommendations that have not been followed and give reasons for not following them. Annual Reporting does not diminish the company's obligation to provide disclosure under ASX Listing Rule 3.1.</p>	Annual Report
D.2.12	Does the Annual Report contain a statement confirming the company's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue?			

D.3.	Disclosure of related party transactions (RPT)		<p><b>OECD Principle V: Disclosure and Transparency</b> (A) Disclosure should include, but not limited to, material information on: (5) Related party transactions</p> <p><b>ICGN 2.11.1 Related party transactions</b> The company should disclose details of all material related party transactions in its Annual Report.</p>	Annual Report
D.3.1	Does the company disclose its policy covering the review and approval of material/significant RPTs?		Annual Report	
D.3.2	Does the company disclose the name of the related party and relationship for each material/significant RPT?		Annual Report	
D.3.3	Does the company disclose the nature and value for each material/significant RPT?		Annual Report	

D Disclosure and Transparency			
D.4	Directors and commissioners dealings in shares of the company		
D.4.1	Does the company disclose trading in the company's shares by insiders?	<p><b>OECD Principle V (A):</b> (3) Major share ownership and voting rights</p> <p><b>ICGN 3.5 Employee share dealing</b> Companies should have clear rules regarding any trading by directors and employees in the company's own securities.</p> <p><b>ICGN 5.5 Share ownership</b> Every company should have and disclose a policy concerning ownership of shares of the company by senior managers and executive directors with the objective of aligning the interests of these key executives with those of shareholders.</p>	Annual Report
D.5	External auditor and Auditor Report		
D.5.1	Are audit fees disclosed?		Annual Report
	Where the same audit firm is engaged for both audit and non-audit services		
D.5.2	Are the non-audit fees disclosed?	<p><b>OECD Principle V (C):</b> An annual audit should be conducted by an independent, competent and qualified, auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects.</p> <p><b>OECD Principle V (D):</b> External auditors should be accountable to the shareholders and owe a duty to the company to exercise due professional care in the conduct of the audit.</p> <p><b>ICGN 6.5 Ethical standards (Audit)</b> The auditors should observe high-quality auditing and ethical standards. To limit the possible risk of possible conflicts of interest, non-audit services and fees paid to auditors for non-audit services should be both approved in advance by the audit committee and disclosed in the Annual Report.</p>	Annual Report
D.5.3	Does the non-audit fees exceed the audit fees?		Annual Report
D.6	Medium of communications		
	Does the company use the following modes of communication?		
D.6.1	Quarterly reporting	<p><b>OECD Principle V (E):</b> Channels for disseminating information should provide for equal, timely and cost-efficient access to relevant information by users.</p>	Announcement /Company website

D		Disclosure and Transparency	Guiding Reference	Source Document/ Location of Information
D.6.2	Company website	<b>ICGN 7.1 Transparent and open communication</b> Every company should aspire to transparent and open communication about its aims, its challenges, its achievements and its failures.	Company website	Company website
D.6.3	Analyst's briefing	<b>ICGN 7.2 Timely disclosure</b> Companies should disclose relevant and material information concerning themselves on a timely basis, in particular meeting market guidelines where they exist, so as to allow investors to make informed decisions about the acquisition, ownership obligations and rights, and sales of shares.	Annual Report / Announcement / Company website	Annual Report / Announcement / Company website
D.6.4	Media briefings /press conferences		Annual Report / Announcement / Company website	Annual Report / Announcement / Company website
<b>D.7</b>	<b>Timely filing/release of annual/financial reports</b>			
D.7.1	Is the audited annual financial report / statement released within 120 days from the financial year end?		<b>OECD Principle V (C)</b>	Announcement/ company website/ exchange website
D.7.2	Is the annual report released within 120 days from the financial year end?		<b>OECD Principle V (E) OECD Principle V-(A).</b> <b>ICGN 7.2 Timely disclosure</b>	Annual Report/ company website
D.7.3	Is the true and fairness/fair representation of the annual financial statement/reports affirmed by the board of directors/commissioners and/or the relevant officers of the company?		<b>ICGN 7.3 Affirmation of financial statements</b> The board of directors and the corporate officers of the company should affirm at least annually the accuracy of the company's financial statements or financial accounts.	Annual Report/ company website
<b>D.8</b>	<b>Company website</b>			
	<b>Does the company have a website disclosing up-to-date information on the following:</b>			
D.8.1	Business operations			Company website
D.8.2	Financial statements/reports (current and prior years)			Company website
D.8.3	Materials provided in briefings to analysts and media		<b>OECD Principle V (A)</b>	Company website

D Disclosure and Transparency		ICGN 7.2 Timely disclosure	
D.8.5	Group corporate structure		Company website
D.8.6	Downloadable annual report		Company website
D.8.7	Notice of AGM and/or EGM		Company website
D.8.8	Company's constitution (company's by-laws, memorandum and articles of association)		Company website

D.9 Investor relations		ICGN 7.1 Transparent and open communication	
D.9.1	Does the company disclose the contact details (e.g. telephone, fax, and email) of the officer / office responsible for investor relations?		Annual Report / Company website

Country  
 PLCName  
 StockCode

CG Expert Name  
 Sector

Year

Date of Financial Year End

		Guiding Reference	Source Document/ Location of Information
E	Responsibilities of the Board Board Duties and Responsibilities		
E.1	Clearly defined board responsibilities and corporate governance policy		
E.1.1	Does the company disclose its corporate governance policy / board charter?	<b>OECD PRINCIPLE V: Disclosure and Transparency</b> (A) Disclosure should include, but not be limited to, material information on: 8. Governance structures and policies, in particular, the content of any corporate governance code or policy and the process by which it is implemented.	Annual Report/website
E.1.2	Are the types of decisions requiring board of directors/commissioners' approval disclosed ?	<b>OECD PRINCIPLE VI (D)</b>	Annual Report/website

	Responsibilities of the Board Board Duties and Responsibilities		
<b>E</b>			
<b>E.1</b>			

		Source Document/ Location of Information
<b>E</b>	<b>Responsibilities of the Board</b>	
<b>E.1</b>	<b>Board Duties and Responsibilities</b>	
<b>E.2</b>	<b>Board structure</b>	
	<b>Code of Ethics or Conduct</b>	
<b>E.2.1</b>	Are the details of the code of ethics or conduct disclosed?	<p><b>OECD PRINCIPLE VI</b>  <b>(C) The board should apply high ethical standards. It should take into account the interests of stakeholders.</b>                      The board has a key role in setting the ethical tone of a company, not only by its own actions, but also in appointing and overseeing key executives and consequently the management in general. High ethical standards are in the long term interests of the company as a means to make it credible and trustworthy, not only in day-to-day operations but also with respect to longer term commitments. To make the objectives of the board clear and operational, many companies have found it useful to develop company codes of conduct based on, inter alia, professional standards and sometimes broader codes of behaviour. The latter might include a voluntary commitment by the company (including its subsidiaries) to comply with the OECD Guidelines for Multinational Enterprises which reflect all four principles contained in the ILO Declaration on Fundamental Labour Rights.                      Company-wide codes serve as a standard for conduct by both the board and key executives, setting the framework for the exercise of judgement in dealing with varying and often conflicting constituencies. At a minimum, the ethical code should set clear limits on the pursuit of private interests, including dealings in the shares of the company. An overall framework for ethical conduct goes beyond compliance with the law, which should always be a fundamental requirement.</p>
<b>E.2.2</b>	Does the company disclose that all directors/commissioners, senior management and employees are required to comply with the code?	Annual Report/website
<b>E.2.3</b>	Does the company disclose how it implements and monitors compliance with the code of ethics or conduct?	Annual Report/website



	Guiding Reference	Source Document/ Location of Information
<b>E</b>	<b>Responsibilities of the Board</b>	
<b>E.1</b>	<b>Board Duties and Responsibilities</b>	
	<b>Board Structure &amp; Composition</b>	
<b>E.2.4</b>	Do independent directors/commissioners make up greater than 50% of the board of directors/commissioners?	
	<p><b>OECD PRINCIPLE VI (E)</b>            In order to exercise its duties of monitoring managerial performance, preventing conflicts of interest and balancing competing demands on the corporation, it is essential that the board is able to exercise objective judgement. In the first instance this will mean independence and objectivity with respect to management with important implications for the composition and structure of the board. Board independence in these circumstances usually requires that a sufficient number of board members will need to be independent of management. The ASX Code recommends at least a majority of independent directors, while the UK Code recommends at least half of the board, excluding the Chairman, be independent directors. The minimum of three independent directors is to ensure that companies with small boards have enough independent directors (note that stock exchange rules often require at least two independent directors).</p>	Annual Report

	Responsibilities of the Board Board Duties and Responsibilities		
E E.1		<p><b>OECD PRINCIPLE VI (E)</b> In order to exercise its duties of monitoring managerial performance, preventing conflicts of interest and balancing competing demands on the corporation, it is essential that the board is able to exercise objective judgement. In the first instance this will mean independence and objectivity with respect to management with important implications for the composition and structure of the board. Board independence in these circumstances usually requires that a sufficient number of board members will need to be independent of management.</p> <p>The variety of board structures, ownership patterns and practices in different countries will thus require different approaches to the issue of board objectivity. In many instances objectivity requires that a sufficient number of board members not be employed by the company or its affiliates and not be closely related to the company or its management through significant economic, family or other ties. This does not prevent shareholders from being board members. In others, independence from controlling shareholders or another controlling body will need to be emphasised, in particular if the ex ante rights of minority shareholders are weak and opportunities to obtain redress are limited. This has led to both codes, and the law in some jurisdictions, to call for some board members to be independent of dominant shareholders, independence extending to not being their representative or having close business ties with them.</p>	Annual Report
E.2.6	Does the company have a term limit of nine years or less for its independent directors/commissioners?	<p><b>UK CODE (JUNE 2010):</b> Non-executive directors should be appointed for specified terms subject to re-election and to statutory provisions relating to the removal of a director. Any term beyond six years for a non-executive director should be subject to particularly rigorous review, and should take into account the need for progressive refreshing of the board and to succession for appointments to the board and to senior management, so as to maintain an appropriate balance of skills and experience within the company and on the board.</p>	Annual Report/website

		Guiding Reference	Source Document/ Location of Information
<b>E</b>	<b>Responsibilities of the Board</b>		
<b>E.1</b>	<b>Board Duties and Responsibilities</b>		
E.2.7	Has the company set a limit of five board seats in publicly-listed companies that an individual director/commissioner may hold simultaneously?	<p><b>OECD PRINCIPLE VI (E)</b></p> <p>(3) Board members should be able to commit themselves effectively to their responsibilities.</p> <p>Service on too many boards can interfere with the performance of board members. Companies may wish to consider whether multiple board memberships by the same person are compatible with effective board performance and disclose the information to shareholders.</p>	Annual Report/website
E.2.8	Does the company have any independent directors/commissioners who serve on a total of more than five boards of publicly-listed companies?		Annual Report
E.2.9	Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?		Annual Report

Responsibilities of the Board Board Duties and Responsibilities		Guiding Reference	Source Document/ Location of Information
E E.1 Nominating Committee			
	Does the company have a Nominating Committee (NC)?	<p><b>OECD PRINCIPLE II (C)</b>  <b>(3) Effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members, should be facilitated. Shareholders should be able to make their views known on the remuneration policy for board members and key executives. The equity component of compensation schemes for board members and employees should be subject to shareholder approval.</b></p> <p>With respect to nomination of candidates, boards in many companies have established Nominating Committees to ensure proper compliance with established nomination procedures and to facilitate and coordinate the search for a balanced and qualified board. It is increasingly regarded as good practice in many countries for independent board members to have a key role on this committee. To further improve the selection process, the Principles also call for full disclosure of the experience and background of candidates for the board and the nomination process, which will allow an informed assessment of the abilities and suitability of each candidate.</p> <p><b>OECD PRINCIPLE VI (E)</b>  <b>(1) Boards should consider assigning a sufficient number of non-executive board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are ensuring the integrity of financial and non-financial reporting, the review of related party transactions, nomination of board members and key executives, and board remuneration.</b></p>	Annual Report
	Does the Nominating Committee comprise of a majority of independent directors/commissioners?		Annual Report
E.2.11	Is the chairman of the Nominating Committee an independent director/commissioner?		Annual Report
E.2.12			

Responsibilities of the Board		Guiding Reference	Source Document/ Location of Information
E	Board Duties and Responsibilities		
E.1	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	<p><b>OECD PRINCIPLE VI (E)</b> (2) When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.</p> <p>While the use of committees may improve the work of the board they may also raise questions about the collective responsibility of the board and of individual board members. In order to evaluate the merits of board committees it is therefore important that the market receives a full and clear picture of their purpose, duties and composition. Such information is particularly important in an increasing number of jurisdictions where boards are establishing independent Audit Committees with powers to oversee the relationship with the external auditor and to act in many cases independently. Other such committees include those dealing with nomination and compensation. The accountability of the rest of the board and the board as a whole should be clear. Disclosure should not extend to committees set up to deal with, for example, confidential commercial transactions</p> <p>Given the responsibilities of the NC spelt out in codes of corporate governance, the NC is unlikely to be fulfilling these responsibilities effectively if it is only meeting once a year. Globally, the NC of large companies would meet several times a year.</p>	Annual Report/website
E.2.13	Did the Nominating Committee meet at least twice during the year?		Annual Report
E.2.14	Is the attendance of members at Nominating Committee meetings disclosed?		Annual Report

Responsibilities of the Board		Guiding Reference	Source Document/ Location of Information
E	Board Duties and Responsibilities		
<b>Remuneration Committee/ Compensation Committee</b>			
E.2.16	Does the company have a Remuneration Committee?	<b>OECD PRINCIPLE VI (D)</b> (4) Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.  It is considered good practice in an increasing number of countries that remuneration policy and employment contracts for board members and key executives be handled by a special committee of the board comprising either wholly or a majority of independent directors. There are also calls for a Remuneration Committee that excludes executives that serve on each others' Remuneration Committees, which could lead to conflicts of interest.	Annual Report
E.2.17	Does the Remuneration Committee comprise of a majority of independent directors/commissioners?		Annual Report
E.2.18	Is the chairman of the Remuneration Committee an independent director/commissioner?		Annual Report
E.2.19	Does the company disclose the terms of reference/ governance structure/ charter of the Remuneration Committee?	<b>OECD PRINCIPLE VI (E)</b> (2) When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.  While the use of committees may improve the work of the board they may also raise questions about the collective responsibility of the board and of individual board members. In order to evaluate the merits of board committees it is therefore important that the market receives a full and clear picture of their purpose, duties and composition. Such information is particularly important in an increasing number of jurisdictions where boards are establishing independent Audit Committees with powers to oversee the relationship with the external auditor and to act in many cases independently. Other such committees include those dealing with nomination and compensation. The accountability of the rest of the board and the board as a whole should be clear. Disclosure should not extend to committees set up to deal with, for example, confidential commercial transactions	Annual Report/website
E.2.20	Did the Remuneration Committee meet at least twice during the year?		Annual Report
E.2.21	Is the attendance of members at Remuneration Committee meetings disclosed?	Given the responsibilities of the Remuneration Committee (RC) which are spelt out in codes of corporate governance, the RC is unlikely to be fulfilling these responsibilities effectively if it only meets once a year. Globally, the RC of large companies would meet several times a year.	Annual Report

Responsibilities of the Board		Guiding Reference	Source Document/ Location of Information
E	Board Duties and Responsibilities		
<b>E.1</b> <b>Audit Committee</b>			
E.2.22	Does the company have an Audit Committee?	<b>OECD PRINCIPLE VI (E)</b> (1) Boards should consider assigning a sufficient number of non-executive board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are ensuring the integrity of financial and non-financial reporting, the review of related party transactions, nomination of board members and key executives, and board remuneration.	Annual Report
E.2.23	Does the Audit Committee comprise entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?	<b>OECD PRINCIPLE VI (E)</b> (2) When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.  While the use of committees may improve the work of the board they may also raise questions about the collective responsibility of the board and of individual board members. In order to evaluate the merits of board committees it is therefore important that the market receives a full and clear picture of their purpose, duties and composition. Such information is particularly important in the increasing number of jurisdictions where boards are establishing independent Audit Committees where boards are establishing independent Audit Committees with powers to oversee the relationship with the external auditor and to act in many cases independently. Other such committees include those dealing with nomination and compensation. The accountability of the rest of the board and the board as a whole should be clear. Disclosure should not extend to committees set up to deal with, for example, confidential commercial transactions.	Annual Report
E.2.24	Is the chairman of the Audit Committee an independent director/commissioner?		Annual Report
E.2.25	Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?		Annual Report/website
E.2.26	Does the Annual Report disclose the profile or qualifications of the Audit Committee members?	Most codes specify the need for accounting/finance expertise or experience.	Annual Report

E	Responsibilities of the Board	Guiding Reference	Source Document/ Location of Information
E.1	<b>Board Duties and Responsibilities</b>		
E.2.27	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	<b>UK CODE (JUNE 2010)</b> C.3.1. The board should satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience.  As many of the key responsibilities of the Audit Committee are accounting-related, such as oversight of financial reporting and audits, it is important to have someone specifically with accounting expertise, not just general financial expertise.	Annual Report
E.2.28	Did the Audit Committee meet at least four times during the year?		Annual Report
E.2.29	Is the attendance of members at Audit Committee meetings disclosed?		Annual Report
E.2.30	Does the Audit Committee have primary responsibility for recommendation on the appointment, re-appointment and removal of the external auditor?	<b>UK CODE (JUNE 2010)</b> C.3.6 The Audit Committee should have primary responsibility for making a recommendation on the appointment, reappointment and removal of the external auditor. If the board does not accept the Audit Committee's recommendation, it should include in the Annual Report, and in any papers recommending appointment or re-appointment, a statement from the Audit Committee explaining the recommendation and should set out reasons why the board has taken a different position.	Annual Report/website



Responsibilities of the Board		Guiding Reference	Source Document/ Location of Information
Board Duties and Responsibilities	Board Processes		
<b>Board meetings and attendance</b>			
E.3.1	Are the board of directors/commissioners meetings scheduled before or at the beginning of the year?	Scheduling board meetings before or at the beginning of the year would allow directors to plan ahead to attend such meetings, thereby helping to maximise participation, especially as non-executive directors often have other commitments. Additional ad hoc meetings can always be scheduled if and when necessary. It is common practice for boards in developed markets to schedule meetings in this way.	Annual Report
E.3.2	Does the board of directors/commissioners meet at least six times during the year?	<b>WORLD BANK PRINCIPLE 6</b> (VI.1.24) Does the board meet at least six times per year?  <b>INDO SCORECARD</b> E.10. How many meetings were held in the past year? If the board met more than six times, the firm earns a 'Y' score. If four to six meetings, the firm was scored as 'fair', while less than four times was scored as 'N'	Annual Report/website
E.3.3	Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?	<b>OECD PRINCIPLE VI (E)</b> (3) Board members should be able to commit themselves effectively to their responsibilities.  Specific limitations may be less important than ensuring that members of the board enjoy legitimacy and confidence in the eyes of shareholders. Achieving legitimacy would also be facilitated by the publication of attendance records for individual board members (e.g. whether they have missed a significant number of meetings) and any other work undertaken on behalf of the board and the associated remuneration.	Annual Report

	Responsibilities of the Board	Guiding Reference	Source Document/ Location of Information
<b>E.1</b>	<b>Board Duties and Responsibilities</b>		
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	<b>WORLD BANK PRINCIPLE 6</b> (VI.I.28) Is there a minimum quorum of at least 2/3 for board decisions to be valid?	Annual Report/website (In board charter/articles)
E.3.5	Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?	<b>WORLD BANK PRINCIPLE 6</b> (VI.E.1.6) Does the corporate governance framework require or encourage boards to conduct executive sessions?	Annual Report
<b>Access to information</b>			
E.3.6	Are board papers for board of directors/commissioners meetings provided to the board at least five business days in advance of the board meeting?	<b>OECD PRINCIPLE VI</b> (F) In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information.  Board members require relevant information on a timely basis in order to support their decision-making. Non-executive board members do not typically have the same access to information as key managers within the company. The contributions of non-executive board members to the company can be enhanced by providing access to certain key managers within the company such as, for example, the company secretary and the internal auditor, and recourse to independent external advice at the expense of the company. In order to fulfil their responsibilities, board members should ensure that they obtain accurate, relevant and timely information.  <b>WORLD BANK PRINCIPLE 6</b> (VI.F.2) Does such information need to be provided to the board at least five business days in advance of the board meeting?	Annual Report

		Guiding Reference	Source Document/ Location of Information
<b>E</b>	<b>Responsibilities of the Board</b>		
<b>E.1</b>	<b>Board Duties and Responsibilities</b>		
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	<b>OECD PRINCIPLE VI (F)</b> <b>ICSA Guidance on the Corporate Governance Role of the Company Secretary</b>	Annual Report
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices?	<b>WORLDBANK PRINCIPLE 6</b> (VI.D.2.12) Do company boards have a professional and qualified company secretary?	Annual Report
	<b>Board Appointments and Re-Election</b>		
E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?	<b>OECD PRINCIPLE II (C) (3)</b> To further improve the selection process, the Principles also call for full disclosure of the experience and background of candidates for the board and the nomination process, which will allow an informed assessment of the abilities and suitability of each candidate.  <b>OECD Principle VI (D)</b> (5) Ensuring a formal and transparent board nomination and election process. These Principles promote an active role for shareholders in the nomination and election of board members. The board has an essential role to play in ensuring that this and other aspects of the nominations and election process are respected. First, while actual procedures for nomination may differ among countries, the board or a nomination committee has a special responsibility to make sure that established procedures are transparent and respected. Second, the board has a key role in identifying potential members for the board with the appropriate knowledge, competencies and expertise to complement the existing skills of the board and thereby improve its value-adding potential for the company. In several countries there are calls for an open search process extending to a broad range of people.	Annual Report/website
E.3.10	Does the company disclose the process followed in appointing new directors/commissioners?		Annual Report/website

	Responsibilities of the Board	Guiding Reference	Source Document/ Location of Information
<b>E</b>	<b>Board Duties and Responsibilities</b>		
E.1	<p>Are all the directors/commissioners subject to re-election at least once every three years?</p>	<p><b>ICGN: 2.9.1</b> Election of directors: Directors should be conscious of their accountability to shareholders, and many jurisdictions have mechanisms to ensure that this is in place on an ongoing basis. There are some markets however where such accountability is less apparent and in these each director should stand for election on an annual basis. Elsewhere directors should stand for election at least once every three years, though they should face evaluation more frequently.</p> <p><b>WORLD BANK PRINCIPLE 6</b> (VI.I.18) Can the re-election of board members be staggered over time? (Staggered boards are those where only a part of the board is re-elected at each election, e.g. only 1/3 of directors are re-elected every year.)</p>	Annual Report/website
<b>Remuneration Matters</b>			
E.3.12	<p>Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (i.e. the use of short term and long term incentives and performance measures) for its executive directors and CEO?</p>	<p><b>OECD PRINCIPLE VI (D)</b> (4) Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.</p> <p>In an increasing number of countries it is regarded as good practice for boards to develop and disclose a remuneration policy statement covering board members and key executives. Such policy statements specify the relationship between remuneration and performance, and include measurable standards that emphasise the longer run interests of the company over short term considerations. Policy statements generally tend to set conditions for payments to board members for extra-board activities, such as consulting. They also often specify terms to be observed by board members and key executives about holding and trading the stock of the company, and the procedures to be followed in granting and re-pricing of options. In some countries, policy also covers the payments to be made when terminating the contract of an executive.</p>	Annual Report/website

	Responsibilities of the Board		
<b>E.1</b>	<b>Board Duties and Responsibilities</b>		
E.3.13	Is there disclosure of the fee structure for non-executive directors/commissioners?	<p><b>UK CODE (JUNE 2010)</b> D.1.3 Levels of remuneration for non-executive directors should reflect the time commitment and responsibilities of the role.</p> <p>Disclosure of fee structure for non-executive directors allows shareholders to assess if these directors are remunerated in an appropriate manner, for example, whether they are paid for taking on additional responsibilities and contributions, such as chairing committees.</p>	Annual Report
E.3.14	Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?	<p><b>OECD PRINCIPLE VI. (D.4)</b> The Board should fulfill certain key functions including aligning key executive and board remuneration with the longer term interests of the company and its shareholders.</p> <p><b>ICGN 2.3 (D) and (E)</b> D. Selecting, remunerating, monitoring and where necessary replacing key executives and overseeing succession planning. E. Aligning key executives and Board remuneration with the longer term interest of the company and its shareholders.</p>	Annual Report/Notice to AGM
E.3.15	Do independent non-executive directors/commissioners receive options, performance shares or bonuses?	<p><b>UK CODE (JUNE 2010)</b> (D.1.3) Levels of remuneration for non-executive directors should reflect the time commitment and responsibilities of the role. Remuneration for non-executive directors should not include share options or other performance-related elements. If, by exception, options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the non-executive director leaves the board. Holding of share options could be relevant to the determination of a non-executive director's independence (as set out in provision B.1.1).</p> <p><b>ASX CODE</b> Box 8.2: Guidelines for non-executive director remuneration Companies may find it useful to consider the following when considering non-executive director remuneration: 1. Non-executive directors should normally be remunerated by way of fees, in the form of cash, noncash benefits, superannuation contributions or salary sacrifice into equity; they should not normally participate in schemes designed for the remuneration of executives. 2. Non-executive directors should not receive options or bonus payments. 3. Non-executive directors should not be provided with retirement benefits other than superannuation.</p>	Annual Report/Notice to AGM/Announcements

	Responsibilities of the Board		
<b>E.1</b>	<b>Board Duties and Responsibilities</b>		
<b>Internal Audit</b>			
E.3.16	Does the company have a separate internal audit function?	<p><b>OECD PRINCIPLE VI (D)</b>                      (7) Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.</p> <p>Ensuring the integrity of the essential reporting and monitoring systems will require the board to set and enforce clear lines of responsibility and accountability throughout the organisation. The board will also need to ensure that there is appropriate oversight by senior management. One way of doing this is through an internal audit system directly reporting to the board.</p>	Annual Report
E.3.17	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	<p>Companies often disclose that they have an internal audit but, in practice, it is not uncommon for it to exist more in form than in substance. For example, the in-house internal audit may be assigned to someone with other operational responsibilities. As internal audit is unregulated, unlike external audit, there are firms providing outsourced internal audit services which are not properly qualified to do so. Making the identity of the head of internal audit or the external service provider public would provide some level of safeguard that the internal audit is substantive.</p>	Annual Report
E.3.18	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	<p>OECD PRINCIPLE VI (D) (7)                      In some jurisdictions it is considered good practice for the internal auditors to report to an independent Audit Committee of the board or an equivalent body which is also responsible for managing the relationship with the external auditor, thereby allowing a coordinated response by the board.</p> <p>WORLDBANK PRINCIPLE 6                      (VI.D.7.9) Does the internal auditor have direct and unfettered access to the board of directors and its independent Audit Committee?</p> <p>ASX Principles on CG                      "...companies should consider a second reporting line from the internal audit function to the board or relevant committee." Under the ASX Principles it is also recommended that the Audit Committee have access to internal audit without the presence of management, and that "the audit committee should recommend to the board the appointment and dismissal of a chief internal audit executive."</p>	Annual Report

Responsibilities of the Board		Source Document/ Location of Information	
E	Board Duties and Responsibilities	Guiding Reference	Source Document/ Location of Information
<b>Risk Oversight</b>			
E.3.19	Does the company disclose the internal control procedures/risk management systems it has in place?	<b>OECD PRINCIPLE 6 (VI) (D) (7)</b> Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.	Annual Report/website
E.3.20	Does the Annual Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?	<b>UK CODE (JUNE 2010)</b> C.2.1 The board should, at least annually, conduct a review of the effectiveness of the company's risk management and internal control systems and should report to shareholders that they have done so. The review should cover all material controls, including financial, operational and compliance controls.	Annual Report
E.3.21	Does the company disclose how key risks are managed?	<b>OECD PRINCIPLE V (A)</b> (6) Foreseeable risk factors. Disclosure of risk is most effective when it is tailored to the particular industry in question. Disclosure about the system for monitoring and managing risk is increasingly regarded as good practice.	Annual Report/website

	Responsibilities of the Board	Guiding Reference	Source Document/ Location of Information
E.1	Board Duties and Responsibilities		
E.3.22	Does the Annual Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?	<p><b>OECD PRINCIPLE 6 (VI) (D)</b>                      (7) Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.</p> <p>In some jurisdictions it is considered good practice for the internal auditors to report to an independent audit committee of the board or an equivalent body which is also responsible for managing the relationship with the external auditor, thereby allowing a coordinated response by the board. It should also be regarded as good practice for this committee, or equivalent body, to review and report to the board the most critical accounting policies which are the basis for financial reports. However, the board should retain final responsibility for ensuring the integrity of the reporting systems. Some countries have provided for the chair of the board to report on the internal control process.</p>	Annual Report



		Source Document/ Location of Information
<b>E</b>	<b>Responsibilities of the Board</b>	
<b>E.1</b>	<b>Board Duties and Responsibilities</b>	
<b>E.4</b>	<b>People on the Board</b>	
	<b>Board Chairman</b>	
<b>E.4.1</b>	Do different persons assume the roles of chairman and CEO?	<p><b>OECD PRINCIPLE VI</b> (E) The board should be able to exercise objective independent judgement on corporate affairs.</p> <p>In a number of countries with single tier board systems, the objectivity of the board and its independence from management may be strengthened by the separation of the role of chief executive and chairman, or, if these roles are combined, by designating a lead non-executive director to convene or chair sessions of the outside directors. Separation of the two posts may be regarded as good practice, as it can help to achieve an appropriate balance of power, increase accountability and improve the board's capacity for decision making independent of management.</p>
<b>E.4.2</b>	Is the chairman an independent director/commissioner?	<p><b>UK Code (June 2010)</b> A.3.1 The chairman should on appointment meet the independence criteria set out in B.1.1 below. A chief executive should not go on to be chairman of the same company. If, exceptionally, a board decides that a chief executive should become chairman, the board should consult major shareholders in advance and should set out its reasons to shareholders at the time of the appointment and in the next Annual Report.</p>
<b>E.4.3</b>	Has the chairman been the company CEO in the last three years?	<p><b>ASX Code</b> Recommendation 3.2 The chief executive officer should not go on to become chair of the same company. A former chief executive officer will not qualify as an "independent" director unless there has been a period of at least three years between ceasing employment with the company and serving on the board.</p>

	Responsibilities of the Board	Guiding Reference	Source Document/ Location of Information
<b>E.1</b>	<b>Board Duties and Responsibilities</b>		
E.4.4	Are the role and responsibilities of the chairman disclosed?	<p><b>ICGN: 2.5 Role of the Chair</b> The chair has the crucial function of setting the right context in terms of board agenda, the provision of information to directors, and open boardroom discussions, to enable the directors to generate the effective board debate and discussion and to provide the constructive challenge which the company needs. The chair should work to create and maintain the culture of openness and constructive challenge which allows a diversity of views to be expressed...The chair should be available to shareholders for dialogue on key matters of the company's governance and where shareholders have particular concerns.</p>	Annual Report/website
	<b>Skills and Competencies</b>		
E.4.5	Does at least one non-executive director/commissioner have prior working experience in the major sector that the company is operating in?	<p><b>ICGN: 2.4.3 Independence</b> Alongside appropriate skill, competence and experience, and the appropriate context to encourage effective behaviours, one of the principal features of a well-governed corporation is the exercise by its board of directors of independent judgement, meaning judgement in the best interests of the corporation, free of any external influence on any individual director, or the board as a whole. In order to provide this independent judgement, and to generate confidence that independent judgement is being applied, a board should include a strong presence of independent non-executive directors with appropriate competencies including key industry sector knowledge and experience. There should be at least a majority of independent directors on each board.</p>	Annual Report Corporate website or the Exchange website may need to be used to identify the major industry the company is in.
E.4.6	Does the company disclose a board of directors/commissioners diversity policy?	<p><b>ASX Code</b> Recommendation 3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.  Regulations and codes of corporate governance in many developed markets now incorporate board diversity as a consideration in board composition</p>	Annual Report/website

		Source Document/ Location of Information
<b>E</b>	<b>Responsibilities of the Board</b>	
<b>E.1</b>	<b>Board Duties and Responsibilities</b>	
<b>E.5</b>	<b>Board Performance</b>	
<b>Directors Development</b>		
E.5.1	Does the company have orientation programmes for new directors/commissioners?	Annual Report
E.5.2	Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programmes?	Annual Report
<b>CEO/Executive Management Appointments and Performance</b>		
E.5.3	Does the company disclose how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?	Annual Report/website

		Guiding Reference	Source Document/ Location of Information
<b>E</b>	<b>Responsibilities of the Board</b>		
<b>E.1</b>	<b>Board Duties and Responsibilities</b>		
E.5.4	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	<b>OECD PRINCIPLE VI (D)</b> (2). Monitoring the effectiveness of the company's governance practices and making changes as needed.  Monitoring of governance by the board also includes continuous review of the internal structure of the company to ensure that there are clear lines of accountability for management throughout the organisation. In addition to requiring the monitoring and disclosure of corporate governance practices on a regular basis, a number of countries have moved to recommend or indeed mandate self-assessment by boards of their performance as well as performance reviews of individual board members and the CEO/Chairman.	Annual Report
<b>Board Appraisal</b>			
E.5.5	Is an annual performance assessment conducted of the board of directors/commissioners?		Annual Report
E.5.6	Does the company disclose the process followed in conducting the board assessment?	<b>OECD PRINCIPLE VI (D) (2)</b>	Annual Report/website
E.5.7	Does the company disclose the criteria used in the board assessment?		Annual Report/website
<b>Director Appraisal</b>			
E.5.8	Is an annual performance assessment conducted of individual director/commissioner?		Annual Report

		Guiding Reference	Source Document/ Location of Information
<b>E</b>	<b>Responsibilities of the Board</b>		
<b>E.1</b>	<b>Board Duties and Responsibilities</b>		
E.5.9	Does the company disclose the process followed in conducting the director/commissioner assessment?	<b>OECD PRINCIPLE VI (D) (2)</b>	Annual Report/website
E.5.10	Does the company disclose the criteria used in the director/commissioner assessment?		Annual Report/website
	<b>Committee Appraisal</b>		
E.5.11	Is an annual performance assessment conducted of the board of directors/commissioners committees?	<b>UK CODE (JUNE 2010)</b> B.6 Evaluation: The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.	Annual Report

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## APPENDIX 2: LIST OF DEFAULT RESPONSE ITEMS

<b>A.2</b>	<b>Right to participate in decisions concerning fundamental corporate changes.</b>
	Do shareholders have the right to participate in:
A.2.1	Amendments to the company's constitution?
A.2.2	The authorisation of additional shares?
A.2.3	The transfer of all or substantially all assets, which in effect results in the sale of the company?
<b>A.3</b>	<b>Right to participate effectively in and vote in general shareholder meetings and should be informed of the rules, including voting procedures that govern general shareholder meetings.</b>
A.3.2	Does the company provide non-controlling shareholders a right to nominate candidates for board of directors/commissioners?
A.3.3	Does the company allow shareholders to elect directors/commissioners individually?
A.3.14	Does the company allow for voting in absentia?
<b>A.4</b>	<b>Markets for corporate control should be allowed to function in an efficient and transparent manner.</b>
A.4.1	In cases of mergers, acquisitions and/or takeovers, does the board of directors/commissioners of the offeree company appoint an independent party to evaluate the fairness of the transaction price?
<b>B.1</b>	<b>Shares and voting rights</b>
B.1.1	Do the company's ordinary or common shares have one vote for one share?
B.3.1	Does the company have policies and/or rules prohibiting directors/commissioners and employees to benefit from knowledge which is not generally available to the market?
B.3.2	Are the directors and commissioners required to report their dealings in company shares within 3 business days?
<b>B.4</b>	<b>Related party transactions by directors and key executives.</b>
B.4.1	Are directors and commissioners required to disclose their interest in transactions and any other conflicts of interest?
B.4.2	Does the company have a policy requiring a committee of independent directors/commissioners to review material/significant RPTs to determine whether they are in the best interests of the company and shareholders?
B.4.3	Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflicted?
B.4.4	Does the company have policies on loans to directors and commissioners either forbidding this practice or ensuring that they are being conducted at arm's length basis and at market rates?
<b>D.5</b>	<b>External Auditor and Auditor Report</b>
D.5.1	Are audit fees disclosed?
<b>D.6</b>	<b>Medium of Communication</b>
D.6.1	Quarterly Reporting
D.6.2	Company website
<b>D.7</b>	<b>Timely filing/release of annual/financial reports</b>
D.7.3	Is the true and fairness/fair representation of the annual financial statement/reports affirmed by the board of directors and/or the relevant officers of the company?
<b>E.2</b>	<b>Board Structure</b>
E.2.7	Has the company set a limit of five board seats in publicly-listed companies that an individual director may hold simultaneously?
E.2.8	Does the company have any independent directors who serve on a total of more than five boards of listed companies outside of the group?
<b>E.2</b>	<b>Audit Committee</b>
E.2.22	Does the company have an Audit Committee?
E.2.23	Does the Audit Committee comprise entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?
E.2.24	Is the chairman of the Audit Committee an independent director/commissioner?

E.2.25	Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?
E.2.29	Is the attendance of members at Audit Committee meetings disclosed?
<b>E.3</b>	<b>Access to information</b>
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices?
<b>E.3</b>	<b>Board Appointments and Re-Election</b>
E.3.11	Are all the directors/commissioners subject to re-election at least once every three years?
E.19.8	Did the Audit Committee meet at least four times during the year?
E.19.9	Is the attendance of members at Audit Committee meetings disclosed?
<b>E.20</b>	<b>Internal Audit</b>
E.20.1	Does the company have a separate internal audit function?
<b>A.</b>	<b>Penalty - Rights of Shareholders</b>
A.1.1 (P)	Did the company fail or neglect to offer equal treatment for share repurchase to all shareholders?
A.4.1 (P)	Did the company fail to disclose the existence of Voting Cap?
A.4.2 (P)	Did the company fail to disclose the existence of Multiple Voting Rights?



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## APPENDIX 3

### *list of top 20 companies based on overall cg performance (according to rank)*

.....

As the ASEAN CG Scorecard methodology emphasized on disclosures, performance indicators such as 3-year average Return on Equity (ROE) and Total Shareholder Return (TSR) have been used to gauge performance.

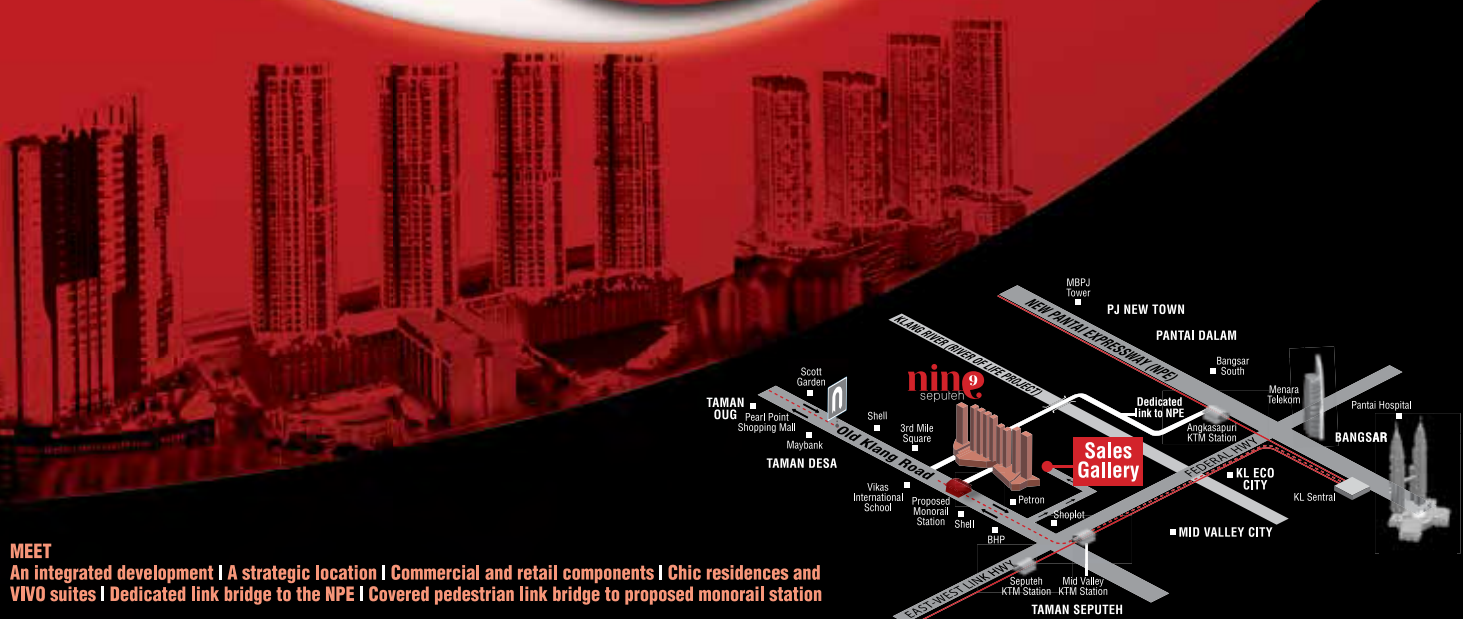
The list of the top 20 companies under the Overall CG Performance according to their ranking is shown below :

<i>rank</i> .....	<i>plc name</i> .....
1	PUBLIC BANK BERHAD
2	AXIATA GROUP BERHAD
3	BURSA MALAYSIA BERHAD
4	CIMB GROUP HOLDINGS BERHAD
5	TELEKOM MALAYSIA BERHAD
6	MALAYAN BANKING BERHAD
7	MAXIS BERHAD
8	IJM CORPORATION BERHAD
9	TH PLANTATIONS BERHAD
10	IJM LAND BERHAD
11	LPI CAPITAL BERHAD
12	DRB-HICOM BERHAD
13	TENAGA NASIONAL BERHAD
14	SIME DARBY BERHAD
15	ALLIANZ MALAYSIA BERHAD
16	RHB CAPITAL BERHAD
17	MEDIA PRIMA BERHAD
18	BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD
19	UMW HOLDINGS BERHAD
20	FELDA GLOBAL VENTURES HOLDINGS BERHAD

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Site GPS coordinates: 3° 06' 35.63" N, 101° 40' 39.16" E

Developer: Gapurna Land Sdn Bhd • Developer License No.: 12160-2/08-2017/1065 • Validity Date: 9th August 2012 - 8th August 2017 • Advertising & Sales Permit No.: 12160-2/07-2015/0353 (P) • Validity Date: 18th July 2013 - 17th July 2015 • Land Tenure: Leasehold (Expiring 11 May 2109) • Approving Authority: Dewan Bandaraya Kuala Lumpur • Building Plan Approval No.: BP S1 OSC 2013 2820 • Restriction in Interest: The land shall not be transferred, leased or charged without prior approval by the State Authority • Land Encumbrances: Nil • Expected Date of Completion: February 2018 • Total of Units: 412 • Type A: 44 (775sq.ft), 44 Car Parks, Type B: 44 (785sq.ft), 44 Car Parks, Type C: 44 (803sq.ft), 44 Car Parks, Type D: 120 (1,238sq.ft), 240 Car Parks, Type E: 43 (1,388sq.ft), 86 Car Parks, Type F: 43 (1,072sq.ft), 86 Car Parks, Type G: 4 (2,470sq.ft), 3 Car Parks, Type H: 2 (2,159sq.ft), 4 Car Parks, Type J: 2 (2,593sq.ft), 4 Car Parks, Type K: 33 (1,098sq.ft), 66 Car Parks, Type L: 33 (1,288sq.ft), 66 Car Parks • Selling Price: RM729,360.00 (min) - RM2,700,960.00 (max) • Bumiputera Discount: 5%

## APPENDIX 4

### *list of top 20 companies based on cg disclosures (according to rank)*

.....

The list of top 20 companies based on the assessment as per the ASEAN CG Scorecard methodology on 862 companies according to their ranking is shown below :

<i>rank</i> .....	<i>plc name</i> .....
1	BURSA MALAYSIA BERHAD
2	CIMB GROUP HOLDINGS BERHAD
3	AXIATA GROUP BERHAD
4	PUBLIC BANK BERHAD
5	IJM CORPORATION BHD
6	MALAYAN BANKING BERHAD
7	TELEKOM MALAYSIA BERHAD
8	IJM LAND BERHAD
9	MAXIS BERHAD
10	TENAGA NASIONAL BERHAD
11	RHB CAPITAL BERHAD
12	FELDA GLOBAL VENTURES HOLDINGS BERHAD
13	SIME DARBY BERHAD
14	TH PLANTATIONS BERHAD
15	LPI CAPITAL BERHAD
16	DRB-HICOM BERHAD
17	ALLIANZ MALAYSIA BERHAD
18	MEDIA PRIMA BERHAD
19	MALAYSIAN RESOURCES CORPORATION BERHAD
20	MALAYSIA AIRPORTS HOLDINGS BERHAD

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*\*p.s. The coffee is on us!*

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## APPENDIX 5

### *list of top 100 companies in alphabetical order*

The list of top 100 companies based on the assessment as per the ASEAN CG Scorecard methodology on 862 companies in alphabetical order is shown below :


#### *plc name*


AEON CREDIT SERVICE (M) BERHAD	KULIM (M) BERHAD
AIRASIA BERHAD	KUMPULAN PERANGSANG SELANGOR BERHAD
ALLIANCE FINANCIAL GROUP BERHAD	LAFARGE MALAYSIA BERHAD
ALLIANZ MALAYSIA BERHAD	LPI CAPITAL BERHAD
AMMB HOLDINGS BERHAD	MALAYAN BANKING BERHAD
ANN JOO RESOURCES BERHAD	MALAYSIA AIRPORTS HOLDINGS BERHAD
ASTRO MALAYSIA HOLDINGS BERHAD	MALAYSIA BUILDING SOCIETY BERHAD
AWMAY (M) HOLDINGS BERHAD	MALAYSIA MARINE AND HEAVY ENGINEERING HOLDINGS BERHAD
AXIATA GROUP BERHAD	MALAYSIAN RESOURCES CORPORATION BERHAD
BIMB HOLDINGS BERHAD	MANULIFE HOLDINGS BERHAD
BINTULU PORT HOLDINGS BERHAD	MASTER-PACK GROUP BERHAD
BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD	MAXIS BERHAD
BUMI ARMADA BERHAD	MBM RESOURCES BERHAD
BURSA MALAYSIA BERHAD	MEDIA PRIMA BERHAD
C.I. HOLDINGS BERHAD	MISC BERHAD
CAHYA MATA SARAWAK BERHAD	MMC CORPORATION BERHAD
CARLSBERG BREWERY MALAYSIA BERHAD	MSM MALAYSIA HOLDINGS BERHAD
CHEMICAL COMPANY OF MALAYSIA BERHAD	NESTLE (M) BERHAD
CIMB GROUP HOLDINGS BERHAD	ORIENTAL HOLDINGS BERHAD
DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BERHAD	OSK HOLDINGS BERHAD
DIGI.COM BERHAD	PETRONAS CHEMICALS BERHAD
DRB-HICOM BERHAD	PETRONAS DAGANGAN BERHAD
DUTCH LADY MILK INDUSTRIES BERHAD	PETRONAS GAS BERHAD
EVERGREEN FIBERBOARD BERHAD	PHARMANIAGA BERHAD
FABER GROUP BERHAD	PRIVASIA TECHNOLOGY BERHAD
FELDA GLOBAL VENTURES HOLDINGS BERHAD	PUBLIC BANK BERHAD
FIMA CORPORATION BERHAD	PUNCAK NIAGA HOLDINGS BERHAD
FRASER & NEAVE HOLDINGS BERHAD	RHB CAPITAL BERHAD
GAMUDA BERHAD	SALCON BERHAD
GENTING BERHAD	SARAWAK PLANTATON BERHAD
GENTING MALAYSIA BERHAD	SEGI INTERNATIONAL BERHAD
GENTING PLANTATION BERHAD	SIME DARBY BERHAD
GUINNESS ANCHOR BERHAD	STAR PUBLICATIONS (MALAYSIA) BERHAD
HAP SENG CONSOLIDATED BERHAD	SUNWAY BERHAD
HOCK SENG LEE BERHAD	SURIA CAPITAL HOLDINGS BERHAD
HONG LEONG BANK BERHAD	SYARIKAT TAKAFUL MALAYSIA BERHAD
HONG LEONG FINANCIAL GROUP BHD	TA ANN HOLDINGS BERHAD
IHH HEALTHCARE BERHAD	TA ENTERPRISE BERHAD
IJM CORPORATION BHD	TA GLOBAL BERHAD
IJM LAND BERHAD	TALIWORKS CORPORATION BERHAD
IJM PLANTATIONS BERHAD	TASCO BERHAD
INTEGRAX BERHAD	TDM BERHAD
IOI CORPORATION BERHAD	TELEKOM MALAYSIA BERHAD
JAYA TIASA HOLDINGS BERHAD	TENAGA NASIONAL BERHAD
JOBSTREET CORPORATION BERHAD	TH PLANTATIONS BERHAD
JTI INTERNATIONAL BERHAD	TROPICANA CORPORATION BERHAD
KIM LOON RESOURCES BERHAD	UEM-SUNRISE BERHAD
KKB ENGINEERING BERHAD	UMW HOLDINGS BERHAD
KLCC PROPERTY HOLDINGS BERHAD	UNITED PLANTATIONS BERHAD
KPJ HEALTHCARE BERHAD	WAH SEONG CORPORATION BERHAD




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## APPENDIX 6: KEY STATISTICS OF PLCS IN MALAYSIA (2009 – 2013)

### 1 MACRO STATISTICS

<b>PUBLIC LISTED COMPANIES</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Total No. of Listed Companies	930	927	941	957	960
No. of Companies Covered <sup>1</sup>	862	500	820	898	899
Companies Covered in Index (%)	93%	54%	87%	94%	94%

<b>MARKET CAPITALISATION</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
All Public Listed Companies (RM billion)	1,484	1,420	1,250	1,243	977
Top 100 in Corporate Governance Score (RM billion)	1,041	766	858	589	570
Top 100 in Corporate Governance Score (%)	70%	54%	69%	47%	58%

### 2 CORPORATE GOVERNANCE STATISTICS

<b>CORPORATE GOVERNANCE BASE SCORE<sup>2</sup></b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
No. of Companies Covered <sup>1</sup>	862	500	820	898	899
Average Base Score for all Companies	61.59	56.70	57.50	55.60	52.00
Average Base Score for <b>Top 100</b>	75.99	68.20	66.90	66.00	66.40



### 3 SUMMARY OF FINDINGS FOR THE TOP 100 COMPANIES

KEY BOARD STATISTICS	2013	2012	% of Change
Average board size (intentionally did not round up)	8.5	8.0	6%
Average no. of board meetings	7.2	6.7	8%
Separation of Chairman & CEO	95%	94%	0%
Independent Chairman	43%	40%	7%
Board Balance: ≥50% INEDs	35%	33%	6%
Board assessments carried out	77%	76%	1%
Tenureship of INEDs > 9 years	38%	34%	12%
Average INED tenureship (Year)	6	7	-11%
Existence of NC <sup>3</sup>	100%	98%	2%
NC <sup>3</sup> comprised majority of INEDs	94%	94%	0%
Existence of RC <sup>4</sup>	94%	99%	-5%
RC <sup>4</sup> comprised majority of INEDs	81%	87%	-7%

Women on Boards	2013	2012	% of Change
No. of Women on Boards			
Female EDs on board	13	4.8%	
Female NINEDs on board	28		
Female INEDs on board	41	4.2%	17%
Total No. of Women on boards	82	9.0%	8%

\* Total No. of Female EDs and NINEDs

OTHER DISCLOSURES	2013	2012	% of Change
Companies having Board Charter	70%	38%	84%
Companies having Code of Ethics	57%	58%	-2%
Companies that published AGM Minutes	7%	1%	600%
Companies disclosing individual director remuneration	39%	34%	15%
Companies with Dividend Policy	38%	34%	12%
Companies with Whistle Blowing Policy	48%	42%	14%
Companies with Corporate Responsibility Policy	94%	90%	4%
Companies disclosing training attended by each Director	65%	56%	16%
Annual Financial Report released within 4 months	81%	81%	0%

## 4 SUMMARY OF FINDINGS FOR ALL THE COMPANIES COVERED

KEY BOARD STATISTICS	2013	2012	2011	2010	2009
<i>No. of Companies Surveyed<sup>1</sup></i>	862	500	820	898	899
Average board size (intentionally did not round up)	7.15	7.64	7.31	7.27	7.29
Average no. of Board Meetings	5.6	5.8	5.5	5.4	5.4
Separation of Chairman & CEO	82%	85%	82%	83%	60%
Independent Chairman	40%	37%	35%	34%	30%
Board Balance: ≥50% INEDs	39%	27%	43%	40%	37%
Board assessments carried out	43%	42%	23%	24%	17%
Tenureship of INEDs > 9 years	47%	54%	-	-	-
Average INED tenureship (Year)	6.7	7	6.6	6	-
Existence of NC <sup>3</sup>	95%	92%	92%	90%	89%
NC <sup>3</sup> comprised majority of INEDs	93%	88%	82%	82%	80%
Existence of RC <sup>4</sup>	94%	94%	93%	93%	91%
RC <sup>4</sup> comprised majority of INEDs	80%	77%	51%	46%	48%

ACCOUNTABILITY AND AUDIT	2013	2012	2011	2010	2009
<i>No. of Companies Surveyed<sup>1</sup></i>	862	500	820	898	899
Disclosed cost incurred for IAF <sup>5</sup>	96%	92%	81%	75%	26%
Non-audit fees exceeded the audit fees	5%	7%	-	-	-

BOARD DIVERSITY	2013	2012	2011	2010	2009
<i>No. of Companies Surveyed<sup>1</sup></i>	862	500	820	898	899
<i>Total No. of directors on board</i>	6,177	3,819	5,994	6,528	6,554

### No. of Women on Boards for all companies

Female EDs on board	221	175			
Female NINEDs on board	118	36			
Female INEDs on board	195	117			
Total No. of Women on boards	534	328	504	535	492

### Women on Boards (%)

Female EDs on board	3.6%	4.5%			
Female NINEDs on board	1.9%	1%			
Female INEDs on board	3.2%	3.1%	1.8%		
Total No. Women on boards	8.6%	8.7%	8.4%	8.2%	7.5%

OTHER DISCLOSURES	2013	2012	2011	2010	2009
No. of Companies Surveyed <sup>4</sup>	862	500	820	898	899
Companies having Board Charter	41%	16%	-	-	-
Companies having Code of Ethics	26%	23%	6%	4%	4%
Companies that published AGM Minutes	1%	.2%	-	-	-
Companies disclosing individual disclosure of remuneration	9%	15%	8%	6%	5%
Companies with Dividend Policy	8%	17%	8%	6%	5%
Companies with Whistle Blowing Policy	12%	13%	9%	6%	3%
Companies with Corporate Responsibility Policy	64%	75%	79%	51%	49%
Companies disclosing training attended by each director	50%	49%	-	-	-
Annual Financial Report released within 4 months	85%	81%	83%	28%	24%

## AVERAGE ANNUAL REMUNERATION OF EXECUTIVE DIRECTORS

### (EDs) BY SECTOR<sup>6</sup>

(Rounded to nearest RM1,000)

No. of Companies Surveyed <sup>1</sup>	2013	2012	2011	2010	2009
Construction	877,000	947,000	688,000	731,000	641,000
Consumer Products	893,000	1,308,000	676,000	578,000	550,000
Finance	2,801,000	2,618,000	2,050,000	1,648,000	1,937,000
Hotel	781,000	550,000	391,000	468,000	304,000
Industrial Products	908,000	1,105,000	622,000	566,000	567,000
Infrastructure	3,449,000	2,903,000	1,633,000	1,611,000	1,205,000
Mining	82,000	56,000	64,000	32,000	28,000
Plantation	1,497,000	1,373,000	1,325,000	995,000	1,111,000
Property	1,300,000	1,117,000	798,000	688,000	732,000
Technology	455,000	793,000	428,000	354,000	339,000
Trading/Service	1,651,000	2,279,000	1,255,000	1,016,000	925,000

Five PLCs were listed under infrastructure sector. Puncak Niaga Holdings Bhd reported RM40 million total remuneration for ED which skewed the average annual remuneration of ED higher.

**AVERAGE ANNUAL  
REMUNERATION OF  
NON-EXECUTIVE  
DIRECTORS (NEDs)  
BY SECTOR<sup>6</sup>**

(Rounded to nearest RM1,000)	2013	2012	2011	2010	2009
<b>No. of Companies Surveyed<sup>1</sup></b>	<b>862</b>	<b>500</b>	<b>820</b>	<b>898</b>	<b>899</b>
<b>Construction</b>	<b>65,000</b>	85,000	67,000	81,000	57,000
<b>Consumer Products</b>	<b>57,000</b>	74,000	71,000	66,000	55,000
<b>Finance</b>	<b>315,000</b>	281,000	320,000	300,000	200,000
<b>Hotel</b>	<b>46,000</b>	46,000	80,000	72,000	57,000
<b>Industrial Products</b>	<b>68,000</b>	67,000	51,000	48,000	47,000
<b>Infrastructure</b>	<b>69,000</b>	64,000	67,000	67,000	61,000
<b>Mining</b>	<b>41,000</b>	49,000	44,000	43,000	38,000
<b>Plantation</b>	<b>102,000</b>	106,000	105,000	72,000	101,000
<b>Property</b>	<b>98,000</b>	98,000	82,000	60,000	73,000
<b>Technology</b>	<b>39,000</b>	55,000	37,000	33,400	30,000
<b>Trading/Service</b>	<b>97,000</b>	125,000	95,000	69,000	66,000

\*Notes:

<sup>1</sup> For 2009, 2010, 2011 and 2013, all companies were covered, whilst in 2012, Top 500 companies based on market capitalisation as at 30 June 2012 were covered. REITs, PN17, GN3, privatised and newly listed companies were excluded.

<sup>2</sup> For 2009 - 2011, the methodology was by way of MSWG's Malaysian Corporate Governance Index which included performance measures, whilst the methodology for 2012 and 2013 was by way of ASEAN Scorecard which did not include performance measures.

<sup>3</sup> Abbreviation of Nomination Committee

<sup>4</sup> Abbreviation of Remuneration Committee

<sup>5</sup> Abbreviation of Internal Audit Function

<sup>6</sup> Sector categorisation as per Bursa's classification.

\*\*Data would be updated from time to time. The last update was on 31 December 2013.

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