



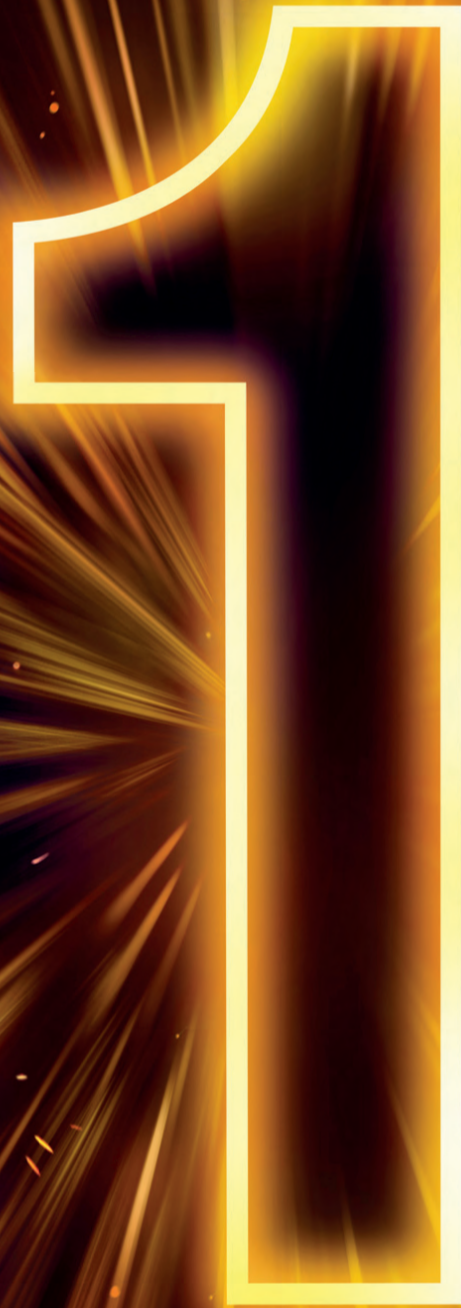
MSWG

MINORITY SHAREHOLDER WATCHDOG GROUP
Shareholder Activism and Protection of Minority Interest

**MALAYSIA-ASEAN
CORPORATE GOVERNANCE
REPORT**

2014

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FOREWORD

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The year 2014 was the third year that the Minority Shareholder Watchdog Group (MSWG) had adopted the ASEAN Corporate Governance (CG) Scorecard which was based on the Organisation for Economic Co-operation and Development Principles of Corporate Governance and other international best practices. The assessment covered 873 companies, representing 96 per cent of the companies listed on Bursa Malaysia Stock Exchange.

With its focus on global best practices and principles in corporate governance, the Scorecard went beyond the current domestic standards and legislative requirements. It provided an important benchmark for companies. At the same time, investors can use the scores to measure the corporate governance standards of companies against the standards that are common and understood.

The assessment had provided the market players with vital information on Malaysian Public Listed Companies (PLCs) based on public disclosures as at 31 July 2014. It also served regulators and corporate governance proponents with useful data points for corporate governance policy reforms.

Given the current fast changing global economy, volatile commodities and financial markets, the valuable feature of the Scorecard - its ability to highlight areas of strengths and weaknesses through its findings - had assisted directors and management to better steer their companies forward.

It is noted that Malaysian PLCs have generally improved in all the key corporate governance metrics over the years up to 2014. For 2014, the areas that required more focus would be the disclosure of annual general meeting minutes. In addition, the area that needed improvement was the female participation at board levels.

Environment, Social and Governance has become increasingly important and we continued to emphasise in this area of governance in the latest edition of the assessment especially on sustainability, with 21 parameters in the Scorecard.

Our belief is that with the steadfast adherence of the ASEAN Corporate Governance Scorecard in both form and substance will help in the sustainable performance of the company. Thus, we hope that all market players will continue their effort in improving the standards of corporate governance practices which would enhance Malaysia as a destination of choice for long term investors.

I would like to take this opportunity to thank the Securities Commission and the Capital Market Development Fund for their continued support in this project throughout the years.

I would also like to place on record my appreciation to all those who had contributed in this project such as assessors, adjudication committee and staff of MSWG.

RITA BENOY BUSHON
Chief Executive Officer
Minority Shareholder Watchdog Group

COMMENTARY AND HIGHLIGHT OF FINDINGS

Many happenings over the last two decades had changed the Corporate Governance (CG) landscape to what it is today. Several proactive measures were taken to ensure that our capital market remained resilient and had a solid foundation. Over the last three years, four key CG initiatives were undertaken.

The Capital Market Masterplan 2 themed “Growth with Governance” was launched in 2011 which outlined the key strategies for the development of the Malaysian Capital Market for the next 10 years until year 2021. The Corporate Governance Blueprint 2011 followed suit which provided recommendations to raise the CG standards in Malaysia taking into consideration the changing CG landscape not just in the region, but global developments as well.

A revised version of the Malaysian Code on Corporate Governance was released in 2012 which set out higher expectations of CG practices, thus provided a headstart to Malaysian PLCs in line with the aspirations of the ASEAN CG standards. In June 2014, the Malaysian Code for Institutional Investors, another deliverable of the CG Blueprint was launched.

The joint launch of the Malaysian Code for Institutional Investors by the Securities Commission and MSWG marked a significant milestone in Malaysia’s CG landscape as well as in the ASEAN region as Malaysia embarked on the initiative to promote greater leadership in governance and responsible ownership by institutional investors. The initiative, spearheaded by MSWG together with major institutional investors in Malaysia aimed to provide a documented base guidance to the institutional investors on effective exercise of stewardship responsibilities with the ultimate aim of delivery of sustainable value to the clients or beneficiaries.

The ASEAN Corporate Governance Scorecard – one of the initiatives under the ASEAN Capital Markets Forum to drive capital market integration in the region – aims to benchmark the region’s corporate governance frameworks based on international best practices. It also targets to drive the countries in the region to play a meaningful role in the establishment of international norms and best practices.

As ASEAN moves ahead to achieve convergence by 2015 and beyond, the Scorecard has and will continue to provide useful trend analysis of corporate governance performance of companies from the region.

At the ASEAN level, Malaysian Public Listed Companies (PLCs) continued to show improvement and retained its 2nd Ranking among the six ASEAN countries that participated in the ASEAN CG Scorecard initiatives for two consecutive years, 2012 and 2013. Under the ASEAN assessment, top 100 Malaysian companies according to the market capitalisation were assessed and in 2013, Malaysian PLCs scored top in Part C : Role of Stakeholders.

This year marks the third year that MSWG has adopted the ASEAN CG Scorecard as a key metric to assess Malaysian PLCs and their compliance with best practices and principles in corporate governance. The ASEAN CG Scorecard to assess Malaysian PLCs is based on accessible public disclosures ranging from annual reports to minutes of shareholders’ meetings and companies websites.

Companies were assessed under two (2) levels - Level 1 consisting of 179 parameters in accordance with the Organisation for Economic Co-operation and Development Principles of Corporate Governance and 30 bonus and penalty items under Level 2.

For 2014, a total of 873 PLCs were assessed.

HIGHLIGHT OF FINDINGS

(i) Average Score of Top 100 PLCs

The average score of the top 100 Malaysian companies in 2014 climbed to **76.82** points from 75.99 points in 2013 (see **Figure 1**). This showed that companies continued to improve their corporate governance disclosures and practices in compliance with higher and stricter standards. The average score had markedly improved from 2009, when the MSWG Malaysia Corporate Governance Index Scorecard was used.

(ii) Trend on Average Base Score from 2009 - 2014

The average base score of all 873 companies assessed was **60.23** points, slightly lower than 61.59 points a year ago when 862 companies were assessed (**Table 1**). The reasons could be that there were more parameters in the ESG & Sustainability areas where many smaller companies did not have such practices and thus, the average score was reduced.

FIGURE 1
Average MCG Score of Top 100 PLCs

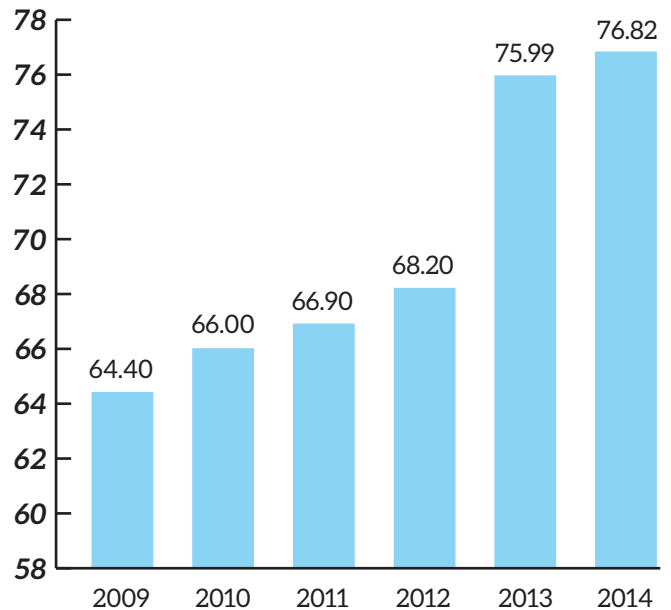


TABLE 1
Trend on Average Base Score from 2009-2014

	2009	2010	2011	2012	2013	2014
No. of Companies Assessed	899	898	820	500	862	873
Average Base Score	52.00	55.60	57.50	56.70	61.59	60.23
Maximum Base Score	82.10	88.70	92.80	91.49	104.12	104.47
Minimum Base Score	22.00	29.20	31.80	35.00	39.91	39.02

FIGURE 2
Overall CG Scores of All PLCs (by band)

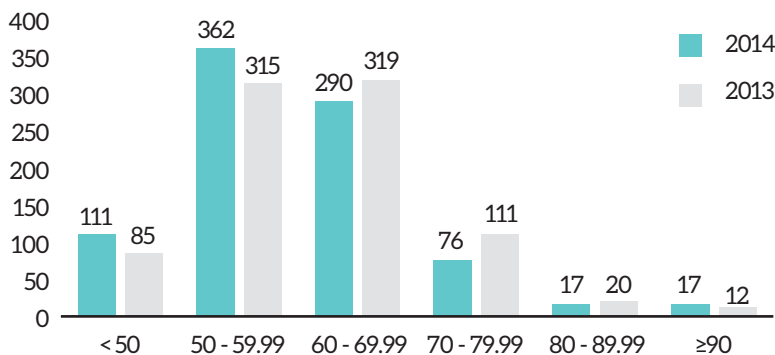


Figure 2 shows that **83%** of the 873 companies assessed in 2014 were within the **50 to 79.99** points range compared to 86% in 2013. However, in 2014 companies that had scores above **90** points had increased from **12** companies in 2013 to **17** companies in 2014. **17** or **4%** of companies had scores within the points range of **80-89.99** compared to **20** companies in 2013. Companies that had scores below **50** points had increased to **111** compared to 85 in 2013.

(iii) Voting of Resolutions

- Only 27 companies or 3% conducted poll voting as opposed to voting by show of hands for all resolutions in 2014 compared to the previous year of 22 companies or 2.6%.
- Companies are encouraged to conduct poll vote on all resolutions in line with one-share-one-vote principle. Companies in Malaysia conduct mandatory poll voting on major disposals and related party transactions. The Malaysian Code of Corporate Governance encourages companies to conduct poll voting on other substantive resolutions such as general mandate to issue shares (Section 132D), share buy-backs and recurrent related party transactions.
- To facilitate more efficient conduct of poll voting, companies are encouraged to use electronic voting.
- It is encouraged that companies conduct poll voting as opposed to voting by show of hands as it would be in line with the principle one-share-one-vote. However, this method could disenfranchise the minority shareholders where there exists major shareholders owning substantial stake beyond 50% which is prevalent in Malaysia. In such cases, it could render minority shareholders unnecessary. Thus, it is recommended when in such cases, number and value of votes should be taken into consideration and both must be more than 50% for the vote to go through.
- Only 11 companies had appointed independent scrutineers to count or validate the votes at the general meetings in 2014 compared to 6 companies in 2013. Companies generally use their own company personnel in the vote counting process especially voting through show of hands. Nor do the companies use independent validators. In many instances, the vote counting and validation were done by the Chairmen. It is highly encouraged that companies use independent scrutineers to oversee the process.
- In 2014, there were 33 companies compared to 15 companies in 2013 that showed greater level of disclosures in their voting processes as they have disclosed the approving, dissenting as well as those that abstained from voting for each agenda item in their voting results. This was the transparency level on voting as espoused in the ASEAN CG Scorecard. The practice by most of the Malaysian PLCs was to only disclose the approving and dissenting votes without the abstention.
- 763 companies included resolutions in their disclosures of the outcome of their most recent AGMs. Under the Listing Requirements, companies are required to announce the outcome within 24 hours.

(iv) AGM Minutes/Memorandum & Articles of Association

- There was a marginal increase in the number of companies that published their Memorandum & Articles of Association (M & A) on their corporate websites totaling 29 compared to 22 companies in 2013. It is important for companies to facilitate their shareholders to know their rights which are disclosed in the M & A. Thus it is highly encouraged that companies upload their M&A document on the websites.
- Even though it is relatively low compared to the regional peers, it is heartening to note that more companies have now published their AGM minutes numbering 30 companies compared to only 7 companies in 2013. The trend of companies disclosing their AGM minutes since 2012 is shown in [Figure 3](#).

- Almost all companies organised their most recent AGM in an easy to reach location. Choosing meeting locations that are easily accessible are important to enhance shareholders' participation. This would mean reasonably cheap public transport availability to the venue. In other cases, specific arrangements of transportation were made for shareholders to attend especially if the meetings were held in the estates or factories.

- It is expected that the salient matters discussed during the meeting are disclosed in the minutes of the company meetings as well as matters such as the attendance of directors and the reasons for not being able to attend. The explanations on the rights of shareholders as well as the opportunity to raise questions and the answers given to the points raised should also be made known. An important information that is expected would be the voting results both in terms of the number and the proportion voting for and against the resolution. It is encouraged that the abstention too be made known.

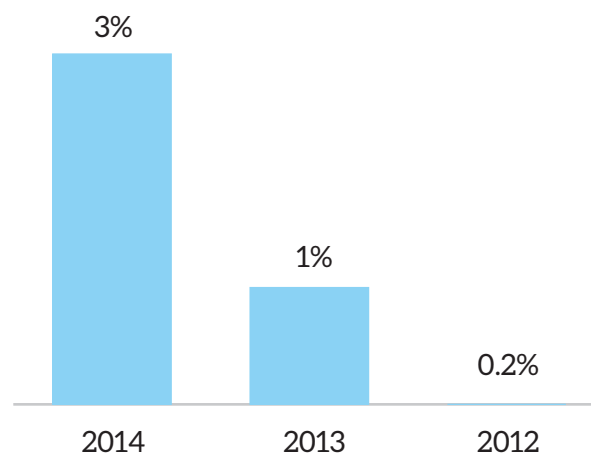
- Out of the 30 companies that published their AGM minutes, 25 companies showed that shareholders were given the opportunities to raise issues with 17 companies recorded the questions and answers raised at their AGMs.

- MSWG had attended the AGMs of 300 companies that it monitored. All the companies presented the questions raised by MSWG and the responses were to a large proportion using the multi-media presentation. This showed that companies had voluntarily explained and extended their presentations on the company matters to all minority shareholders to provide better understanding to all those present.

(v) Internal Audit Function

- All companies assessed in 2014 had a separate internal audit (IA) function. This function provides a crucial line of defence to the shareholders and when applied well can be an effective deterrent of corporate governance transgressions and fraud.
- The IA function is critical in terms of detecting violation early and in Malaysia, it is mandatory that companies disclose the annual internal audit costs.
- The average annual cost for all PLCs for their internal audit was RM570,000 while that of the top 100 PLCs was RM3.4 million. The amount as an average appeared to be reasonable. PLCs must take internal audit as an important function in the overall company management and sufficient financial resources must be devoted to this function.
- However, there were several companies that viewed this function as a low-priority area evidenced from the low internal audit costs. Some were at ranges that appeared not reasonable when compared to the size and complexity of its operations.

FIGURE 3
Trend Showing Companies that Published their AGM Minutes Over the Three Years, 2012 - 2014



(vi) **Risk Oversight**

- One of the most important roles of the Board of Directors is the oversight role in risk management.
- 707 companies or 81% of the 873 companies assessed in 2014 had disclosed the risk management procedures that had been put in place while 179 companies unveiled how key risks were managed.
- To encourage Boards to establish a separate risk management committee dedicated to oversee risks at the board level with its own separate terms of reference, the Scorecard accorded bonus points for such practice which was introduced in 2014. There were 83 companies out of 873 companies which had established such a committee.

(vii) **Dividend Policy**

- Dividends together with capital gains are the returns to shareholders for investing in the company. The prospects of getting dividend returns as well as capital appreciation are the main drivers minority shareholders invest in a company. Having a dividend policy can provide some clarity for minority shareholders on the company's actions towards surplus earnings and how it manages them as well as adding a layer of discipline. Thus, more disclosures in this area are expected.
- During the year, 323 out of 873 companies declared dividends, while 66 had declared their dividend policies with 27 companies providing explanations of their dividend policies in their notice of AGM/Circular. The Scorecard accords points for companies that have the notes in the company resolution document or notice or at least have a link to the reference in the annual report.

(viii) **Whistle-Blowing Policy**

- In 2014, 13% or 116 out of 873 companies assessed disclosed details of their whistle-blowing policies.
- Without the protection of a formal whistle-blowing policy, employees are unable to freely communicate their concerns about illegal or unethical practices of the company. Having a clear whistle-blowing policy can address unethical behaviour in companies.
- In this respect, 230 companies had procedures to deal with complaints by employees on any illegal or unethical conduct compared to 211 companies in 2013.
- More companies ought to adopt and establish a whistle-blowing policy to tackle the issue of any illegal or unethical conduct.
- The Scorecard expects the policies to be clearly stated with proper guidelines as well as the implementation and monitoring process. It can be disclosed in the annual report or corporate websites. It is encouraged that a link is provided in the annual report. It is also encouraged that the person in charge to be named and the contact address or email be disclosed to facilitate an independent channel for any complaints. An independent director would be more suited for this activity.

(ix) Transparency in Ownership Structure

- All 873 companies assessed in 2014 had made known the:
 - ◆ beneficial owners controlling five per cent of shares or more;
 - ◆ direct and indirect shareholdings of major owners and directors of the companies; and
 - ◆ parent companies, subsidiaries, associates, joint ventures and special purpose vehicles and their shareholding details.
- The lack of disclosure in this area is the shareholdings of senior management which refers to the C-Suite level. It is expected that the Board make an explicit statement in the annual report that no senior management hold any shares in cases where they do not hold the shares in the company.

(x) Communication to Shareholders

- In the Scorecard, there is an item that specifically scores companies on their disclosure whether they have a policy or practice that encourages shareholders including institutional shareholders to attend the general meetings or engagement with the company.
- The latest findings from the Scorecard showed that 290 or 33% out of the 873 companies publicly disclosed such policies or practices. An explicit statement to this effect need to be made.
- More broadly, we wish to reiterate the overriding importance of quality and timely disclosure as transparency lies at the heart of good corporate governance.
- Annual reports being the primary communication channel to all stakeholders, companies should take more effort to publish quality information on the policies and practices in annual reports.
- Timeliness also plays an important role, especially when it comes to a company's commitment to comply with the law and ultimately good corporate governance. Material information should not be given to shareholders late.
- Some of the findings in terms of communication in the Annual Reports and corporate websites are as follows :-

Annual Report

- As it is required under law, all the 873 companies assessed disclosed the number of board of directors' meetings and attendance details and almost 80% of the companies published their financial performance indicators clearly in the first few pages in the annual report.
- An area that can be improved is the disclosure on the directors' profile clearly separating their directorship(s) in other listed and non-listed entities. In this regard, 540 out of 873 companies disclosed their directors' profile, clearly separating their directorships in listed and non-listed companies.

Website

- Most companies published the most recent information on their business operations, financial statements, shareholding structure and AGM/EGM notices. Companies were encouraged to provide information and presentations on press briefings and analyst briefings and the minutes of the company meetings. The date of the publication of such disclosures were highly encouraged to be included.
- All PLCs had quarterly financial results on the official websites to communicate with the investors and public. In Malaysia, it is mandatory to provide this information in the website.

(xi) Directors' Remuneration

- Directors' remuneration include fees, allowances, benefit-in-kind and other emoluments. However, in Malaysia, only fees are subject to voting by the shareholders under Companies Act, 1965. The LR also specifically states that the fees only need to be approved by shareholders if there is an increase. Whereas, the Scorecard encourages good corporate governance practices such as disclosure of remuneration by individual directors. Although the law only requires fees to be tabled for approval, good practices which go beyond the mandatory requirements encourage companies to table total emoluments or remuneration for shareholders' approval in particular for directors.
- Good governance also encourages total remuneration to be tabled for approval annually so that shareholders are given the opportunity to make their views known on the remuneration during the year. They can discuss the resolution whether it commensurates with performance and contributions of the directors.
- The findings show that there remain insufficient disclosure of directors' remuneration. Only a small fraction, about 8% of the companies assessed in 2014 compared to 9% in previous year, disclosed details of remuneration of each member of the board of directors, including the CEO.
- In 2014, there were 15% or 129 out of the 873 companies provided shareholders with the opportunity, evidenced by an agenda item, to approve remuneration.

(xii) Board Diversity

- More effort needs to be taken to increase the number of women on PLCs' boards. A total of 9% or 571 out of 6,270 directors on PLCs boards are females, out of which 226 are female executive directors and 345 are non-executive directors. In the previous year, 8.6% or 534 out of 6,177 directors are female directors, out of which 221 and 118 are executive directors and non-executive directors respectively.
- In the top 100 PLCs, female board participation was 11.7%, compared to 9.7% in 2013.
- Malaysia still lags behind its targets of achieving 30% women on corporate boards by 2016. With just one year before the set deadline, we hope to see more PLCs step up their efforts on this front.

(xiii) Sustainability

A company deals not only with its shareholders, customers and regulators; it also has the interests of its suppliers, creditors and the wider community in its conduct to look out for. In view of their importance, the Scorecard has devoted 21 criteria to assess companies' dealings with their respective stakeholders. It is expected that the companies disclose the policies, practices and activities during the year in the marketplace which includes customers, suppliers, creditors and workplace. Disclosures are also expected in the area of environment and community. Examples would include the cost that were incurred to conduct such activities with the resources devoted in the area as well as the benefits which could include the financial or non-financials.

The Scorecard revealed that this area on sustainability needed much improvements in terms of not only disclosures on policies and practices but also the activities and the resources devoted in this area.

In terms of practices and activities, the findings revealed that :

- **48** of the 873 companies published the practices on supplier/contractor selection and criteria which considers factors relating environment, social or human rights.
- **361** companies disclosed activities on implementing an environmentally friendly value chain which promotes sustainable development that not only complies with existing environmental regulation but voluntarily employs value chain processes that reduce waste, pollution or damage to the environment.
- **431** companies assessed held activities to interact with communities focus on building human capital, community outreach and strengthening economic value.
- **79** companies of the total 873 surveyed conducted anti-corruption programmes and procedures to mitigate corrupt practices. These programmes would promote integrity within the workplace.
- The companies that had activities on creditors' rights rose to **599** in 2014, as compared to 514 in the year earlier.
- **234** companies had explicitly disclosed the policy on health, safety and welfare for their employees, out of which **68** companies had even published relevant information relating to this policy.
- **419** companies disclosed that they had conducted training and development programmes for their employees whilst **80** companies explicitly described the training and development programmes and number of participants for each programme.

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MAIN FINDINGS

METHODOLOGY

The ASEAN Corporate Governance Scorecard – one of the initiatives under the ASEAN Capital Markets Forum to drive capital market integration in the region – aims to benchmark the region's corporate governance frameworks based on international best practices. It also targets to drive the countries in the region to play a meaningful role in the establishment of international norms and best practices.

As ASEAN moves ahead to achieve convergence by 2015 and beyond, the Scorecard has and will continue to provide useful trend analysis of corporate governance performance of companies from the region.

The methodology used was based on the OECD Principles of Corporate Governance and other international best practices, which are not currently required under most current domestic provisions in the region. In Malaysia, MSWG was appointed as the Domestic Ranking Body and was one of the pioneers in the adoption of ASEAN CG Index in the region. MSWG made the transition to the Scorecard in 2012 from the Malaysia Corporate Governance Index used from 2009 to 2011, which is an index that used local listing requirements and corporate governance principles.

The ASEAN CG Scorecard comprises a combination of five main criteria assessed consisting 179 items in Level 1 with different weightage assigned according to the relative importance of each area. The composition and structure of Level 1 is shown in [Table 2](#).

TABLE 2
Composition and Structure of Level 1

COMPONENTS	NUMBER OF ITEMS	WEIGHTAGE (%)	MAXIMUM ATTAINABLE SCORE (POINTS)
PART A : Rights of Shareholders	25	10	10
PART B : Equitable Treatment of Shareholders	17	15	15
PART C : Role of Stakeholders	21	10	10
PART D : Disclosure and Transparency	41	25	25
PART E : Responsibilities of the Board	75	40	40

Level 2 comprises 11 bonus and 21 penalty items where each item had a different number of points. The maximum attainable bonus points is 42 while maximum penalty points deductible is 53.

The sample assessed comprised 873 companies listed on Bursa Malaysia Stock Exchange with a total market value of RM1.68 trillion as at 30 April 2014. The methodology and parameter of all these items are as per [Appendix 1](#) and references have been made on the numbering of the parameters throughout the document. The default items where companies are assumed to have complied as they are mandated by laws, regulations and listing rules, unless there is evidence to the contrary are shown in [Appendix 2](#). To be able to score an item, there must be sufficiently clear and complete disclosures.

There are two top 100 companies lists, one purely based on disclosures as per ASEAN CG Scorecard parameters which is referred to as Top 100 Companies with Good Disclosures while the other list of top companies is called Top 100 Overall CG Companies - Disclosures with ROE Performance. Top 100 Overall CG Companies had also undergone a performance filtering criteria of Return of Equity (ROE) and Total Shareholders Return (TSR). In this report, the evaluation throughout the report on findings was based on transparency and performance criteria. An Adjudication Committee comprising industry players provided inputs and adjudicated the scores of the top 50 companies in two meetings. The members of the Adjudication Committee are disclosed in [Appendix 3](#).

The results of the Top 100 Companies with good disclosures according to rank are shown in [Appendix 4](#). All top 10 companies had published their AGM minutes on their websites. For companies to be in the top 20, they should not be subject to any negative issues in the marketplace.

The top 20 companies according to rank in terms of overall CG scores where the performance of the companies based on 3-year average ROE was also taken into consideration are also shown in [Appendix 4](#).

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SALIENT FINDINGS

Table 3 shows the average scores for the total 873 companies assessed as well as the scores for the top 100 PLCs in each of the major sections of the Scorecard. Malaysian PLCs have scored well in Parts B and D which deal with Equitable Treatment of Shareholders and Disclosure & Transparency. Companies in Malaysia made no significant improvement in Parts A and C which take into account the rights of shareholders and the role of stakeholders.

TABLE 3
Average Scores by Parts of Scorecards

SCORE	PART A	PART B	PART C	PART D	PART E	TOTAL AVERAGE SCORES
Average (All 873 plcs)	4.83	12.61	2.94	14.85	22.05	60.23
Average (Top 100 plcs)	5.90	13.40	6.16	18.44	28.63	76.82
Maximum Possible	10.00	15.00	10.00	25.00	40.00	100.00

RIGHTS OF SHAREHOLDERS

PART A

The Scorecard first assesses how well companies have performed in 25 key areas concerning shareholder's rights. Seven of these criteria were default responses where all the 873 companies surveyed scored a point. The remaining 18 criteria are all based on OECD principles and other international best practices, which are not currently required under most domestic provisions in the region.

The timeliness of companies paying dividends to shareholders serves as a good indication of how well they treat their shareholders (A.1.1)¹. The latest assessment showed that out of the 873 companies assessed, only 152 companies paid shareholders within 30 days after announcing interim dividends and approving final dividends at AGMs, a drop from 175 companies in 2013.

Right to Participate Effectively In and Vote In General Shareholder Meetings

AGMs serve as one of the most fundamental platforms for shareholders to participate in a company's decision making process. In view of its importance, the Scorecard has devoted an entire section to focus on the quality of AGMs conducted by companies. From the findings of the Scorecard based on the published AGM minutes on the corporate websites, it was found that :

- **129** out of the 873 companies provided shareholders with 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 (A.3.1). Even though the law only requires fees to be tabled for approval, in line with the good practice that goes beyond the mandatory requirement, the shareholders should be given the opportunity to approve the remuneration packages for non-executive directors.
- **38** companies disclosed the voting and vote tabulation procedures used, declaring both before the meeting proceeds (A.3.4). It is important for shareholders to be informed of the voting procedures that govern the shareholders' meeting.
- **25** companies gave opportunity for shareholders to ask questions or raise issues (A.3.5). As AGM is the only avenue for shareholders to exercise their rights, including raising issues, ample opportunities should be given to them to ask questions on each agenda item.
- Out of the 30 companies that had published AGM minutes on their websites, only **17** companies had recorded questions and answers in the minutes of their most recent AGM (A.3.6).
- **763** companies included resolutions in their disclosure of the outcome of their most recent AGMs (A.3.7). Under the Listing Requirements, companies are required to announce the outcome within 24 hours.
- **33** companies disclosed the voting results including approving, dissenting, and abstaining votes for each agenda item for the most recent AGMs (A.3.8).
- **24** companies disclosed the list of board members who attended the most recent AGM (A.3.9). Disclosure on board attendance at AGM is important to enable shareholders to assess the board's commitment. **32** companies' chairmen of the board of directors attended the most recent AGMs (A.3.10). **28** companies had their CEO/Managing Director/President attend most of their AGMs (A.3.11). While **26** companies had their chairman of the audit committee attend their most recent AGMs (A.3.12).

¹The alphanumeric refers to the respective item (descriptor) in the Scorecard

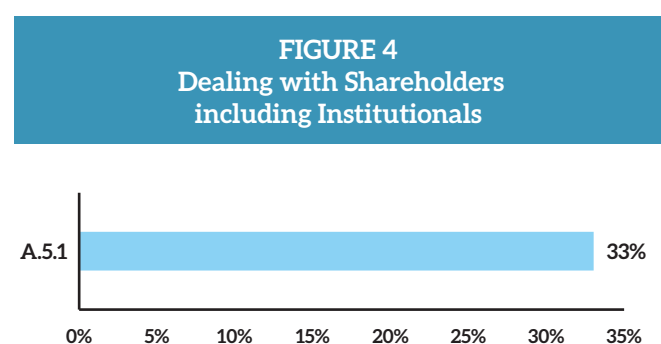
- **867** companies organised their most recent AGM in an easy to reach location (A.3.13). Choosing meeting locations that are easily accessible are important to enhance shareholders' participation.
- **27** companies had all their resolutions voted by poll voluntarily as opposed to by show of hands (A.3.15). Companies are encouraged to conduct poll vote on all resolutions in line with one-share-one-vote principle.
- Out of 27 companies that had conducted poll vote for all their resolutions, **11** companies disclosed that it had appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM (A.3.16).
- **762** companies made publicly available the results of the votes taken during the most recent AGM for all resolutions by the next working day (A.3.17).
- Despite it being mandatory for companies to provide at least 21 days' notice for all resolutions under Malaysia's Companies Act 1965 and Listing Requirements, **7** companies failed to do so (A.3.18).
- **167** companies provided the rationale and explanation for each agenda item that requires shareholders' approval in the notice of AGM/circulars and/or the accompanying statement (A.3.19). Sufficient information/explanation should be provided for each agenda item to be voted on in the notice of AGM or alternatively, link should be provided making reference to the relevant pages of the Annual Report.

The Exercise of Ownership Rights by All Shareholders, including Institutional Investors

Institutional investors can sometimes exert strong influence on corporate governance, especially when they hold significant stakes in their investee companies. Recognising their important role, the Securities Commission and MSWG in June 2014 launched the Malaysian Code for Institutional Investors, which is the first such initiative in the ASEAN region. The code reflects the aspirations and best practices of institutional investors. As a signatory, institutional investors would enhance their reputation and branding as one that has adopted international standards, thus garnering the trust and confidence of the public.

MSWG is now working towards establishing an umbrella body or council for institutional investors. Not only it will monitor the effective adoption of the code, it also will serve as a platform that shapes the wider sphere of corporate governance culture in Malaysia.

In the Scorecard, there is an item that specifically scores companies on their disclosure whether they have a policy or practice that encourages shareholders including institutional shareholders to attend the general meetings or engagement with the company. The latest findings from the Scorecard (Figure 4) showed that **290** or 33% out of the 873 companies publicly disclosed policies or practices to encourage institutional shareholders, other than other majority and minority shareholders, to attend their general meetings or to engage with the companies (A.5.1).



EQUITABLE TREATMENT OF SHAREHOLDERS

PART B

The second section of the Scorecard comprises 17 items, of which seven are considered default as all of the 873 companies assessed scored a point. The remaining 10 items are all based on OECD principles and other international best practices, which will be looked into in the following discussions.

Shares and Voting Rights

From the findings, there appears to be two categories of shares in Malaysia; ordinary shares and golden shares. The item on different class of shares and its voting rights is included in the Scorecard. Most of Malaysian PLCs had only one class of shares and those that had different class of shares had also disclosed the voting rights. 27 out of the 873 companies assessed had more than one class of shares, and publicised the voting rights attached to each class of shares.

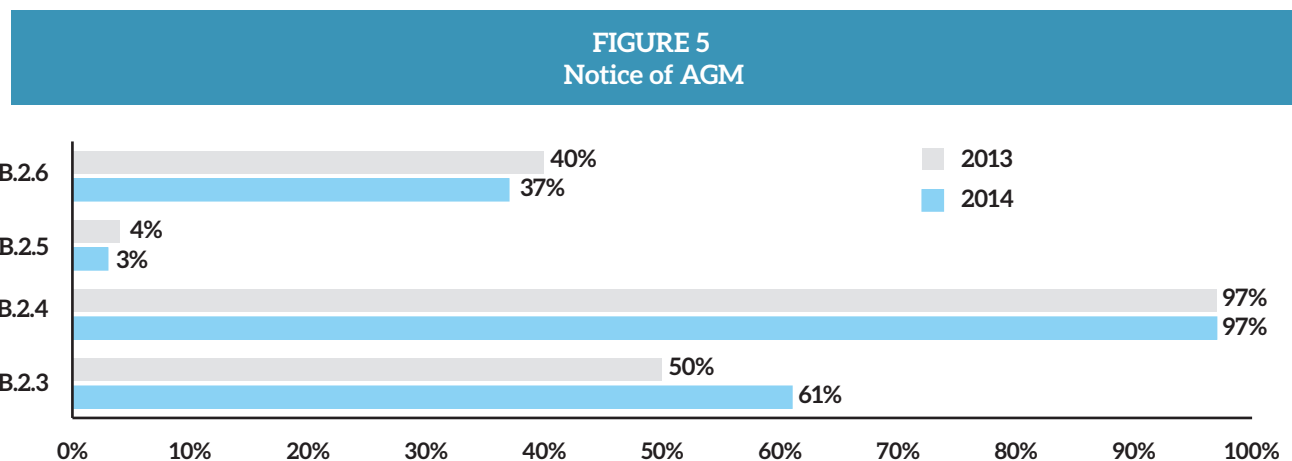
Notice of AGM

The manner in which companies compose and release their AGM notices could influence shareholders' decision on whether or not to attend the meeting. All of the companies assessed had their most recent AGM notices/circulars fully translated into English and published on the same date as the local-language version (B.2.2).

The latest findings from the Scorecard showed that:

- 529 companies included the profiles of directors seeking election/re-election in their AGM notice clearly separating the directorships in listed and non-listed companies (B.2.3).
- 844 companies clearly identified the auditors seeking appointment/re-appointment (B.2.4).
- 27 out of the 873 companies assessed provided explanation of their dividend policy (B.2.5).
- 323 companies disclosed the amount payable for final dividends (B.2.6).
- All of the companies made easily available the proxy documents (B.2.7).

Figure 5 shows the comparative scores over the last two years, 2013 – 2014.



The Scorecard encourages companies to disclose any related party transactions (RPTs) which they are involved in that they are conducted at arm's length. This would mitigate potential abuse to minority shareholders. On protecting minority shareholders from abusive actions, rules prohibiting insider trading and disclosure on directors' conflict of interest in RPTs are default items, as there are laws, rules or regulations dealing with such items.

From the Scorecard, it shows 85% or 745 companies had conducted RPTs during the year of assessment, out of which 632 companies disclosed the policy covering the review and approval of material RPTs. 234 or 25% of companies disclosed trading in company's shares by insiders. Only 34% of companies mentioned that RPTs were conducted at arm's length.

ROLE OF STAKEHOLDERS

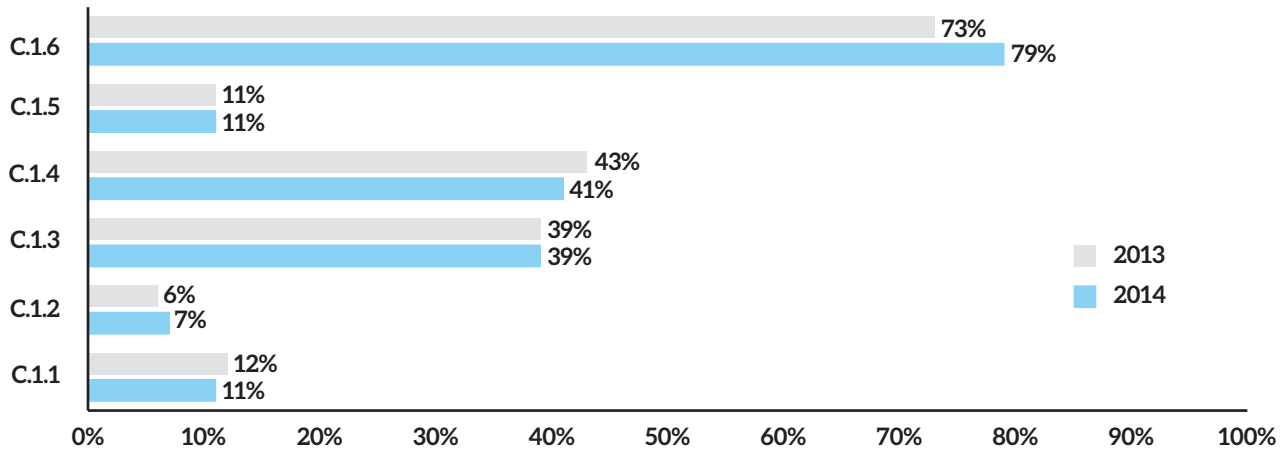
PART C

A company deals not only with its shareholders, customers and regulators; it also has the interests of its suppliers, creditors and the wider community in its conduct to look out for. In view of their importance, the Scorecard has devoted 21 criteria to assess companies' dealings with their respective stakeholders. The latest findings found that :

- 94 companies, or 11 per cent of the total, disclosed policies that stipulate the existence and scope of the companies' efforts to address customers' welfare which include both physical and non-physical aspects such as policy on product recall, customer refund for failure to deliver services as promised, anti-harrasment policy to stakeholders, etc. (C.1.1).
- 63 companies disclosed a policy on supplier/contractor selection practices which takes into consideration economic and non-economic factors such as environment, social or human rights (C.1.2).
- 341 companies described policies to ensure their value chain was environmentally friendly or consistent with promoting sustainable development which means that the company not only complies with existing environmental regulation but voluntarily employs value chain processes that reduce waste, pollution or damage to the environment (C.1.3).
- 360 out of the 873 companies elaborated on a policy on the company's efforts to interact with the communities in which it operated where companies are expected to state their goal(s) in carrying out their community programmes which focus on building human capital, community outreach and strengthening economic value (C.1.4).
- 94 companies had put in place a policy on anti-corruption programmes and procedures which address programmes to mitigate corrupt practices as well as risk analysis on business unit to assess the potential incidents of corruption practices (C.1.5).
- 692 out of the 873 companies surveyed had policies in place describing how creditor rights would be safeguarded (C.1.6).

The scores achieved by the PLCs in terms of their disclosures on **Policies** Dealing with Stakeholders in 2014 as compared to 2013 are shown in **Figure 6**.

FIGURE 6
Policies Dealing with Stakeholders



As to the actual implementation of the policies mentioned earlier, the Scorecard revealed that :

- **91** companies disclosed the activities on customer health and safety (C.1.7).
- **48** of the 873 companies published the practices on supplier/contractor selection and criteria (C.1.8).
- **361** companies disclosed activities on implementing an environmentally friendly value chain (C.1.9).
- **431** companies held activities to interact with communities (C.1.10).
- **79** companies conducted anti-corruption programmes and procedures (C.1.11).
- The companies that had activities on creditors’ rights rose to **599** in 2014, as compared to 514 in the year earlier (C.1.12).
- **588** companies have a separate corporate responsibility report/section or sustainability report/section (C.1.13).

FIGURE 7
Practices Dealing with Stakeholders

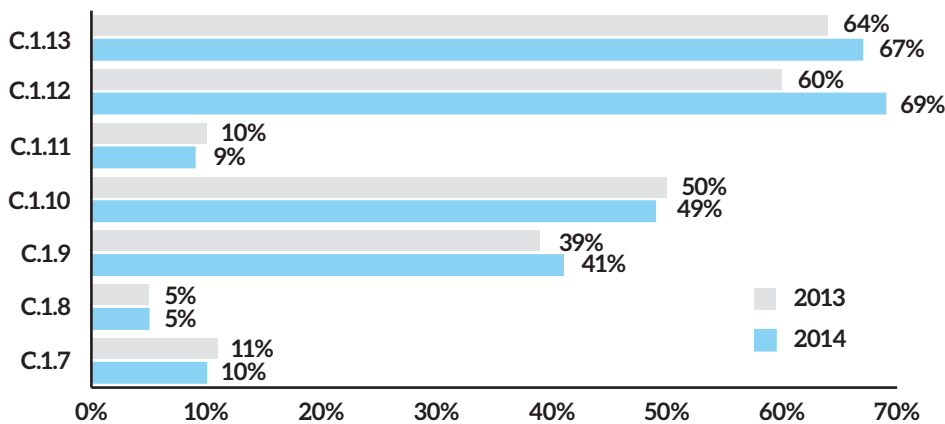


Figure 7 shows the scores achieved by the PLCs in terms of their disclosures on Practices Dealing with Stakeholders in 2014 as compared to 2013.

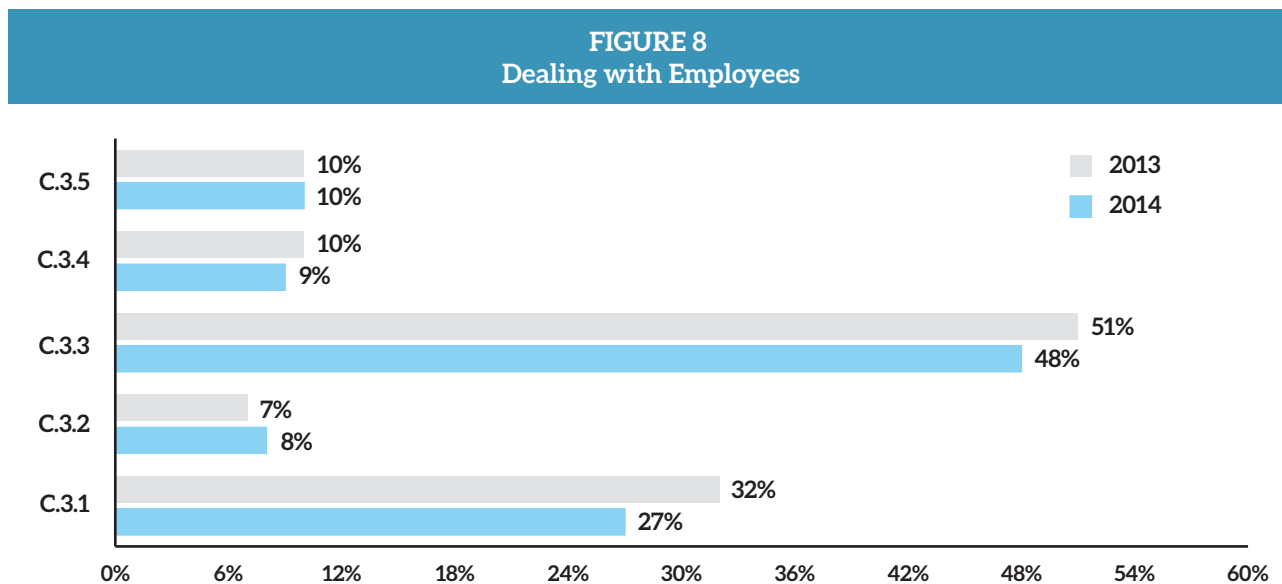
Communication Channels for Companies' Stakeholders

On top of having practices and policies that look after the interests of external stakeholders, companies should provide channels for all stakeholders to communicate and to obtain redress for the violation of their rights.

The Scorecard found that **273** of the 873 companies assessed provide contact details via their companies' website or annual report which stakeholders can use to voice their concerns and/or complaints (C.2.1).

Dealings with Stakeholders

Companies not only deal with its shareholders, but also its customers, regulators, suppliers and creditors. It also deals with its people. From the statistics, it showed that there were policies describing how creditors' rights would be safe-guarded as **692** out of the 873 companies that were assessed had this policy in place. Nevertheless, the policies on supplier/contract selection, customers' welfare and anti-corruption programmes were not disclosed by majority of companies assessed. Its implementation too was not articulated well. Only **234** out of 873 companies explained the health and safety of its employees and **419** companies disclosed having training programmes for its employees. **83** out of the 873 companies assessed 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' goal. **Figure 8** shows the findings on companies' practices in dealing with the relevant stakeholders over the last two years, 2013 - 2014.

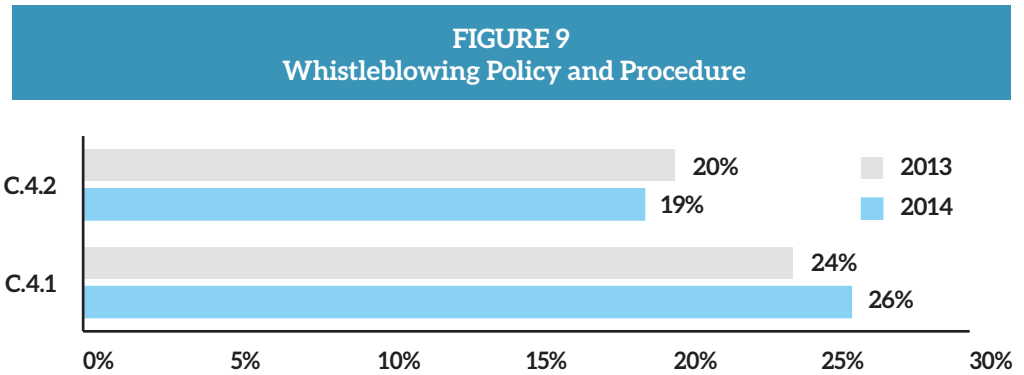


Whistle-blowing policy

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. Latest findings from the Scorecard found that :

- **230** companies have procedures for complaints by employees concerning illegal (including corruption) and unethical behaviour (C.4.1).
- **170** companies have a policy or procedures to protect an employee/person who reveals illegal/unethical behavior from retaliation (C.4.2).

The companies' scores for 2013 and 2014 for both items mentioned above are shown in **Figure 9**.



DISCLOSURE AND TRANSPARENCY

PART D

As the heart of an effective corporate governance system, transparency not only helps shareholders to make well-informed investment decisions, it also builds trust between companies and all of its stakeholders. In view of its importance, the Scorecard has devoted an entire section comprising 41 items to assess the degree of a company's transparency.

Transparent Ownership Structure

The Scorecard kick starts Part D by assessing the transparency of a company's ownership structure. The latest survey found that :

- **869** companies revealed the identity of beneficial owners of shareholders with five per cent shareholding or more (D.1.1)². **866** disclosed direct and indirect (deemed) shareholdings of substantial shareholders (D.1.2) and directors (D.1.3). However, only **29** out of the 873 companies disclosed the direct and indirect (deemed) shareholdings of senior management (D.1.4).
- **860** companies published details on the identity and shareholding interest of the parent or holding company, subsidiaries, associates, joint ventures and special purpose enterprises or vehicles (D.1.5).

FIGURE 10
Disclosure of Ownership Structure

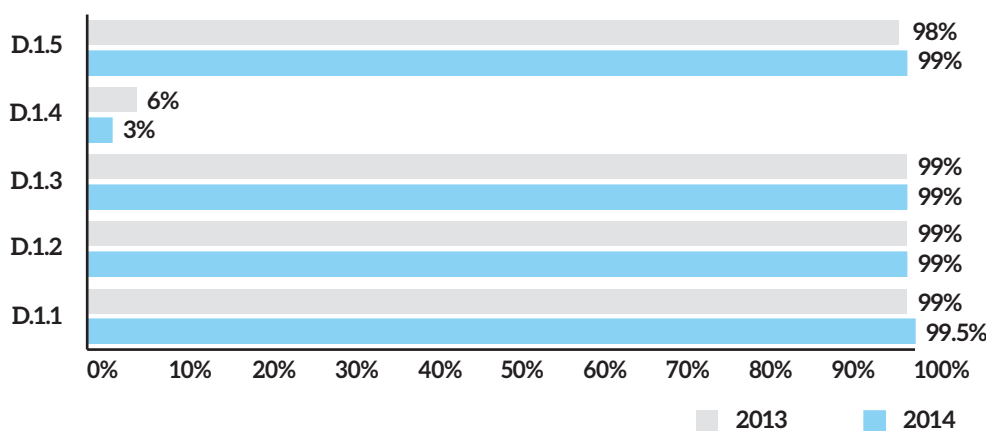


Figure 10 shows the percentage of scores by companies in terms of disclosure on ownership structure in 2014 compared to 2013.

² This was rather expected given the requirements of Section 69 (E) and 69 (L) of the Companies Act, 1965

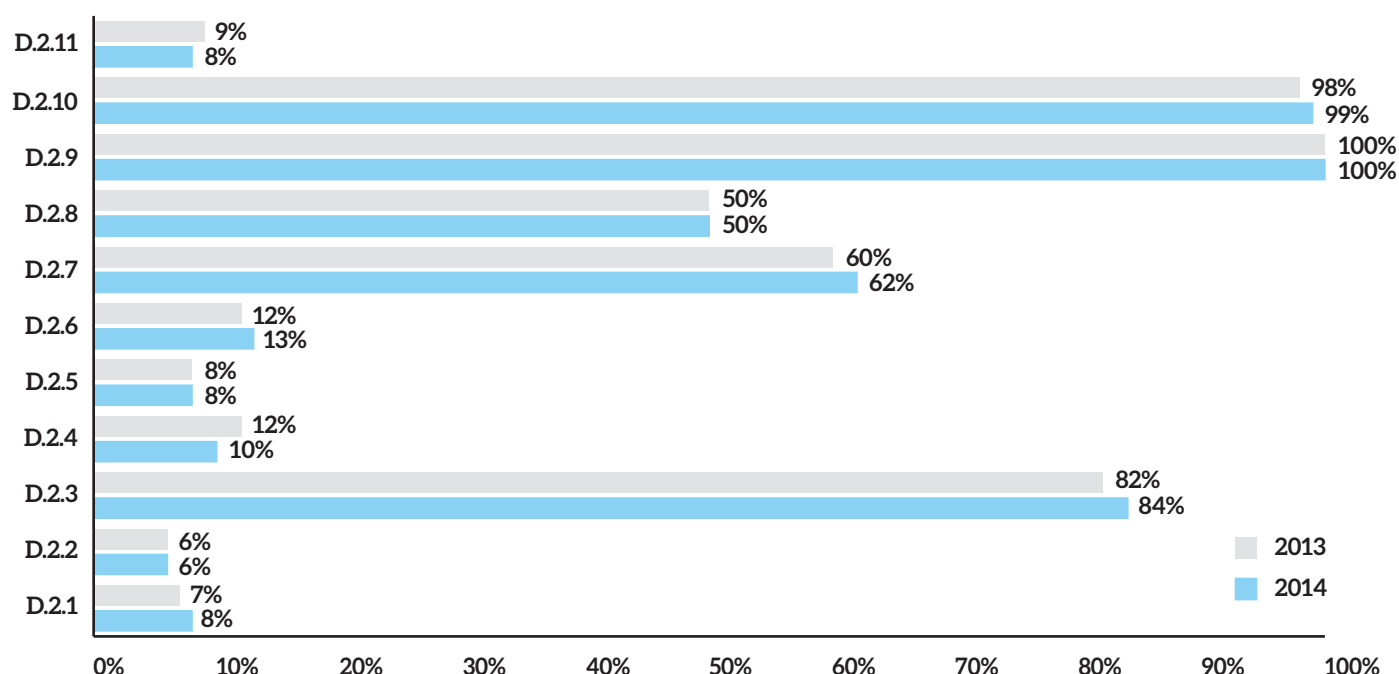
Quality of Annual Report

The quality of an annual report is vital as it serves as a primary communication channel to not only its existing stakeholders, but also potential ones. The latest assessment from the Scorecard shows that:

- **68** companies disclosed key risks that go beyond the financial risks (D.2.1).
- **50** companies disclosed their corporate objectives as compared to 49 in 2013 which include performance target or long-term goals (D.2.2).
- **730** out of the 873 companies assessed disclosed financial performance indicators (D.2.3) while **85** disclosed non-financial performance indicators which among other, include customer satisfaction index and market share (D.2.4).
- **66** companies disclosed their dividend policy such as their target dividend payout ratio or dividend per share (D.2.5).
- **116** companies disclosed a whistle-blowing policy which covers how the policy is implemented and expected monitoring process (D.2.6).
- **540** out of the 873 companies assessed published biographical details (at least age, qualifications, date of first appointment, relevant experience, and directorships in other listed companies) of the directors (D.2.7).
- **439** companies disclosed the training and/or continuing education programme attended by each director during the year (D.2.8).
- **All** companies disclosed the number of board meetings held during the year (D.2.9) while **862** disclosed the attendance details of each director (D.2.10).
- **67** companies disclosed remuneration details of each member of the board of directors, including the CEO. It is encouraged that companies disclose their directors' remuneration individually instead of by band as required under the Listing Requirements (D.2.11).
- **191** companies had statements in their annual reports confirming their full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue (D.2.12). The Listing Requirements had made it mandatory effective January 2013 for all companies to make such a declaration.

Figure 11 shows the companies' quality of annual report over the last two years, 2013 and 2014.

FIGURE 11
Quality of Annual Report



Directors' Remuneration

The comparative statistics on directors' remuneration over the last two years are presented in [Table 4](#). Based on the 873 companies assessed, the average remuneration per executive director and non-executive director were RM1,347,649 and RM98,141 respectively. This is compared to 2013 where the average remuneration per executive director and non-executive director were RM1,164,727 and RM83,356 respectively.

TABLE 4
Annual Directors' Remuneration

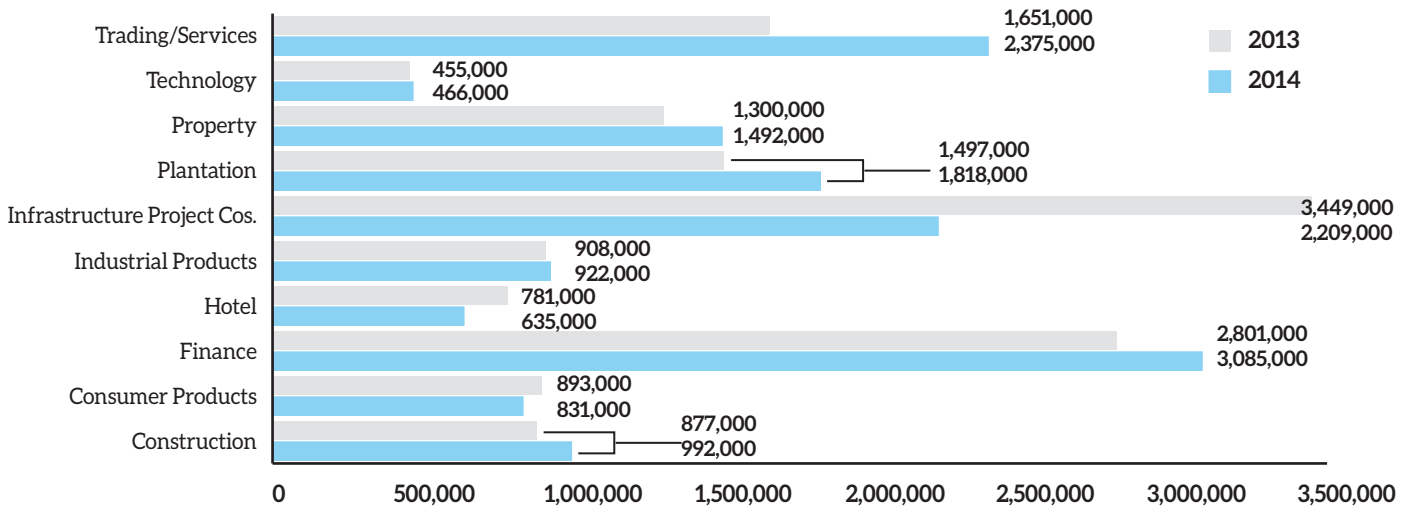
	Average (RM)		Minimum (RM)		Maximum (RM)	
	2014	2013	2014	2013	2014	2013
Executive Directors	1,347,649	1,164,727	6,400	5,000	114,399,000	38,833,333
Non-Executive Directors	98,141	83,356	833	2,000	2,662,375	2,430,200

[Figure 12](#) shows the comparisons on the average annual remuneration per executive director (ED) by sector³ in 2013 and 2014.

The findings show that the executive directors in the Finance sector were remunerated the highest with an average annual remuneration of RM3.085 million, followed by trading & services and infrastructure companies at RM2.375 million and RM2.209 million respectively. In 2013, infrastructure companies remunerated their executive directors the most with an average annual remuneration of RM3.4 million, followed by finance and trading/services at RM2.8 million and RM1.7 million respectively.

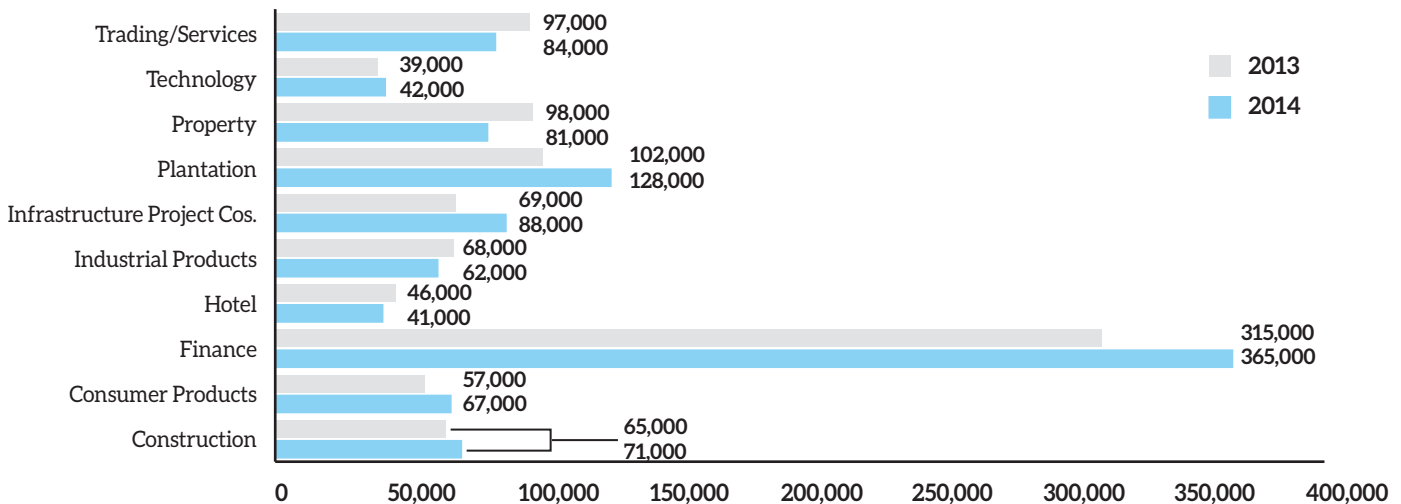
³ Sector categorisation according to Bursa's classification

FIGURE 12
Average Annual Remuneration per ED by Sector (RM)



The average annual remuneration per non-executive director (NED) by sector over the last two years are shown in **Figure 13**. The statistics show that the highest paid NEDs were from the finance companies, followed by plantation and trading & services companies with an average annual remuneration of RM365,000, RM128,000 and RM84,000 respectively. NEDs in finance, plantation and property sectors were paid average remuneration of RM315,000, RM102,000 and RM98,000 respectively in 2013.

FIGURE 13
Average Annual Remuneration per NED by Sector (RM)



Disclosure of Related Party Transactions (RPTs) and Self-Dealings by Insiders

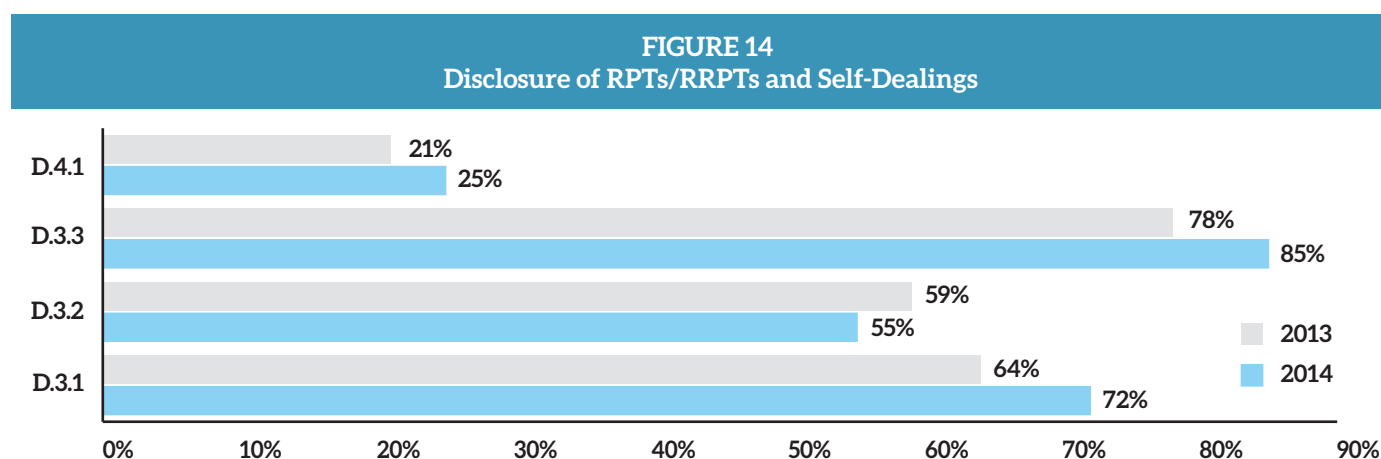
OECD principles state that all shareholders of the same series of a class should be treated equally, especially minority shareholders from its controlling counterparts. As such, minority shareholders need to be assured that if company officials were to engage in RPTs, the company would make an open declaration that the transactions were conducted fairly and at arm's length.

Companies should clearly state that the RPTs are conducted fairly, at arm's length and in normal commercial terms and it should not be on negotiated or mutually agreed terms basis unless more explanations given such as independent valuers were used.

The latest review of all the 873 companies in 2014 found that :

- **632** companies disclosed the policy covering the review and approval of material/significant RPTs (D.3.1).
- **745** companies that conducted related party transactions fully disclosed the names, nature, value and relationship for each significant RPTs (D.3.3) whilst **476** companies disclosed the names of related parties and their relationship for each significant RPT (D.3.2).
- **214** companies disclosed trading in the company's shares by insiders for their directors and senior management (D.4.1).

The scores on disclosure of RPTs/RRPTs and Self-Dealings in 2013 and 2014 are shown in **Figure 14**.



External Auditor and Auditor Report

As it is mandatory to disclose both the statutory audit fees and non-audit fees under the Companies Act, 1965 as well as under the Listing Requirements, all of the 873 companies assessed disclosed audit fees (D.5.1), whilst **834** companies disclosed non-audit fees (D.5.2), of which **48** companies had their non-audit fees exceeded audit fees (D.5.3). The average audit and non-audit fees is shown in **Table 5**.

TABLE 5
Audit and Non-Audit Fees by Firm

	No. of Clients.	Ave. Audit Fees (RM)	Ave. Non-Audit Fees (RM)
PwC	59	2,379,459	1,217,806
EY	200	505,189	234,410
KPMG	119	389,442	174,848
Deloitte	51	230,171	47,170
Others	435	169,050	39,639
TOTAL		3,673,311	1,713,873

From the disclosures, it is seen that the non-audit fees vs audit fees were not alarming and within the expectations of the industry where the average non-audit fees vs audit fees is less than 5% of the total audit fees. Therefore, it is within the accepted range.

Figure 15 shows the external audit market for the 873 companies assessed is still dominated by Ernst & Young with a market share of 23 per cent followed by KPMG, PricewaterhouseCoopers (PwC) and Deloitte. However, in terms of audit and non-audit fees, PwC dominated the market. (Table 5)

Medium of Communication

The Scorecard found that all the 873 companies used quarterly reporting (D.6.1) and their own official websites (D.6.2) to engage with their shareholders and stakeholders. 167 companies of the total 873 held analysts briefings (D.6.3) while 84 companies arranged for press conferences and media briefings (D.6.4).

Timely Filing/Release of Annual/Financial Reports

The latest assessment of the 873 companies found that 768 companies released audited annual financial reports within 120 days from the financial year end (D.7.1), while 227 firms issued the annual report within 120 days from the end of the financial year (D.7.2). Figure 16 shows the companies' scores in 2013 and 2014.

FIGURE 15
External Audit Firm

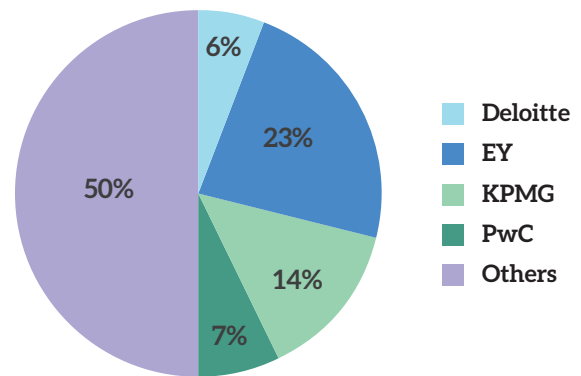
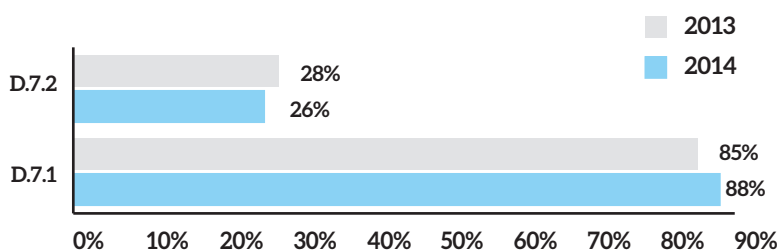


FIGURE 16
Timely Release of Financial Reports



All companies had their board of directors or relevant company officers affirmed the fair representation of the annual financial statements or report (D.7.3).

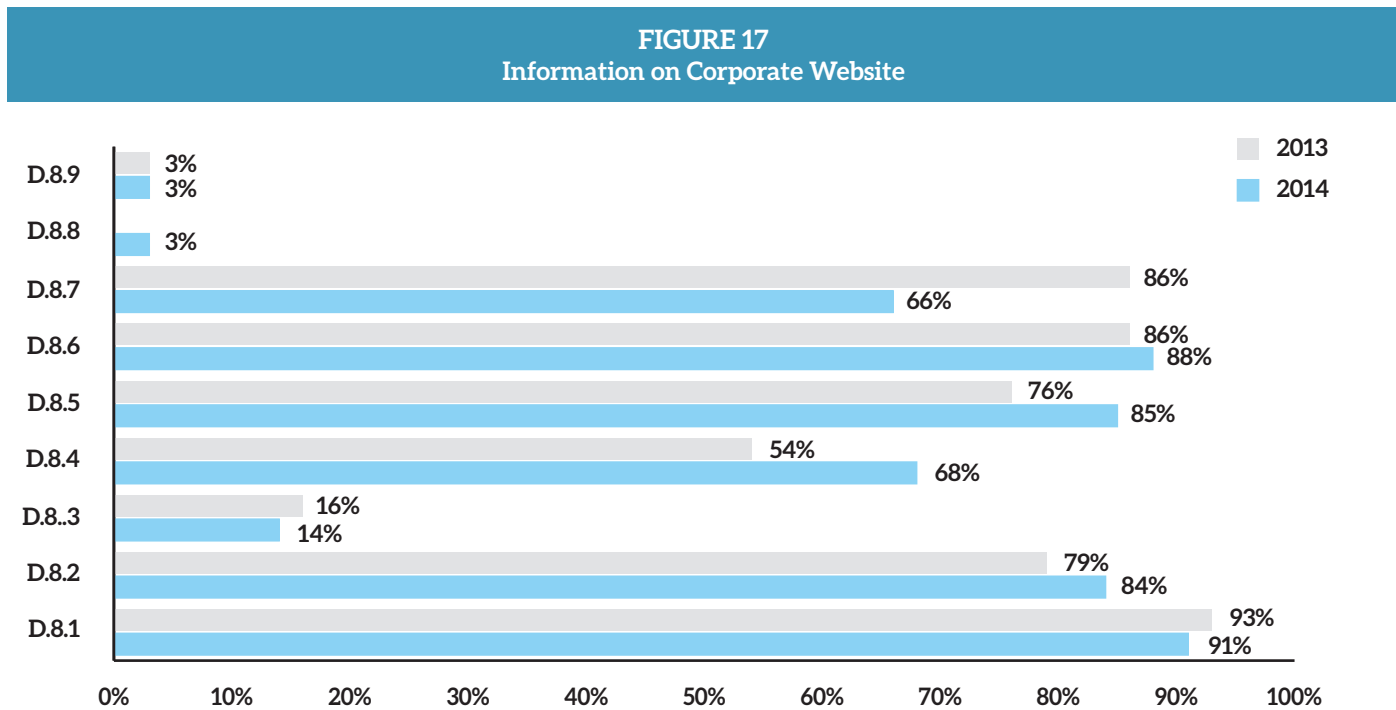
Company Websites

Almost all companies now have a presence on the Internet and are required to have corporate websites under the Listing Requirements. The scorecard places great importance for companies to disclose up-to-date information on their websites as an effective medium of communication and engagement with stakeholders. Based on the assessment in 2014, it was found that :

- 792 companies had websites that disclosed their business operations (D.8.1).
- 733 companies had their websites that disclosed current and previous years' financial statements (D.8.2).
- 123 companies published materials for analysts' and media briefings on their websites (D.8.3).
- 594 companies posted their shareholding structure (D.8.4).

- **743** companies posted their group corporate structure online (D.8.5).
- **768** companies had downloadable annual reports (D.8.6).
- **573** companies had AGM/EGM notices (D.8.7) but only **30** had published minutes (D.8.8) on their corporate website. Companies are encouraged to publish detailed minutes on their websites on a timely basis without having to be requested by shareholders.
- **29** companies had their websites published their constitution, including the company’s by-laws, memorandum or articles of association (D.8.9).

Figure 17 shows the comparison scores in terms of disclosure of information published on companies’ websites over the last two years, 2013 – 2014.



Investor Relations Contact

The availability of investor relations’ contact details, ranging from email to telephone, is not only of great aid to existing shareholders, but also helps to attract potential investors. The latest assessment found that **505** companies made use of such benefits and disclosed their investor relations’ contact details publicly (D.9.1).

RESPONSIBILITIES OF THE BOARD

PART E

As the captain of their ship, the board of directors plays an important role in steering their company forward. This is especially so amid the current fast changing global economy, where commodities and financial markets are more globalised and volatile. In view of the significant role the board of directors plays, the Scorecard has devoted 81 items – the largest part of the Scorecard – to examine the responsibilities of the board.

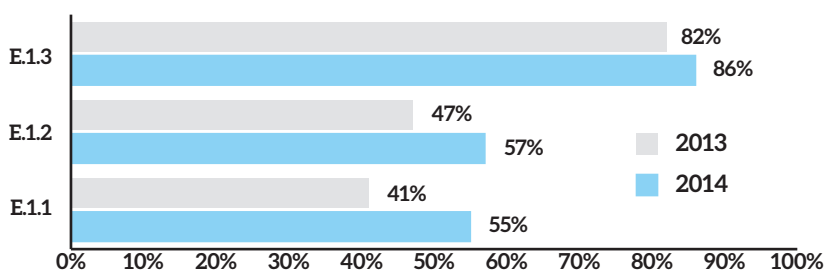
Board Duties and Responsibilities

Clearly defined board responsibilities and corporate governance policy

The latest review found that :

- **478** out of the 873 companies disclosed their corporate policy/board charter, mostly on their websites. This is an area where companies need to make public their corporate policy/board charter as this document represents the company’s commitment and shows evidence on how the company interpretes the Code and take ownership of the principles and recommendatons of the Code (E.1.1).
- **501** companies disclosed the types of decisions requiring board of directors’ approval which among others, cover the issues on acquisitions and disposals, share issuance, financial structuring, risk oversight etc. (E.1.2).
- **751** companies clearly stated the roles and responsibilities of the board directors such as overseeing the business affairs of the company, overseeing the processes for evaluating the adequacy of internal controls and riks management systems, approving broad policies, strategies and objectives of the company, etc (E.1.3).

FIGURE 18
Board Responsibilities and Board Charter



The scores in terms of board responsibilities and the existence of Board Charter in companies in 2014 as compared to 2013 are shown in Figure 18.

Corporate Vision and Mission

Mere setting of a company’s mission and vision is not enough. As per OECD principles, the board should encourage a culture of integrity permeating all aspects of the company and ensure that its vision, mission and objectives are ethically sound. The Scorecard found that:

- **235** companies had their board of directors monitor/oversee the implementation of the corporate strategy (E.1.6).

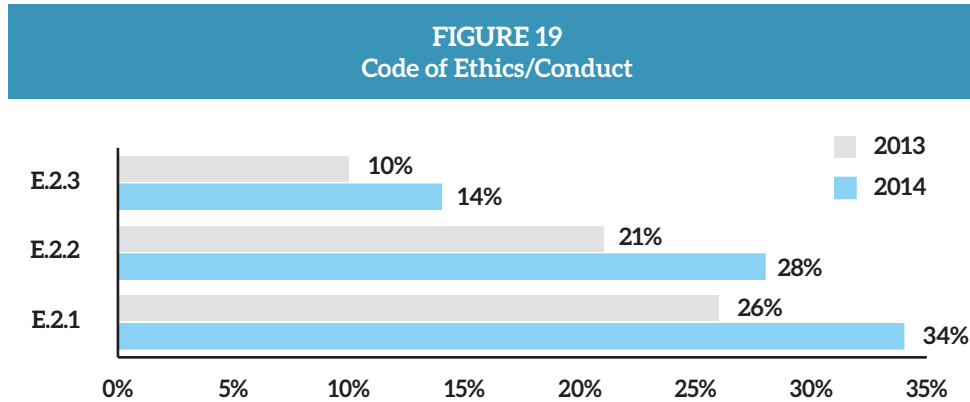
- It is important for the board to constantly review the vision and mission/strategy of the company where 41 companies had stated that their board had done so in the last financial year (E.1.5).
- 630 companies have a vision and mission statement either in the annual reports or their corporate websites (E.1.4).

Board structure

Code of Ethics or Conduct

Company-wide codes serve as a standard for conduct by both the board and key executives, setting the framework for the exercise of judgment in dealing with varying and often conflicting constituencies. As OECD principles suggest, at a minimum, the ethical code should set clear limits on the pursuit of private interests, including dealings in the shares of the company. The Scorecard found that :

- 298 companies disclosed details of the code of ethics or conduct (E.2.1).
- 245 companies disclosed that all directors, senior management and employees are required to comply with the code (E.2.2).
- 126 companies disclosed how it implemented and monitored compliance with the code of ethics or conduct (E.2.3).



The number of companies that explained the existence of code of ethics or conduct as well as the implementation and monitoring process of the said code in 2014 as compared to 2013 are shown in Figure 19.

Board Structure & Composition

A board should neither be too small nor too big. As OECD principles put it, the minimum of three independent directors is to ensure that companies with small boards have enough independent directors. The average board size and proportion of independent directors are depicted in Figure 20 and Figure 21.

FIGURE 20
Board Size

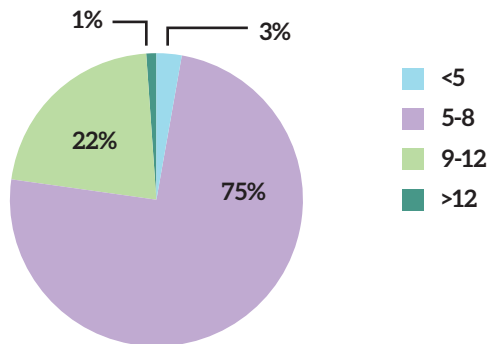


FIGURE 21
Proportion of Independent Directors

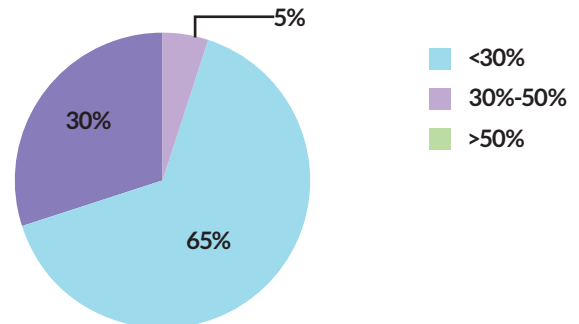
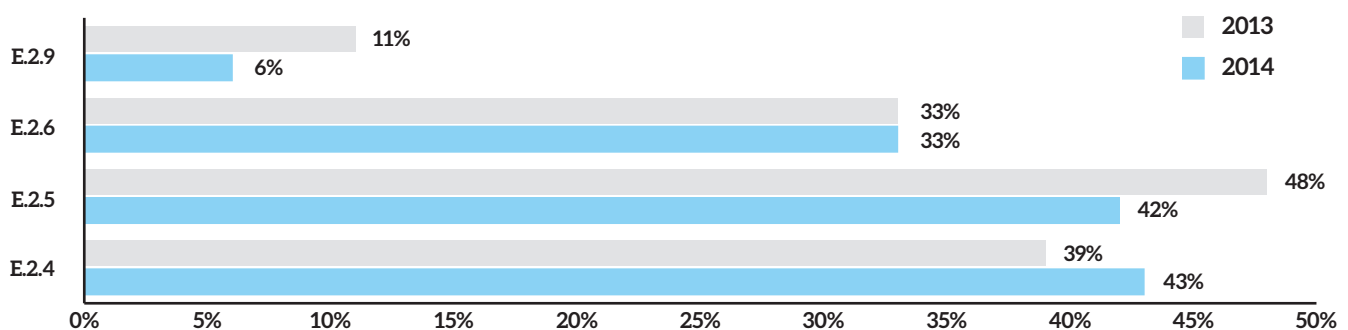


Figure 22 showed that :

- **379** companies had independent directors that made up at least 50 per cent of the board of directors (E.2.4).
- **370** companies had their independent directors independent of management and major or substantial shareholders (E.2.5).
- **291** companies had a term limit of nine years or less for its independent directors (E.2.6).
- **All** companies set a limit of five board seats that an individual independent/non-executive director may hold simultaneously (E.2.7) as required under the Listing Requirements. Similarly, no company had independent directors who serve on a total of more than five boards of publicly-listed companies (E.2.8).
- **49** companies had executive directors who served on more than two boards of listed companies outside of the group (E.2.9).

FIGURE 22
Other Board Structure Matters



Nominating Committee

The Listing Requirements called for boards to establish nominating committees with effect from June 2013. The latest review of the Scorecard found that:

- **853** out of the 873 companies assessed in 2014 had nominating committees (E.2.10).
- **834** of the companies had nominating committees that were made up of majority of independent directors (E.2.11).
- **792** companies had an independent director chairing the nominating committee (E.2.12).
- **700** companies disclosed the terms of reference, governance structure or charter of the nominating committee (E.2.13).
- **247** of the 873 companies' nominating committees met at least twice during the year (E.2.14) while **330** companies had nominating committees that disclosed the attendance record of members (E.2.15).

Remuneration Committee/Compensation Committee

The presence of a remuneration committee could help in putting in place fairer compensation for directors. Their existence could help align key executive and board remuneration with the longer term interests of the company and its shareholders. The latest assessment from the Scorecard found that:

- **826** companies have remuneration committees (E.2.16).
- **705** out of the 873 companies had their remuneration committees comprised of a majority of independent directors (E.2.17).
- **676** companies had an independent director as the chairman of the remuneration committee (E.2.18).
- **558** companies disclosed the terms of reference, governance structure or charter of the remuneration committee (E.2.19).
- **179** companies had their remuneration committee meet at least twice during the year (E.2.20).
- **291** companies disclosed the attendance of members at remuneration committee meetings (E.2.21).

Audit Committee

The Listing Requirements have extensively called for companies to have an audit committee, and have requirements regarding its structure and processes. As such, five items – ranging from having an audit committee to disclosing their attendance – under the Audit Committee section are considered default. The remaining four items under this section of the Scorecard found that:

- **807** companies disclosed the profile or qualification of the Audit Committee members in their annual report (E.2.26).
- In **846** companies, at least one of the independent directors of the committee had accounting qualifications or experience (E.2.27).

- **856** companies had their audit committee meet at least four times during the year (E.2.28).
- **575** companies' audit committees have primary responsibilities for recommendation on the appointment and removal of the external auditor (E.2.30).

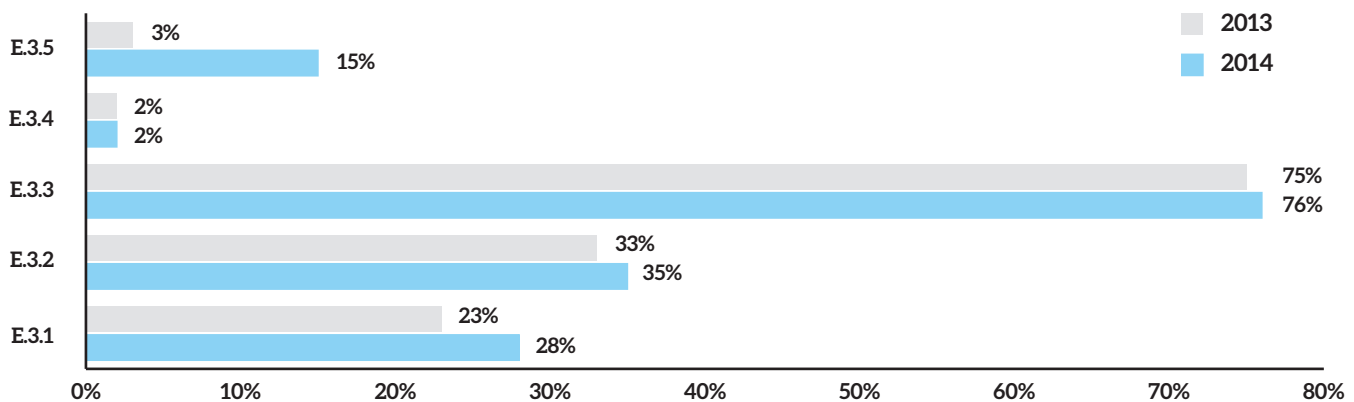
Board Processes

Board meetings and attendance

The frequency of meetings and the policies they are governed by could show how diligent the board is. The latest assessment of the 873 companies as shown in Figure 23 found that :

- **247** companies held board meetings scheduled before or at the beginning of the year (E.3.1).
- **302** companies had convened at least six board meetings during the year (E.3.2).
- **665** companies had directors who attended at least 75 per cent of all board meetings held in a year (E.3.3).
- **14** companies required a minimum quorum of at least two-thirds for board decisions (E.3.4).
- **134** companies held an in-camera or executive session, where non-executive directors met separately at least once during the year without management or other non-board members present (E.3.5).

FIGURE 23
Board Meetings and Attendance



Access to Information

The ability of the board to access timely and relevant data could better help them make well-informed decisions and steer their companies forward. The Scorecard found that:

- **90** companies provided board papers to the directors at least five business days ahead of the board meeting (E.3.6).
- **310** companies had their company secretaries playing a significant role in supporting the board in discharging its responsibilities (E.3.7).
- **All** companies hired company secretaries trained in legal, accountancy and company secretarial practices (E.3.8).

Board Appointment and Re-Election

Not only is the remuneration committee responsible for coming up with fair compensation policy and process, it is also entrusted with the important task of taking in the right talent into its company. As such, it is imperative that companies disclose such information. The Scorecard found that:

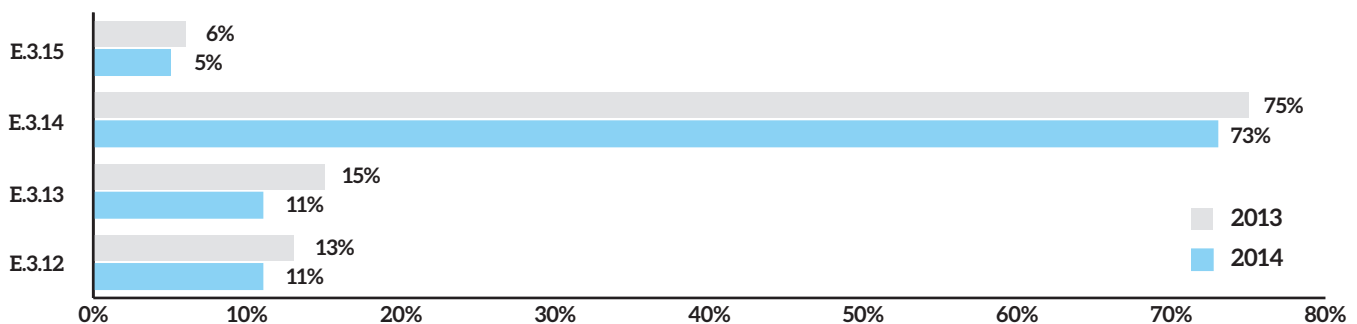
- **352** companies disclosed the criteria used in selecting new directors (E.3.9).
- **110** companies disclosed the process followed in appointing new directors (E.3.10).
- **All** companies had all of their directors subject to re-election at least once every three years (E.3.11).

Remuneration Matters

Compensation still plays a big part of retaining and attracting the right talent, regardless of how prestigious a company is. The Scorecard found that (Figure 24):

- **97** companies disclosed the 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 CEOs (E.3.12).
- **96** companies disclosed the fee structure for non-executive directors (E.3.13).
- **640** companies had their shareholders or the board of directors approve the remuneration of the executive directors and/or the senior executives (E.3.14).
- **45** companies gave options, performance shares or bonuses to their independent non-executive directors (E.3.15).

FIGURE 24
Remuneration Matters



Internal Audit

Having an external auditor is not enough to ensure the integrity of the company’s accounts and financials. According to the Listing Requirements, companies should have internal audit functions that report directly to their audit committees on a regular basis. The Scorecard found that:

- **All** companies have a separate internal audit function (E.3.16).
- **277** companies disclosed the identity of the head of internal audit or the external audit firm (E.3.17).
- **537** companies required the approval of the audit committee to appoint and remove internal auditor (E.3.18).

Figure 25 summarises the types of set-up for the internal audit function across the 873 companies reviewed.

FIGURE 25
Types of Internal Audit Function Set-up

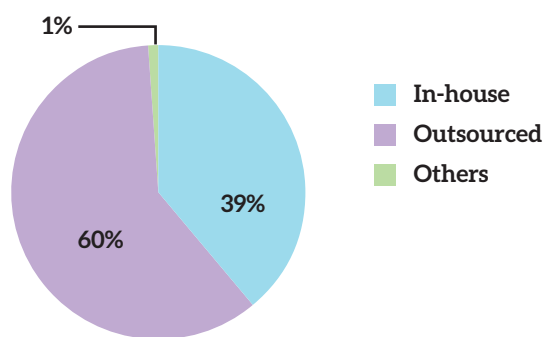


TABLE 7
Internal Audit Function Cost

	Average (RM)	Minimum (RM)	Maximum (RM)
In-house	1,357,931	2,000	39,700,000
Outsourced	63,684	3,000	1,540,000
Others	191,537	6,144	570,000

Risk Oversight

The latest review of all the 873 companies in 2014 found that:

- **707** companies disclosed the internal control procedures/risk management systems it had in place (E.3.19).
- **429** companies disclosed that the board of directors had conducted a review of their material controls and risk management systems in their annual reports (E.3.20).
- **179** companies disclosed how key risks are managed (E.3.21).
- **464** companies had their annual reports contain a statement from the board of directors or audit committee commenting on the adequacy of their internal controls or risk management systems (E.3.22).

People on the Board

Board Chairman

Having a board that can exercise objective independent judgment on corporate affairs speaks a lot on a company as a whole. OECD principles go on to suggest that the separation of the role of chief executive and chairman 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. The Scorecard found that:

- **688** companies had different persons assuming the roles of chairman and CEO during the year (E.4.1).
- **364** companies had chairmen who were independent directors (E.4.2).
- **184** companies had chairmen who were CEOs of the companies in the last three years (E.4.3).
- **473** companies had disclosed the role and responsibilities of the chairman (E.4.4).

Skills and Competencies

Having the right talent pool at the board level could better help a company to steer forward, especially given intensifying competition, volatile cost of operations and natural disasters or accidents. The latest assessment of all the 873 companies in 2014 showed that:

- **603** companies had at least one non-executive director with prior working experience in the major sector that the company is operating in (E.4.5).
- **107** companies disclosed a board of directors diversity policy (E.4.6).

Board Performance

Directors Development

The latest review of the 873 companies in 2014 showed that:

- **190** companies had orientation programmes for new directors (E.5.1).
- **493** companies had a policy that encouraged directors to attend on-going or continuous professional education programmes (E.5.2).

CEO/Executive Management Appointments and Performance

The sustainability of a company's business hinges a lot on well-planned succession plans and fair annual performance assessments of its top management. The Scorecard found that:

- **34** companies disclosed how the board of directors planned for the succession of the CEO/Managing Director/President and key management (E.5.3).
- **93** companies had their board of directors conducted an annual performance assessment of the CEO/Managing Director/President (E.5.4).

Board Appraisal

The way how a company appraises its board, individual directors and committees marks the last section of the Scorecard. It was found that:

- **473** companies carried out annual performance assessments on the board of directors (E.5.5).
- **93** companies disclosed the process followed in conducting the board assessments (E.5.6).
- **129** companies disclosed the criteria used in board assessments (E.5.7).

Director Appraisal

- **420** companies carried out annual performance assessments on individual directors (E.5.8).
- **84** companies disclosed the process followed in conducting the director assessment (E.5.9).
- **127** companies disclosed the criteria used in the director assessment (E.5.10).

Committee Appraisal

- **380** companies carried out annual performance assessment on the board of directors' committees (E.5.11).

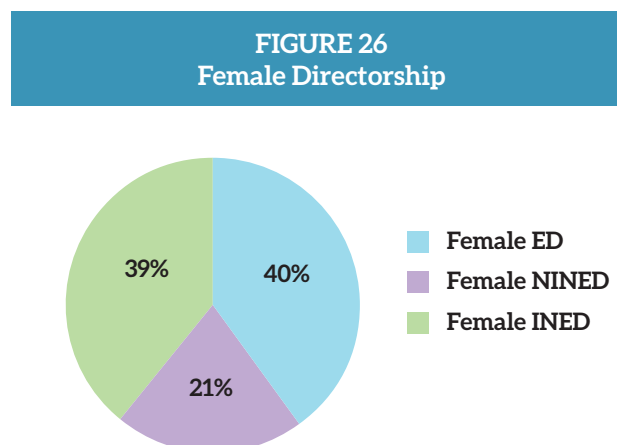
BONUS

As for the remaining 11 bonus items, the Scorecard showed that:

- **10** of the 873 companies surveyed allowed the use of secure electronic voting in absentia at the general meetings of shareholders (A.1.1(B)).
- **75** companies released its notice of AGM (with detailed agendas and explanatory circulars), as announced to the Exchange, at least 28 days before the date of the meeting (B.1.1(B)).
- **None** of the 873 companies assessed practised integrated reporting in its annual reports (C.1.1(B)).
- **7** companies released their audited annual financial reports/statements within 60 days from the financial year end (D.1.1 (B)).
- **77** of the 873 companies assessed disclosed details of remuneration of their CEOs (D.1.2 (B)).
- **210** companies had at least one female independent director (E.1.1(B)).
- **497** companies had their nominating committee comprise entirely of independent directors (E.2.1(B)).

- **27** companies' nominating committees undertook the process of identifying the quality of directors aligned with the company's strategic directions (E.2.2(B)).
- **9** companies assessed used professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors (E.3.1(B)).
- **264** companies had their independent non-executive directors make up more than 50% of the board of directors (E.4.1(B)).
- **83** companies had a separate level risk committee (E.5.1(B)).

Analysis of female directorship is shown in Figure 26.



PENALTY

There are a total of 21 undesirable practices under the Penalty section of the Scorecard. Based on the assessment of the 873 companies in 2014, all had avoided nine of the undesirable practices, which reflected quite positively on the Malaysian corporate scene. These include examples of companies that had:

- 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 and unannounced agenda item into the notice of AGM/EGM (A.3.1(P)).
- Failed to disclose the existence of shareholders agreement (A.4.1(P)), voting cap (A.4.2(P)) and multiple voting rights (A.4.3(P)).
- Directors, management and employees involved in insider trading convictions in the past three years (B.1.1(P)).
- Received an "adverse opinion" in its external audit report (D.1.2(P)).
- Directors or senior management who are former employees or partners of the current external auditor (in the past 2 years) (E.3.1(P)).

Nonetheless, some of the 873 companies assessed had practised 12 items under the Penalty section. The Scorecard showed that:

- **25** of the 873 companies surveyed had an apparent pyramid ownership structure and/or cross holding structure (A.5.1(P)).

- **One** company possessed cases of non-compliance with the laws, rules and regulations pertaining to significant or material related party transactions in the past three years **(B.2.1(P))**.
- **Five** of the 873 companies assessed violated laws pertaining to labour/employment/consumer/insolvency/commercial/competition or environmental issues **(C.1.1(P))**.
- **Five** companies faced sanctions by regulators for failure to make announcements within the requisite time period for material events **(C.2.1(P))**.
- **12** companies received a "qualified opinion" in its external audit report **(D.1.1(P))**, two received a "disclaimer opinion" in its external audit report **(D.1.3(P))**.
- **Two** companies revised its financial statements for reasons other than changes in accounting policies **(D.1.4(P))**.
- **Five** of the 873 companies surveyed had not complied with any listing rules and regulations over the past year apart from disclosure rules **(E.1.1(P))**.
- **One** company had non-executive directors resign and raise issues of governance-related concerns **(E.1.2(P))**.
- **459** companies had independent directors who have served for more than nine years or two terms (whichever is higher) in the same capacity **(E.2.1(P))**.
- Interestingly, **one** company failed to identify who were the independent director **(E.2.2(P))**.
- **22** companies had directors who were former CEOs of the company in the past two years **(E.4.1(P))**.

CONCLUDING REMARKS

Malaysia's corporate governance culture continues to improve. Notably, this year saw the nation retain its fourth position in the CLSA-ACGA, Corporate Governance Watch 2014 Report. Malaysia has done so by being the only market in Asia-Pacific that has consistently improved in scores. The country has improved by another three points to 58 points from two years ago.

The Malaysian government, SC, MSWG, PLCs and other parties have continued to plough towards building a business environment that is transparent, with a strong regulatory framework benchmarked against international standards of corporate governance. The focus and attention have indeed paid off.

In June 2014, the ASEAN Capital Markets Forum (ACMF) released the ASEAN Corporate Governance Scorecard Country Report and Assessments 2013-2014, which showed that PLCs from Malaysia continued to emerge as high scorers amongst six participating ASEAN countries, namely Malaysia, Singapore, Thailand, Indonesia, the Philippines and Vietnam.

Malaysia has also improved its business environment and is now ranked 18th out of 189 economies by the World Bank in their Ease of Doing Business Report 2015. Not only is this an improvement from a year ago, Malaysia is now ahead of even Taiwan, Switzerland and Japan. Moreover, Malaysia is now ranked the first among emerging East Asia economies.

The pace of Malaysia improving its corporate governance scene has not slowed down. In June 2014, SC and MSWG launched the Malaysian Code for Institutional Investors, which is the first such initiative in the ASEAN region. The code reflects the aspirations and best practices of institutional investors and as a signatory, institutional investors would enhance their reputation and branding as one that has adopted international standards, thus garnering the trust and confidence of the public. MSWG is now working towards establishing an umbrella body or council for institutional investors. Not only it will monitor the effective adoption of the code, it also will serve as a platform that shapes the wider sphere of corporate governance culture in Malaysia.

With these achievements and developments, Malaysia continues to play a leading role in ASEAN's corporate governance landscape. This year also marks the third year that MSWG has used this Scorecard to assess Malaysian PLCs with corporate governance principles and best practices that meet global standards.

Although the overall findings of the assessment of top 100 companies in the Scorecard have shown improvements in their corporate governance practices, the overall average score of the total 873 companies assessed have not. This is evidenced by a slight decline in the overall average score of 60.23 points in 2014 from 61.59 points a year earlier. Such performance clearly shows that Malaysian companies need to keep up their pace with the fast advancing global corporate governance practices and expectations.

From the findings of the Scorecard, some of the areas that warrant further improvements and efforts include the following:

- More serious effort needs to be taken to increase the number of women on boards.
- Disclosing more information on ESG policies and activities especially those linking to strategies on material aspects and areas.
- Disclosing more information on Board assessments including the process and criteria used for the assessments.
- Notice of AGM should be accompanied with explanations on all resolutions and reference be made where information can be found in the Annual Report.
- Disclosure on directors' profile which clearly separate directorships in listed and non-listed companies.
- Further explanations on dividend policies and amount payable in notice of AGM/circulars.
- Where companies have major shareholders holding more than 50%, the number and value of votes should be taken into consideration and both must be more than 50% for the resolutions to go through.
- Using electronic voting to facilitate more efficient conduct of poll voting.
- Independent scrutineer to be appointed in both poll voting and voting by show of hands in general meetings.
- Disclosing directors' remuneration by individual director instead of by band as required by law. Companies are also encouraged to put to vote for shareholders' approval annually at the AGMs the total remuneration and not just fees even if there is no increase in the directors' remuneration.
- Publishing the minutes of the general meetings on the company's website within one month from the date of the meetings and the Company's Memorandum & Articles of Association.

With Malaysia chairing ASEAN in 2015 – the last year of the forecasted realisation of the ASEAN Economic Community, it is imperative that Malaysian PLCs continue to improve their corporate governance practices and scores to set an example for others in the region to follow.

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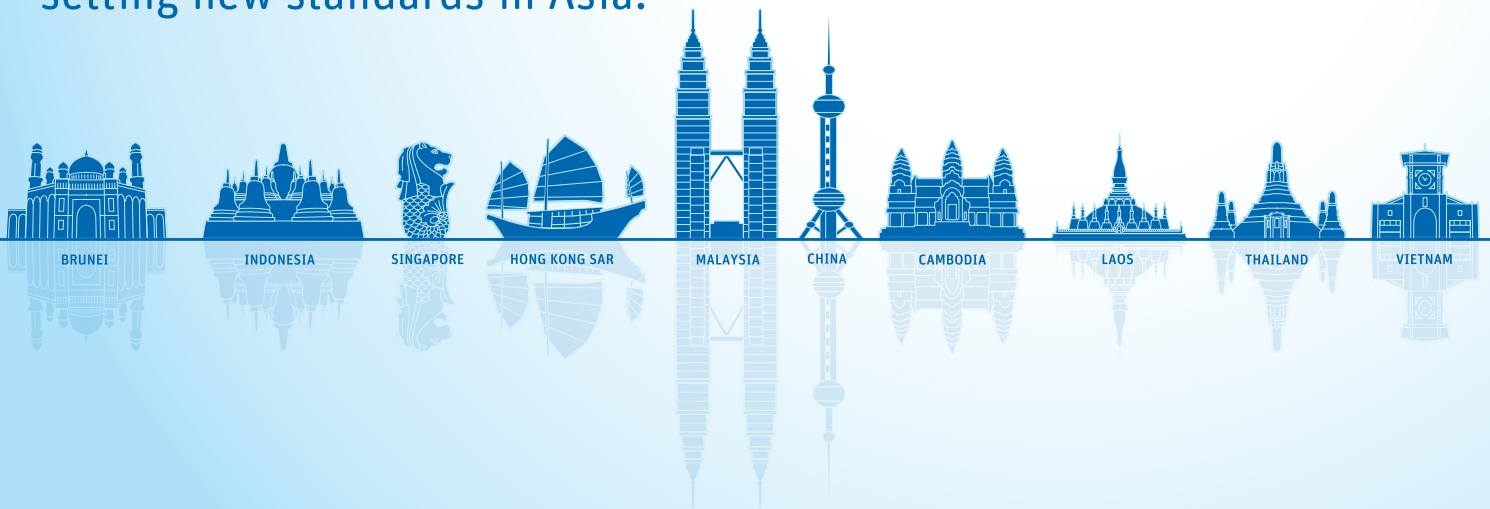


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GLOSSARY

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AAA	Annual Audited Accounts
AC	Audit Committee
AGM	Annual General Meeting
AEC	ASEAN Economic Committee
ACGA	Asian Corporate Governance Association
ACMF	ASEAN Capital Markets Forum
AR	Annual Report
ASEAN	Association of South East Asian Nations
Average	See "Mean"
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG	Corporate Governance
CG Blueprint	Corporate Governance Blueprint released by Securities Commission Malaysia in July 2011
Code	Malaysian Code on Corporate Governance first released by Securities Commission Malaysia in 2000 and subsequently revised in 2007 and 2012
CLSA	Credit Lyonnais Securities Asia
CMDF	Capital Market Development Fund
Company	A company listed in the Exchange. Also called a public listed company or PLC.
DRB	Domestic Ranking Body
ED	Executive Director
EGM	Extraordinary General Meeting
Exchange	Bursa Malaysia Securities Berhad
GLC	Government Linked Company
ICGN	International Corporate Governance Network
IR	Investor Relations
INED	Independent Non-Executive Director
LR	Listing Requirements
MEAN	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"
MSWG	Minority Shareholder Watchdog Group
MCG	Malaysian Corporate Governance
MD	Managing Director
NC	Nomination Committee
NED	Non-Executive Director
NINED	Non-Independent Non-Executive Director
OECD	Organisation for Economic Corporation and Development
PLC	Public Listed Company
RC	Remuneration Committee
RPT	Related Part Transaction
SC	Securities Commission Malaysia



**“It is clear that good corporate governance
makes good sense. The name of the game
for a company in the 21st Century
will be - to conform while it performs.”**

- Mervyn King
(Chairman, King Report)

APPENDIX 1

METHODOLOGY

The year 2014 was the third year MSWG used the ASEAN Corporate Governance Scorecard⁴ (**Scorecard**) to assess 873 Malaysian public listed companies. Earlier on, MWSG had used Malaysian Corporate Governance (MCG) Index Scorecard⁵ in 2009 until 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 8** shows the number of items in each part and the weights attached to each part.

TABLE 8
Breakdown of Items in Level 1 Scorecard

	Part A	Part B	Part C	Part D	Part E	Total
No. of items	25	17	21	41	75	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 32 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.

⁴ Further details about ACMF and the ASEAN Corporate Governance Scorecard initiative are available at www.theacmf.org and www.mswg.org.my

⁵ The MCG Index Scorecard can be viewed at www.mswg.org.my

Accessibility of Information

The assessment of companies by way of the **Scorecard** relied primarily on information contained in annual reports as at 31 July 2014 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 873 companies⁶ compared to 862 companies in 2013.

⁶ Readers are advised to exercise caution when comparing the results and findings from the current assessment to those of prior MCG Index assessments in 2009-2011.

A. Rights of Shareholders				
A.1	Basic Shareholder Rights			
A.1.1	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?	OECD Principle II: The Rights of Shareholders and Key Ownership Functions (A) Basic shareholder rights should include the right to, amongst others: (6) share in the profits of the corporation.	Dividends announcement / Annual CG Report / Minutes of AGM	
A.2	Right to participate in decisions concerning fundamental corporate changes.			
A.2.1	Do shareholders have the right to participate in: Amendments to the company's constitution?	OECD Principle II (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.	Annual Report / Company website / Articles of Association	
A.2.2	The authorisation of additional shares?	OECD Principle II (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?	OECD Principle II (B): (3) extraordinary transactions, including the transfer of all or substantially all assets, that in effect result in the sale of the company.		
A.3	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.			
A.3.1	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?	OECD Principle II (C): (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.	Announcement of AGM / Articles of Association / Annual Report / Company website	
A.3.2	Does the company provide non-controlling shareholders a right to nominate candidates for board of directors/commissioners?		Annual Report / Company website / Articles of Association / Annual CG Report	
A.3.3	Does the company allow shareholders to elect directors/commissioners individually?		Minutes of AGM / Result announcement of AGM / Articles of Association / Annual Report / Website / AGM Notice / Annual CG Report	

Guiding Reference

A. Rights of Shareholders		Guiding Reference	Source Document / Location of Information
A.3	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.		
A.3.4	Does the company disclose the voting and vote tabulation procedures used, declaring both before the meeting proceeds?	OECD Principle II (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 general shareholder meetings.	AGM Minutes / Articles of Association / Company website / AGM Notice
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?	OECD Principle II (C): (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.	AGM Minutes / Summary of Minutes / Annual CG Report
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)?		
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?		
A.3.9	Does the company disclose the list of board members who attended the most recent AGM?	OECD Principle II (C); and ICGN 2.4.2: 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.3.10	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?		
A.3.13	Did the company organise their most recent AGM in an easy to reach location?	OECD Principle II (C)	Notice of AGM / Company website / Annual CG Report
A.3.14	Does the company allow for voting in absentia?	OECD Principle II (C): (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?		
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?	OECD Principle II (C)	AGM Minutes / Annual CG Report AGM Minutes / Annual CG Report / Notice of AGM

A. Rights of Shareholders			
A.3	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.		
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?	<p>OECD Principle II (C): (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.</p>	Company announcements / Company website
A.3.18	Do companies provide at least 21 days notice for all resolutions?		Company announcements / Articles of Association / Annual Report / Company website
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?		Company announcements / Articles of Association / Annual Report / Company website / Notice of AGM
A.4	Markets for corporate control should be allowed to function in an efficient and transparent manner.		
A.4.1	In cases of mergers, acquisitions and/or takeovers requiring shareholders approval, does the board of directors/commissioners of the offeree company appoint an independent party to evaluate the fairness of the transaction price?	<p>OECD Principle II (E): Markets for corporate control should be allowed to function in an efficient and transparent manner.</p> <p>(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.</p>	Merger announcement / Company Report on the merger
A.5	The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.		
A.5.1	Does the Company publicly disclose policy/practice to encourage shareholders including institutional shareholders to attend the general meetings or engagement with the Company?	<p>OECD Principle II (F): The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.</p>	Annual Report / Company website

Guiding Reference

B. Equitable Treatment of Shareholders				
B.1 Shares and voting rights				
B.1.1	Do the company's ordinary or common shares have one vote for one share?		OECD Principle III (A) All shareholders of the same series of a class should be treated equally. (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. ICGN 8.3.1 Unequal voting rights Companies or 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.	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)?			
B.2 Notice of AGM				
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?		OECD Principle II (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: (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, such as the nomination and election of board members, should be facilitated.	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?			
Does the notice of AGM/circulars have the following details:				
B.2.3	Are the profiles of directors/commissioners (at least age, academic qualification, date of first appointment, experience, and directorships in other listed companies) in seeking election / re-election included?		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.	
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.	
B.2.6	Is the amount payable for final dividends disclosed?			
B.2.7	Were the proxy documents made easily available?			Notice of AGM

B. Equitable Treatment of Shareholders			
B.3		Insider trading and abusive self-dealing should be prohibited.	
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?		Annual Report / Company website / Announcement
B.3.2	Are the directors / commissioners required to report their dealings in company shares within 3 business days?	<p>OECD Principle III (B) Insider trading and abusive dealing should be prohibited</p> <p>ICGN 3.5 Employee share dealing 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.</p> <p>ICGN 8.5 Shareholder rights of action ... Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.</p>	Annual Report / Company website / Announcement / Annual CG Report
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>OECD Principle III (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>ICGN 2.11.1 Related party transactions 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>ICGN 2.11.2 Director conflicts of interest 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 / Annual CG Report
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?		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

Guiding Reference

B. Equitable Treatment of Shareholders			
B.5 Protecting minority shareholders from abusive actions			
B.5.1	Were there any RPTs that can be classified as financial assistance to entities other than wholly-owned subsidiary companies?	<p>OECD Principle III</p> <p>(A) All shareholders of the same series of a class should be treated equally.</p> <p>(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>ICGN 2.11.1 Related party transactions</p> <p>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>ICGN 2.11.2 Director conflicts of interest</p> <p>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>ICGN 8.5 Shareholder rights of action</p> <p>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>	Annual Report / Company website / Announcement / Media
B.5.2	Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?		Annual Report / Company website / Announcement

C. Role of Stakeholders			
C.1	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>OECD Principle IV (A): 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>Global Reporting Initiative: Sustainability Report (C.1.1 - C.1.5) International Accounting Standards 1: Presentation of Financial Statements</p>
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>OECD Principle IV (A) & Global Reporting Initiative</p>
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?		<p>OECD Principle V (A): Disclosure should include, but not be limited to, material information on: (7) Issues regarding employees and other stakeholders.</p> <p>Companies are encouraged to provide information on key issues relevant to employees and other stakeholders that may materially affect the long term sustainability of the company.</p>

Annual Report /
Company website /
Sustainability or
Corporate Responsibility
Report (CSR) /
Annual CG Report

Annual Report /
Company website /
Financial statements /
Annual CG Report

Annual Report /
Company website /
Sustainability or
Corporate Responsibility
Report (CSR) /
Annual CG Report

Annual Report /
Company website /
Financial statements /
Annual CG Report

Annual Report /
Company website /
Sustainability or CR Report

Guiding Reference

C. Role of Stakeholders			
C.2	Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.		
C.2.1	Does the company provide contact details via the company's website or Annual Report which stakeholders (e.g. customers, suppliers, general public etc.) can use to voice their concerns and/or complaints for possible violation of their rights?	OECD Principle IV (B): Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights. 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.	Company website / Annual Report
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?	OECD Principle IV (C): 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. Firm specific skills are those skills/competencies that are related to production technology and/or organizational aspects that are unique to a firm. 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.	Annual Report / Company website / Separate CR or ESG report as the case may be / Annual CG Report
C.3.2	Does the company publish relevant information relating to health, safety and welfare of its employees?		
C.3.3	Does the company have training and development programmes for its employees?		
C.3.4	Does the company publish relevant information on training and development programmes for its employees?		
C.3.5	Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?		
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?	OECD Principle IV (E): 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.	Annual Report / Company website / Annual CG Report
C.4.2	Does the company have a policy or procedures to protect an employee/person who reveals illegal/unethical behavior from retaliation?		

D. Disclosure and Transparency			
D.1	Transparent ownership structure		
D.1.1	Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more?	<p>OECD Principle V: Disclosure and Transparency (A) Disclosure should include, but not limited to, material information on: (3) Major share ownership and voting rights, including group structures, intra-group relations, ownership data, and beneficial ownership.</p> <p>ICGN 7.6 Disclosure of ownership ... 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 / Annual CG Report
D.1.2	Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?		
D.1.3	Does the company disclose the direct and indirect (deemed) shareholdings of directors (commissioners)?		
D.1.4	Does the company disclose the direct and indirect (deemed) shareholdings of senior management?		
D.1.5	Does the company disclose details of the parent/holding company, subsidiaries, associates, joint ventures and special purpose enterprises/vehicles (SPEs)/ (SPVs)?		

Guiding Reference

D. Disclosure and Transparency

D.2 Quality of Annual Report		
Does the company's annual report disclose the following items:		
D.2.1	Key risks	<p>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; (8) Governance structure and policies, in particular, the content of any corporate governance code or policy and the process by which it is implemented.</p> <p>OECD Principle V (B): Channels for disseminating information should provide for equal, timely and cost-efficient access to relevant information by users.</p> <p>ICGN 2.4 Composition and structure of the board ICGN 2.4.1 Skills and experience ICGN 2.4.3 Independence</p> <p>ICGN 5.0 Remuneration ICGN 5.4 Transparency</p> <p>UK Corporate Governance Code (2010) A.1.2 - the number of meetings of the board and those committees and individual attendance by directors.</p> <p>CLSA-ACGA (2010) CG Watch 2010 - Appendix 2 (I) CG rules and practices. (19) Disclose the exact remuneration of individual directors.</p>
D.2.2	Corporate objectives	
D.2.3	Financial performance indicators	
D.2.4	Non-financial performance indicators	
D.2.5	Dividend policy	
D.2.6	Details of whistle-blowing policy	
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	
D.2.8	Training and/or continuing education programme attended by each director/commissioner	
D.2.9	Number of board of directors/commissioners meetings held during the year	
D.2.10	Attendance details of each director/commissioner in respect of meetings held	
D.2.11	Details of remuneration of each member of the board of directors/commissioners	

Annual Report

D. Disclosure and Transparency			
D.2	Quality of Annual Report Corporate Governance Confirmation Statement		
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?	<p>OECD PRINCIPLE V (A) (8)</p> <p>UK CODE (JUNE 2010): Listing Rules</p> <p>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> <ul style="list-style-type: none"> (i) those provisions, if any, it has not complied with; (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 (iii) the company's reasons for non-compliance. <p>ASX CODE:</p> <p>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.3	Disclosure of related party transactions (RPT)		
D.3.1	Does the company disclose its policy covering the review and approval of material/significant RPTs?	<p>OECD Principle V: Disclosure and Transparency</p> <p>(A) Disclosure should include, but not limited to, material information on:</p> <p>(5) Related party transactions.</p>	Annual Report / Annual CG Report
D.3.2	Does the company disclose the name of the related party and relationship for each material/significant RPT?	<p>ICGN 2.11.1 Related party transactions</p> <p>The company should disclose details of all material related party transactions in its Annual Report.</p>	
D.3.3	Does the company disclose the nature and value for each material/significant RPT?		

Guiding Reference

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>OECD Principle V (A): (3) Major share ownership and voting rights.</p> <p>ICGN 3.5 Employee share dealing Companies should have clear rules regarding any trading by directors and employees in the company's own securities.</p> <p>ICGN 5.5 Share ownership 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 / Annual CG Report
D.5	External auditor and Auditor Report		
D.5.1	Are audit fees disclosed?	<p>OECD Principle V (C): 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>	
D.5.2	Where the same audit firm is engaged for both audit and non-audit services	<p>OECD Principle V (D): 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>	Annual Report
D.5.3	Are the non-audit fees disclosed?	<p>ICGN 6.5 Ethical standards (Audit) 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>	
D.5.3	Does the non-audit fee exceed the audit fees?		
D.6	Medium of communications		
	Does the company use the following modes of communication?		
D.6.1	Quarterly reporting	<p>OECD Principle V (E): Channels for disseminating information should provide for equal, timely and cost-efficient access to relevant information by users.</p>	Announcement / Company website
D.6.2	Company website	<p>ICGN 7.1 Transparent and open communication Every company should aspire to transparent and open communication about its aims, its challenges, its achievements and its failures.</p>	Company website
D.6.3	Analyst's briefing	<p>ICGN 7.2 Timely disclosure 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.</p>	Annual Report / Announcement / Company website
D.6.4	Media briefings /press conferences		Annual Report / Announcement / Company website

D. Disclosure and Transparency			
D.7	Timely filing/release of annual/financial reports		
D.7.1	Are the audited annual financial report / statement released within 120 days from the financial year end?	OECD Principle V (C) OECD Principle V (E) OECD Principle V-(A).	Announcement / Company website / Exchange website
D.7.2	Is the annual report released within 120 days from the financial year end?	ICGN 7.2 Timely disclosure ICGN 7.3 Affirmation of financial statements	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?	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
D.8	Company website		
Does the company have a website disclosing up-to-date information on the following:			
D.8.1	Business operations	OECD Principle V (A)	
D.8.2	Financial statements/reports (current and prior years)	OECD Principle V (E)	
D.8.3	Materials provided in briefings to analysts and media	ICGN 7.1 Transparent and open communication	
D.8.4	Shareholding structure	ICGN 7.2 Timely disclosure	Company website
D.8.5	Group corporate structure		
D.8.6	Downloadable annual report		
D.8.7	Notice of AGM and/or EGM		
D.8.8	Minutes of AGM and/or EGM		
D.8.9	Company's constitution (company's by-laws, memorandum and articles of association)		
D.9	Investor relations		
D.9.1	Does the company disclose the contact details (e.g. telephone, fax, and email) of the officer / office responsible for investor relations?	ICGN 7.1 Transparent and open communication	Annual Report / Company website

Guiding Reference

E. Responsibilities of the Board			
E.1	Board Duties and Responsibilities		
	Clearly defined board responsibilities and corporate governance policy		
E.1.1	Does the company disclose its corporate governance policy / board charter?		<p>OECD PRINCIPLE V: Disclosure and Transparency</p> <p>(A) Disclosure should include, but not be limited to, material information on:</p> <p>8. Governance structures and policies, in particular, the content of any corporate governance code or policy and the process by which it is implemented.</p>
E.1.2	Are the types of decisions requiring board of directors/commissioners' approval disclosed?		<p>OECD PRINCIPLE VI (D)</p>
E.1.3	Are the roles and responsibilities of the board of directors/commissioners clearly stated ?		<p>OECD PRINCIPLE VI: The Responsibilities of the Board</p> <p>(D) The board should fulfil certain key functions, including:</p> <ol style="list-style-type: none"> 1. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures. 2. Monitoring the effectiveness of the company's governance practices and making changes as needed. 3. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning. 4. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders. 5. Ensuring a formal and transparent board nomination and election process. 6. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions. 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. 8. Overseeing the process of disclosure and communications.

Annual Report /
Website /
Annual CG Report

E. Responsibilities of the Board			
E.1 Board Duties and Responsibilities			
Corporate Vision/Mission			
E.1.4	Does the company have a vision and mission statement?		Annual Report / Website / Annual CG Report
E.1.5	Has the board review the vision and mission/strategy in the last financial year?		
E.1.6	Does the board of directors monitor/oversee the implementation of the corporate strategy?	<p>OECD PRINCIPLE 6 (P58) ICGN:3.2 Integrity</p> <p>ICGN:3.2 Integrity The board is responsible for overseeing the implementation and maintenance of a culture of integrity. The board should encourage a culture of integrity permeating all aspects of the co., and secure that its vision, mission and objectives are ethically sound.</p>	Board Charter / Annual Report / Annual CG Report
E.2 Board structure			
Code of Ethics or Conduct			
E.2.1	Are the details of the code of ethics or conduct disclosed?	<p>OECD PRINCIPLE VI (C) The board should apply high ethical standards. It should take into account the interests of stakeholders.</p> <p>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.</p> <p>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>	Annual Report / Website / Annual CG Report
E.2.2	Does the company disclose that all directors/commissioners, senior management and employees are required to comply with the code?		
E.2.3	Does the company disclose how it implements and monitors compliance with the code of ethics or conduct?		

Guiding Reference

E. Responsibilities of the Board

E.2 Board Structure

Board Structure & Composition

			Annual Report / Annual CG Report
E.2.4	Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?	<p>OECD PRINCIPLE VI (E) 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 / Annual CG Report
E.2.5	Are the independent directors/commissioners independent of management and major/substantial shareholders?	<p>OECD PRINCIPLE VI (E) 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 exercise 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 / Annual CG Report
E.2.6	Does the company have a term limit of nine years or less for its independent directors/commissioners?	<p>UK CODE (JUNE 2010): 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 / Annual CG Report

E. Responsibilities of the Board			
E.2	Board Structure		
E.2.7	Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?		Annual Report / Website / Annual CG Report
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 / Annual CG 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 / Annual CG Report
Nominating Committee			
E.2.10	Does the company have a Nominating Committee (NC)?	<p>OECD PRINCIPLE VI (E) (3) Board members should be able to commit themselves effectively to their responsibilities. 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> <p>OECD PRINCIPLE II (C) (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.</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>OECD PRINCIPLE VI (E) (4) 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.</p>	Annual Report / Annual CG Report
E.2.11	Does the Nominating Committee comprise of a majority of independent directors/commissioners?		
E.2.12	Is the chairman of the Nominating Committee an independent director/commissioner?	This item is in most codes of corporate governance.	

Guiding Reference

E. Responsibilities of the Board				
E.2 Board Structure				
E.2.13	Does the company disclose the terms of reference/governance structure/charter of the Nominating Committee?		<p>OECD PRINCIPLE VI (E) (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 / Annual CG Report
E.2.14	Did the Nominating Committee meet at least twice during the year?		Annual Report / Annual CG Report	
E.2.15	Is the attendance of members at Nominating Committee meetings disclosed?		Annual Report / Annual CG Report	
Remuneration Committee/ Compensation Committee				
E.2.16	Does the company have a Remuneration Committee?		<p>OECD PRINCIPLE VI (D) (4) Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.</p> <p>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.</p>	Annual Report / Annual CG Report
E.2.17	Does the Remuneration Committee comprise of a majority of independent directors/commissioners?			
E.2.18	Is the chairman of the Remuneration Committee an independent director/commissioner?			

E. Responsibilities of the Board			
E.2	Board Structure		
E.2.19	Does the company disclose the terms of reference/governance structure/ charter of the Remuneration Committee?	<p>OECD PRINCIPLE VI (E)</p> <p>(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 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.</p>	<p>Annual Report / Website / Annual CG Report</p> <p>Annual Report / Annual CG Report</p> <p>Annual Report / Annual CG Report</p>
E.2.20	Did the Remuneration Committee meet at least twice during the year?		
E.2.21	Is the attendance of members at Remuneration Committee meetings disclosed?		
Audit Committee			
E.2.22	Does the company have an Audit Committee?	<p>OECD PRINCIPLE VI (E)</p> <p>(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.</p> <p>OECD PRINCIPLE VI (E)</p> <p>(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 the 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>Annual Report / Annual CG Report</p> <p>Annual Report / Annual CG Report</p> <p>Annual Report / Annual CG Report</p>
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?		

Guiding Reference

E. Responsibilities of the Board

E.2 Board Structure

			Annual Report / Annual CG Report
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 / Annual CG Report
E.2.27	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	UK CODE (JUNE 2010) 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 / Annual CG Report
E.2.28	Did the Audit Committee meet at least four times during the year?		
E.2.29	Is the attendance of members at Audit Committee meetings disclosed?		
E.2.30	Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?	UK CODE (JUNE 2010) C.3.6 The Audit Committee should have primary responsibility for making a recommendation on the appointment, re-appointment 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 / Annual CG Report

E.3 Board Processes

Board meetings and attendance

			Annual Report / Annual CG Report
E.3.1	Are the board of directors meeting scheduled before the start of financial 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 / Annual CG Report
E.3.2	Does the board of directors/commissioners meet at least six times during the year?	WORLD BANK PRINCIPLE 6 (VII.24) Does the board meet at least six times per year? INDO SCORECARD 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 / Annual CG Report
E.3.3	Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?	OECD PRINCIPLE VI (E) (3) Board members should be able to commit themselves effectively to their responsibilities.	Annual Report / Annual CG Report
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	WORLD BANK PRINCIPLE 6 (VII.28) Is there a minimum quorum of at least 2/3 for board decisions to be valid?	Annual Report / Website (In board charter/articles) / Annual CG Report
E.3.5	Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?	WORLD BANK PRINCIPLE 6 (VI.E.16) Does the corporate governance framework requires or encourages boards to conduct executive sessions?	Annual Report / Annual CG Report

E. Responsibilities of the Board			
E.3	Board Processes		
Access to information			
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?	<p>OECD PRINCIPLE VI (F) In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information.</p> <p>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.</p> <p>WORLD BANK PRINCIPLE 6 (VI.F.2) Does such information need to be provided to the board at least five business days in advance of the board meeting?</p>	Annual Report / Annual CG Report
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	<p>OECD PRINCIPLE VI (F) ICSA Guidance on the Corporate Governance Role of the Company Secretary</p>	Annual Report / Annual CG Report
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices?	<p>WORLD BANK PRINCIPLE 6 (VI.D.2.12) Do company boards have a professional and qualified company secretary?</p>	Annual Report / Annual CG Report
Board Appointments and Re-Election			
E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?	<p>OECD PRINCIPLE II (C) (3) 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>OECD Principle VI (D) (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.</p>	Annual Report / Website / Annual CG Report
E.3.10	Does the company disclose the process followed in appointing new directors/commissioners?		Annual Report / Website / Annual CG Report

Guiding Reference

E. Responsibilities of the Board			
E.3	Board Processes		Annual Report / Website
E.3.11	Are all the directors/commissioners subject to re-election at least once every three years?	<p>ICGN: 2.9.1 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>WORLDBANK PRINCIPLE 6 (VII.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
Remuneration Matters			
E.3.12	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>OECD PRINCIPLE VI (D) (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 / Annual CG Report
E.3.13	Is there disclosure of the fee structure for non-executive directors/commissioners?	<p>UK CODE (JUNE 2010) 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 / Annual CG Report

E. Responsibilities of the Board			
E.3	Board Processes		
E.3.14	Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?	<p>OECD PRINCIPLE VI (D.4) The Board should fulfil certain key functions including aligning key executive and board remuneration with the longer term interests of the company and its shareholders.</p> <p>ICGN 2.3 (D) and (E) 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>UK CODE (JUNE 2010) (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>ASX CODE Box 8.2: Guidelines for non-executive director remuneration Companies may find it useful to consider the following when considering non-executive director remuneration: <ol style="list-style-type: none"> 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

Guiding Reference

E. Responsibilities of the Board

E.3 Board Processes

Internal Audit

E.3.16	Does the company have a separate internal audit function?	<p>OECD PRINCIPLE VI (D) (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 / Annual CG 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>WORLD BANK PRINCIPLE 6 (VI.7.9) Does the internal auditors 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

E. Responsibilities of the Board				
E.3 Board Processes				
Risk Oversight				
E.3.19	Does the company disclose the internal control procedures/risk management systems it has in place?	Does the company disclose the internal control procedures/risk management systems it has in place?	<p>OECD PRINCIPLE 6 (VI) (D) (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>UK CODE (JUNE 2010) 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.</p>	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?	Does 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?	<p>OECD PRINCIPLE V (A) (6) Foreseeable risk factors.</p> <p>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.</p>	Annual Report
E.3.21	Does the company disclose how key risks are managed?	Does the company disclose how key risks are managed?	<p>OECD PRINCIPLE V (A) (6) Foreseeable risk factors.</p> <p>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.</p>	Annual Report / Website
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?	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>OECD PRINCIPLE 6 (VI) (D) (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

Guiding Reference

E. Responsibilities of the Board

E.4 People on the Board

Board Chairman

E.4	People on the Board	Board Chairman
E.4.1	Do different persons assume the roles of chairman and CEO?	<p>OECD PRINCIPLE VI (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> <p>UK Code (June 2010) 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> <p>ASX Code 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>
E.4.2	Is the chairman an independent director/commissioner?	<p>ICGN: 2.5 Role of the Chair 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>
E.4.3	Has the chairman been the company CEO in the last three years?	
E.4.4	Are the role and responsibilities of the chairman disclosed?	

Annual Report /
Website /
Annual CG Report

E. Responsibilities of the Board			
E.4 People on the Board			
Skills and Competencies			
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>ICGN: 2.4.3 Independence 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>ASX Code 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 / Annual CG Report
E.5 Board Performance			
Directors Development			
E.5.1	Does the company have orientation programmes for new directors/commissioners?	This item is in most codes of corporate governance.	Annual Report / Annual CG Report
E.5.2	Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programmes?	<p>OECD PRINCIPLE VI (E) (3) Board members should be able to commit themselves effectively to their responsibilities. In order to improve board practices and the performance of its members, an increasing number of jurisdictions are now encouraging companies to engage in board training and voluntary self-evaluation that meets the needs of the individual company. This might include that board members acquire appropriate skills upon appointment, and thereafter remain abreast of relevant new laws, regulations, and changing commercial risks through in-house training and external courses.</p>	Annual Report

Guiding Reference

E. Responsibilities of the Board		
E.5 Board Performance	CEO/Executive Management Appointments and Performance	
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?	<p>OECD PRINCIPLE VI (D) (3) Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.</p> <p>In two tier board systems the supervisory board is also responsible for appointing the management board which will normally comprise most of the key executives.</p>
E.5.4	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	<p>OECD PRINCIPLE VI (D) (2) Monitoring the effectiveness of the company's governance practices and making changes as needed.</p> <p>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.</p>
Board Appraisal		
E.5.5	Is an annual performance assessment conducted of the board of directors/commissioners?	OECD PRINCIPLE VI (D) (2)
E.5.6	Does the company disclose the process followed in conducting the board assessment?	
E.5.7	Does the company disclose the criteria used in the board assessment?	
Director Appraisal		
E.5.8	Is an annual performance assessment conducted of individual director/commissioner?	OECD PRINCIPLE VI (D) (2)
E.5.9	Does the company disclose the process followed in conducting the director/commissioner assessment?	
E.5.10	Does the company disclose the criteria used in the director/commissioner assessment?	
Committee Appraisal		
E.5.11	Is an annual performance assessment conducted of the board of directors/commissioners committees?	<p>UK CODE (JUNE 2010) 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.</p>

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Level 2 - Bonus Items		Annual Report / Company website / Articles of Association / Announcement of AGM / Minutes of Meeting
A. Rights of shareholders		
A.1 Right to participate effectively in and vote in general shareholders meeting and should be informed of the rules, including voting procedures, that govern general shareholders meeting.		
A.1.1(B)	Does the company allow the use of secure electronic voting in absentia at the general meetings of shareholders?	<p>OECD Principle II (C) (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.</p>
B. Equitable treatment of shareholders		
B.1 Notice of AGM		
B.1.1(B)	Does the company release its notice of AGM (with detailed agendas and explanatory circulars), as announced to the Exchange, at least 28 days before the date of the meeting?	<p>OECD Principle II (C) (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, such as the nomination and election of board members, should be facilitated.</p> <p>OECD Principle III (A)</p> <p>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 on an individual basis and also the right to appoint external auditors.</p> <p>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.</p> <p>CLSA-ACGA (2010) CG Watch 2010 - Appendix 2. (I) CG rules and practices (25) Do company release their AGM notices (with detailed agendas and explanatory circulars) at least 28 days before the date of the meeting?</p>
C. Roles of Stakeholders		
C.1 The rights of stakeholders that are established by law or through mutual agreements are to be respected		
C.1.1(B)	Does the company practice integrated report on its annual reports?	<p>International <IR> Framework - DRAFT ,IIRC Council Item 3b Meeting of 5 December 2013 "Integrated Reporting <IR> promotes a more cohesive and efficient approach to corporate reporting and aims to improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital. The IIRC's vision is a world in which integrated thinking is embedded within mainstream business practice in the public and private sectors, facilitated by <IR> as the corporate reporting norm."</p>

Level 2 - Bonus Items			
D. Disclosure and transparency			
D.1	Quality of Annual Report		
D.1.1(B)	Are the audited annual financial report /statement released within 60 days from the financial year end?	<p>OECD Principle V (C)</p> <p>OECD Principle V (E)</p> <p>ICGN 7.2 Timely disclosure</p> <p>ICGN 7.3 Affirmation of financial statements</p> <p>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.</p>	<p>Announcement/ Company website / Exchange website</p>
D.1.2(B)	Does the company disclose details of remuneration of the CEO?		Annual Report
E. Responsibilities of the Board			
E.1	Board Competencies and Diversity		
E.1.1(B)	Does the company have at least one female independent director/commissioner?	<p>ICGN 2.4.1 Skills and experience</p> <p>The board should consist of directors with the requisite range of skills, competence, knowledge, experience and approach, as well as a diversity of perspectives, to set the context for appropriate board behaviours and to enable it to discharge its duties and responsibilities effectively.</p>	Annual Report / Annual CG Report
E.2	Nominating Committee		
E.2.1(B)	Does the Nominating Committee comprise entirely of independent directors/commissioners?	<p>ICGN 2.4.4 Composition of board committees</p> <p>The members of these key board committees should be solely non-executive directors, and in the case of the audit and remuneration committees, solely independent directors. All members of the nominations committee should be independent from management and at least a majority should be independent from dominant owners.</p>	Annual Report / Annual CG Report
E.2.2(B)	Does the Nominating Committee undertake the process of identifying the quality of directors aligned with the company's strategic directions?		Annual Report / Annual CG Report
E.3	Board Appointments and Re-Election		
E.3.1(B)	Does the company use professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors/commissioners?	<p>WORLDBANK PRINCIPLE 6 (VII.21) Are boards known to hire professional search firms when proposing candidates to the board?</p>	Annual Report / Company Website / Annual CG Report

Level 2 - Bonus Items			
E. Responsibilities of the Board			
E.4	Board Structure & Composition		
E.4.1(B)	Do independent non-executive directors/commissioners make up more than 50% of the board of directors/commissioners?		Annual Report / Annual CG Report
E.5	Board Performance		
E.5.1(B)	Does the company have a separate level Risk Committee?	<p>International Financial Corporation's Global Corporate Governance Forum Publication: When Do Companies Need a Board-level Risk Management Committee? (Volume 31, pp.11, March 2013)</p> <p>Benefits of a Board Level Risk Committee:</p> <ol style="list-style-type: none"> 1. elevate risk oversight to the highest level in the company; 2. strengthen the quality of risk management; 3. inculcate a risk culture and risk-management environment to mitigate and manage risks effectively across the organization; 4. establish a platform for continuous assessment of risks in light of the changing internal and external environments; 5. improve communication among the board, management, and other stakeholders about risk management; and 6. demonstrate to internal and external stakeholders the company's commitment to risk management 	Annual report / Company Website / Annual CG Report

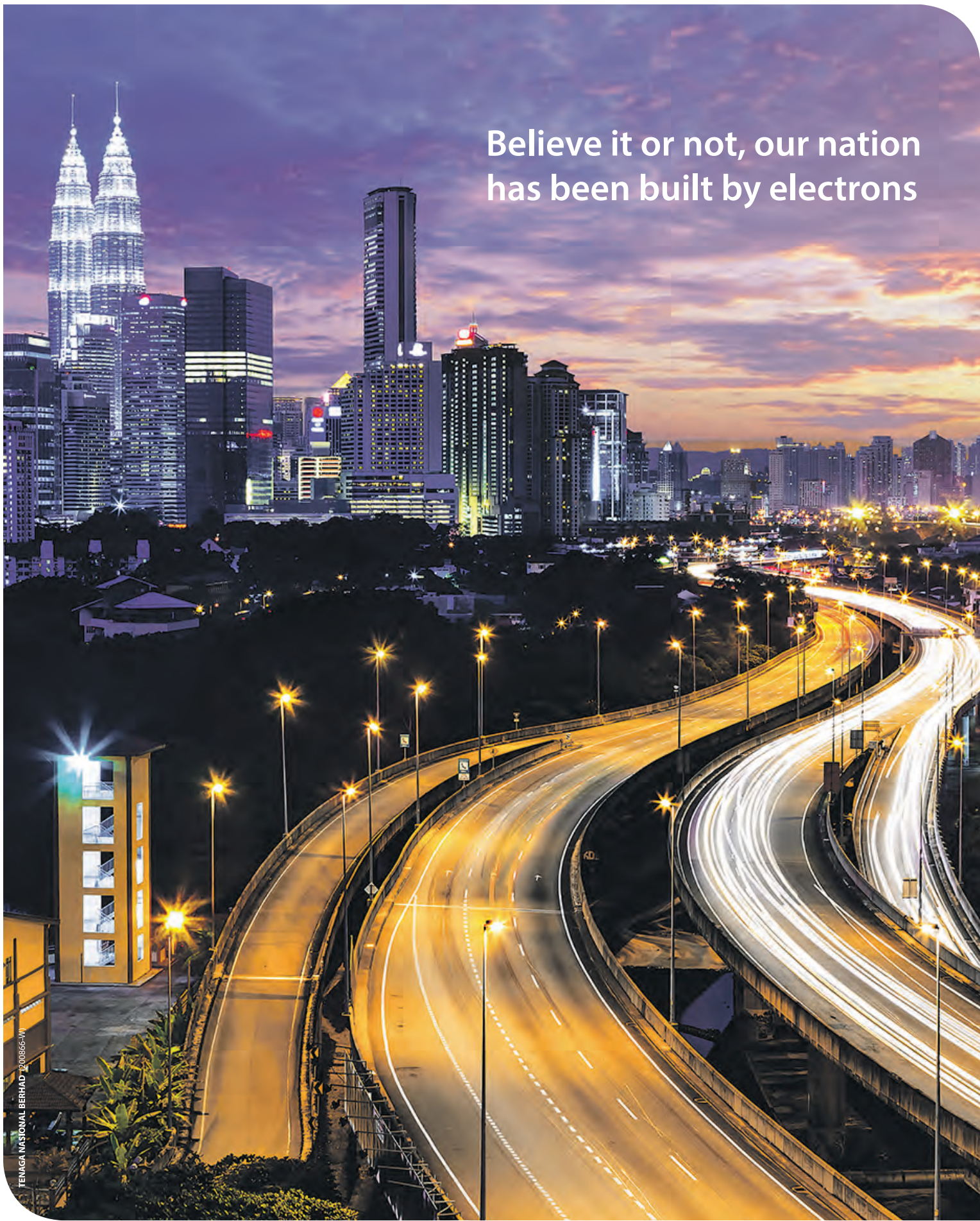
Level 2 - Penalty				
A. Rights of shareholders				
A.1 Basic shareholder rights				
A.1.1(P)	Did the company fail or neglect to offer equal treatment for share repurchases to all shareholders?	OECD Principle II (A)	Repurchase Notice / Announcement / Annual report	
A.2	Shareholders, including institutional shareholders, should be allowed to consult with each other on issues concerning their basic shareholder rights as defined in the Principles, subject to exceptions to prevent abuse.			
A.2.1(P)	Is there evidence of barriers that prevent shareholders from communicating or consulting with other shareholders?	OECD Principle II (G) Shareholders, including institutional shareholders, should be allowed to consult with each other on issues concerning their basic shareholder rights as defined in the Principles, subject to exceptions to prevent abuse.	Annual Report / Company website	
A.3	Right to participate effectively in and vote in general shareholders meeting and should be informed of the rules, including voting procedures, that govern general shareholders meeting.			
A.3.1(P)	Did the company include any additional and unannounced agenda item into the notice of AGM/EGM?	OECD Principle II (C) 2	Minutes of Meeting / Meeting results notice	
A.4	Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.			
Did the company fail to disclose the existence of:				
A.4.1(P)	Shareholders agreement?	OECD Principle II (D)	Annual Report / Company website / Articles of association / Company announcement / Media	
A.4.2(P)	Voting cap?			
A.4.3(P)	Multiple voting rights?			
A.5	Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.			
A.5.1(P)	Is a pyramid ownership structure and/ or cross holding structure apparent?	OECD Principle II (D) Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed. Some capital structures allow a shareholder to exercise a degree of control over the corporation disproportionate to the shareholders' equity ownership in the company. Pyramid structures, cross shareholdings and shares with limited or multiple voting rights can be used to diminish the capability of non-controlling shareholders to influence corporate policy.	To check for the existence of pyramid & cross holding structure(s); Disclosure in Annual Report/ website of the company. It may be directly reported by the company or it may be disclosed in the form of Group Structure that reveals the ownership of the controlling shareholder(s) in companies belonging to the group. Other sources: Check on ownership structures of chains of entities that directly/indirectly owns the listed company.	

Level 2 - Penalty		Source Document / Location of Information
B. Equitable treatment of shareholders		
B.1 Insider trading and abusive self-dealing should be prohibited.		
B.1.1(P)	Has there been any conviction of insider trading involving directors/commissioners, management and employees in the past three years?	<p>OECD Principle III: The Equitable Treatment of Shareholders (B) Insider trading and abusive dealing should be prohibited.</p> <p>ICGN 3.5 Employee share dealing 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.</p> <p>ICGN 8.5 Shareholder rights of action ... Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.</p>
B.2 Protecting minority shareholders from abusive action		
B.2.1(P)	Has there been any cases of non compliance with the laws, rules and regulations pertaining to significant or material related party transactions in the past three years?	<p>OECD Principle III (B) Insider trading and abusive dealing should be prohibited.</p> <p>ICGN 2.11.1 Related party transactions 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>ICGN 2.11.2 Director conflicts of interest Companies should have a process for identifying and managing any 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>ICGN 8.5 Shareholder rights of action 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>

Level 2 - Penalty				
C. Role of stakeholders				
C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected.			
C.1.1(P)	Have there been any violations of any laws pertaining to labour/employment/consumer/insolvency/commercial/competition or environmental issues?		<p>OECD Principle IV (A) The rights of stakeholders that are established by law or through mutual agreements are to be respected.</p>	Sanction(s) from Regulator(s) / Media coverage / Company announcement / Annual Report / Company website
C.2	Where stakeholders participate in the corporate governance process, they should have access to relevant, sufficient and reliable information on a timely and regular basis.			
C.2.1(P)	Has the company faced any sanctions by regulators for failure to make announcements within the requisite time period for material events?		<p>OECD Principle IV (B) Where stakeholders participate in the corporate governance process, they should have access to relevant, sufficient and reliable information on a timely and regular basis.</p>	Sanction(s) from Regulator(s) / Media / Company announcement / Annual Report / Company website
D. Disclosure and transparency				
D.1	Sanctions from regulator on financial reports			
D.1.1(P)	Did the company receive a "qualified opinion" in its external audit report?		<p>OECD Principle V: Disclosure and Transparency (B) Information should be prepared and disclosed in accordance with high quality standards of accounting and financial and non-financial disclosures. (C) 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. (D) 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>ICGN 6.2 Annual audit The annual audit carried out on behalf of shareholders is an essential part of the checks and balances required at a company. It should provide an independent and objective opinion that the financial statements fairly represent the financial position and performance of the company in all material respects, give a true and fair view of the affairs of the company and are in compliance with applicable laws and regulations.</p> <p>ICGN 7.3 Affirmation of financial statements The board of directors and the appropriate officers of the company should affirm at least annually the accuracy of the company's financial statements or financial accounts.</p> <p>International Auditing Standard (ISA) No. 705 "Modifications to the Opinion in the Independent Auditor's Report" (2009). Paras. 7, 8 and 9 specify the three types of modifications to the auditor's opinion; that is, Qualified opinion, Adverse opinion, and Disclaimer opinion respectively.</p>	Annual Report - see Independent Auditor's Report accompanying the company's financial statements
D.1.2(P)	Did the company receive an "adverse opinion" in its external audit report?			
D.1.3(P)	Did the company receive a "disclaimer opinion" in its external audit report?			
D.1.4(P)	Has the company in the past year revised its financial statements for reasons other than changes in accounting policies?			Media / Announcement

Level 2 - Penalty				
E. Responsibilities of the Board				
E.1 Compliance with listing rules, regulations and applicable laws				
E.1.1(P)	Is there any evidence that the company has not complied with any listing rules and regulations over the past year apart from disclosure rules?		<p>OECD Principle VI (D) (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>Companies are also well advised to set up internal programmes and procedures to promote compliance with applicable laws, regulations and standards, including statutes to criminalise bribery of foreign officials that are required to be enacted by the OECD Anti-bribery Convention and measures designed to control other forms of bribery and corruption. Moreover, compliance must also relate to other laws and regulations such as those covering securities, competition and work and safety conditions. Such compliance programmes will also underpin the company's ethical code.</p>	Company announcements to the exchange / Media
E.1.2(P)	Have there been any instances where non-executive directors/commissioner have resigned and raised any issues of governance-related concerns?		<p>UK CODE (JUNE 2010) A.4.3 Where directors have concerns which cannot be resolved about the running of the company or a proposed action, they should ensure that their concerns are recorded in the board minutes. On resignation, a non-executive director should provide a written statement to the chairman, for circulation to the board, if they have any such concerns.</p>	Company announcements to the exchange / Media
E.2 Board Appraisal				
E.2.1(P)	Does the Company have any independent directors/commissioners who have served for more than nine years or two terms (which ever is higher) in the same capacity?		<p>OECD Principle V (C) 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>Examples of other provisions to underpin auditor independence include, a total ban or severe limitation on the nature of non-audit work which can be undertaken by an auditor for their audit client, mandatory rotation of auditors (either partners or in some cases the audit partnership), a temporary ban on the employment of an ex-auditor by the audited company and prohibiting auditors or their dependents from having a financial stake or management role in the companies they audit.</p>	Annual report / Company website
E.2.2(P)	Did the company fail to identify who are the independent director(s) / commissioner(s)?		<p>ICGN 2.4 Composition and structure of the board</p> <p>ICGN 2.4.1 Skills and experience</p> <p>ICGN 2.4.3 Independence</p>	Annual report

Level 2 - Penalty		
E. Responsibilities of the Board		
E.3	External Audit	
E.3.1(P)	Is any of the directors or senior management a former employee or partner of the current external auditor (in the past 2 years)?	<p>OECD Principle V (C) 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>Examples of other provisions to underpin auditor independence include, a total ban or severe limitation on the nature of non-audit work which can be undertaken by an auditor for their audit client, mandatory rotation of auditors (either partners or in some cases the audit partnership), a temporary ban on the employment of an ex-auditor by the audited company and prohibiting auditors or their dependents from having a financial stake or management role in the companies they audit.</p>
E.4	Board structure and composition	
E.4.1 (P)	Is any of the directors a former CEO of the company in the past 2 years?	Annual Report



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APPENDIX

2

List of Default Response Items

A.2	Right to participate in decisions concerning fundamental corporate changes.
	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?
A.3	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.
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?
A.4	Markets for corporate control should be allowed to function in an efficient and transparent manner.
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.1	Shares and voting rights
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.4	Related party transactions by directors and key executives.
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?

D.5 External Auditor and Auditor Report

D.5.1 Are audit fees disclosed?

D.6 Medium of Communication

D.6.1 Quarterly Reporting

D.6.2 Company website

D.7 Timely filing/release of annual/financial reports

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?

E.2 Board Structure

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?

E.2 Audit Committee

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?

E.3 Access to information

E.3.8 Is the company secretary trained in legal, accountancy or company secretarial practices?

E.3 Board Appointments and Re-Election

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?

E.20 Internal Audit

E.20.1 Does the company have a separate internal audit function?

A. Penalty - Rights of Shareholders

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

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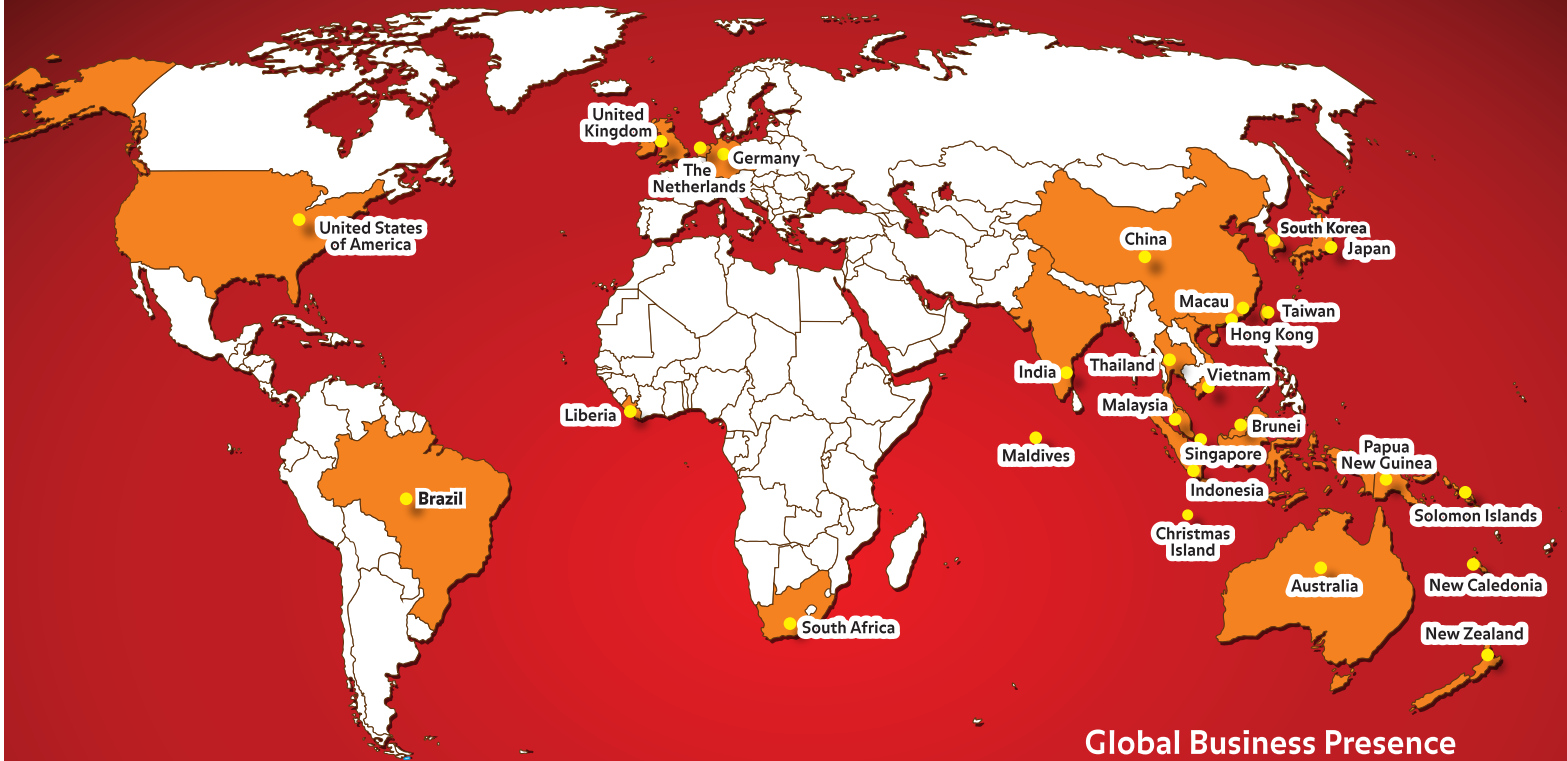


Back Row: En Wan Kamaruzaman Wan Ahmad, Mr. Wong Kum Cheong, Mr Gerald Ambrose, Pn Lya Rahman and En Salleh Hassan

Front Row: Ms Lucy Wong Kam Yang, Prof. Dr. Shanthly Rachagan, Pn Rita Benoy Bushon and Datin Paduka Kartini Hj. Abdul Manaf

MEMBERS OF THE ADJUDICATION COMMITTEE

- Puan Rita Benoy Bushon, Minority Shareholder Watchdog Group (MSWG)
- Datin Paduka Kartini Hj. Abdul Manaf, Permodalan Nasional Berhad (PNB)
- En Wan Kamaruzaman Wan Ahmad, Kumpulan Wang Persaraan Diperbadankan (KWAP)
- Mr. Wong Kum Cheong, Association Of Stockbroking Companies Malaysia (ASCM)
- Mr Gerald Ambrose, Aberdeen Asset Management
- Ms Lucy Wong Kam Yang, Institute of Internal Auditors Malaysia (IIA)
- En Salleh Hassan, Securities Industry Development Corporation (SIDC)
- Prof. Dr. Shanty Rachagan, Monash University



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APPENDIX

4

List of Top 100 Companies with Good Disclosures (By Rank)

No.	PLC Name	No.	PLC Name	No.	PLC Name
1	TELEKOM MALAYSIA BERHAD	41	UMW OIL & GAS CORPORATION BERHAD	81	GD EXPRESS CARRIER BERHAD
2	BURSA MALAYSIA BERHAD	42	POS MALAYSIA BERHAD	82	SP SETIA BERHAD
3	CIMB GROUP HOLDINGS BERHAD	43	BUMI ARMADA BERHAD	83	QL RESOURCES BERHAD
4	MALAYAN BANKING BERHAD	44	GUINNESS ANCHOR BERHAD	84	STAR PUBLICATIONS (M) BERHAD
5	AXIATA GROUP BERHAD	45	KULIM (M) BERHAD	85	HARTALEGA HOLDINGS BERHAD
6	MALAYSIA AIRPORT HOLDINGS BERHAD	46	AMMB HOLDINGS BERHAD	86	LAFARGE MALAYSIA BERHAD
7	LPI CAPITAL BERHAD	47	TSH RESOURCES BERHAD	87	BATU KAWAN BERHAD
8	UMW HOLDINGS BERHAD	48	MMC CORPORATION BERHAD	88	MUDAJAYA GROUP BERHAD
9	PUBLIC BANK BERHAD	49	AIRASIA BERHAD	89	LBS BINA GROUP BERHAD
10	MEDIA PRIMA BERHAD	50	OSK HOLDINGS BERHAD	90	AMWAY (M) HOLDINGS BERHAD
11	ASTRO MALAYSIA HOLDINGS BERHAD	51	IHH HEALTHCARE BERHAD	91	FABER GROUP BERHAD
12	RHB CAPITAL BERHAD	52	KUALA LUMPUR KEPONG BERHAD	92	WESTPORTS HOLDINGS BERHAD
13	IJM CORPORATION BERHAD	53	SUNWAY BERHAD	93	SARAWAK PLANTATION BERHAD
14	TENAGA NASIONAL BERHAD	54	GAS MALAYSIA BERHAD	94	ANALABS RESOURCES BERHAD
15	UEM SUNRISE BERHAD	55	MANULIFE HOLDINGS BERHAD	95	KOSSAN RUBBER INDUSTRIES BERHAD
16	MAXIS BERHAD	56	AFFIN HOLDINGS BERHAD	96	MEDIA CHINESE INTERNATIONAL LIMITED
17	DRB-HICOM BERHAD	57	FRASER & NEAVE HOLDINGS BERHAD	97	ZHULIAN CORPORATION BERHAD
18	IJM LAND BERHAD	58	TOP GLOVE CORPORATION BERHAD	98	MATRIX CONCEPTS HOLDINGS BERHAD
19	BRITISH AMERICAN TOBACCO (M) BERHAD	59	HAP SENG CONSOLIDATED BERHAD	99	FAVELLE FAVCO BERHAD
20	ALLIANCE FINANCIAL GROUP BERHAD	60	HONG LEONG FINANCIAL GROUP BERHAD	100	MBM RESOURCES BERHAD
21	FELDA GLOBAL VENTURES HOLDINGS BERHAD	61	DAIBOCHI PLASTIC AND PACKAGING INDUSTRIES BERHAD		
22	IJM PLANTATION BERHAD	62	PRESTARIANG BERHAD		
23	SIME DARBY BERHAD	63	ORIENTAL HOLDINGS BERHAD		
24	PETRONAS GAS BERHAD	64	TROPICANA CORPORATION BERHAD		
25	PETRONAS CHEMICALS GROUP BERHAD	65	MASTER-PACK GROUP BERHAD		
26	NESTLE (M) BERHAD	66	DIALOG GROUP BERHAD		
27	DIGI.COM BERHAD	67	SAPURAKENCANA PETROLEUM BERHAD		
28	KUMPULAN PERANGSANG SELANGOR BERHAD	68	GENTING PLANTATIONS BERHAD		
29	KPJ HEALTHCARE BERHAD	69	MAGNUM BERHAD		
30	GENTING MALAYSIA BERHAD	70	C. I. HOLDINGS BERHAD		
31	IOI CORPORATION BERHAD	71	IQ GROUP HOLDINGS BERHAD		
32	PETRONAS DAGANGAN BERHAD	72	CYPARK RESOURCES BERHAD		
33	MALYSIAN RESOURCES CORPORATION BERHAD	73	GAMUDA BERHAD		
34	ALLIANZ MALAYSIA BERHAD	74	HONG LEONG BANK BERHAD		
35	GENTING BERHAD	75	CARLSBERG BREWERY (M) BERHAD		
36	MALAYSIA MARINE AND HEAVY ENGINEERING BERHAD	76	PLENITUDE BERHAD		
37	MSM MALAYSIA HOLDINGS BERHAD	77	ENGTEX GROUP BERHAD		
38	BIMB HOLDINGS BERHAD	78	ECS ICT BERHAD		
39	MISC BERHAD	79	SURIA CAPITAL HOLDINGS BERHAD		
40	MALAYSIA BUILDING SOCIETY BERHAD	80	FOCUS POINT HOLDINGS BERHAD		

List of Top 20 Overall CG Companies - Disclosures with ROE Performance (By Rank)

No.	PLC Name	No.	PLC Name
1	TELEKOM MALAYSIA BERHAD	11	ASTRO MALAYSIA HOLDINGS BERHAD
2	BURSA MALAYSIA BERHAD	12	MAXIS BERHAD
3	MALAYAN BANKING BERHAD	13	BRITISH AMERICAN TOBACCO (M) BERHAD
4	AXIATA GROUP BERHAD	14	TENAGA NASIONAL BERHAD
5	CIMB GROUP HOLDINGS BERHAD	15	RHB CAPITAL BERHAD
6	MALAYSIA AIRPORT HOLDINGS BERHAD	16	IJM CORPORATION BERHAD
7	PUBLIC BANK BERHAD	17	IJM LAND BERHAD
8	UMW HOLDINGS BERHAD	18	DRB HICOM BERHAD
9	LPI CAPITAL BERHAD	19	UEM SUNRISE BERHAD
10	MEDIA PRIMA BERHAD	20	NESTLE (M) BERHAD

APPENDIX**5****AWARDS ACCORDED BY MSWG****Exemplary AGM Minutes**

Bursa Malaysia Berhad
Telekom Malaysia Berhad

Exemplary ESG Practices

Axiata Group Berhad
CIMB Group Holdings Berhad
Malayan Banking Berhad
Sime Darby Berhad
Telekom Malaysia Berhad

Top Corporate Governance Recognition

Mid Cap (>RM750m to RM3b)
IJM Plantation Berhad

Mid Cap (>RM100m to RM750m)
Daibochi Plastic and Packaging Industry Berhad

Small Cap (RM100m and below)
Master-Pack Group Berhad

Industry Excellence

Plantation
Felda Global Ventures Holdings Berhad

Property
IJM Land Berhad

Oil & Gas
Petronas Gas Berhad

Financial
Malayan Banking Berhad

Industrial/Trading
IJM Corporation Berhad

Consumer Goods
UMW Holdings Berhad

Consumer Services
Astro Malaysia Holdings Berhad

Telecommunications / Utilities
Telekom Malaysia Berhad

Investor Watchdog Peer Recognition

Mr David Gerald - Founder, President & CEO,
Securities Investors Association (Singapore)

CG Writer of the Year

Datuk John Zinkin - Managing Director,
Zinkin Ettinger Sdn Bhd

Chairman of the Year

Tan Sri Abdul Halim Ali - Chairman,
IJM Corporation Bhd

CEO of the Year

Dato'Sri Jamaludin Ibrahim - Managing Director /
Group Chief Executive Officer, Axiata Group Berhad

Top Transparency Recognition

Telekom Malaysia Berhad

Top Corporate Governance Recognition

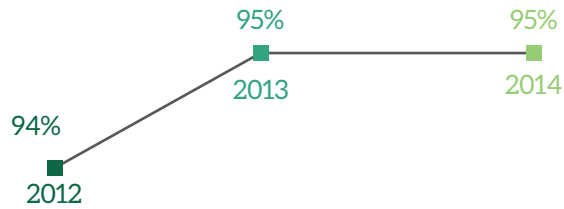
Axiata Group Berhad
Bursa Malaysia Berhad
CIMB Group Holdings Berhad
Malayan Banking Berhad
Telekom Malaysia Berhad

APPENDIX

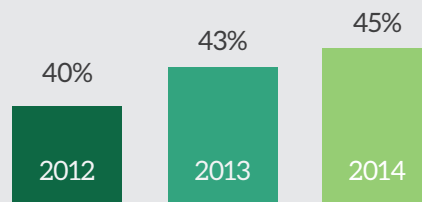
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KEY CORPORATE GOVERNANCE STATISTICS OF TOP 100 PLCS IN MALAYSIA

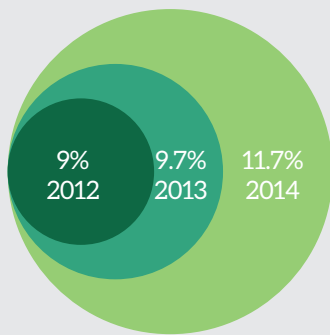
Based on ASEAN CG Scorecard Methodology (2012-2014)



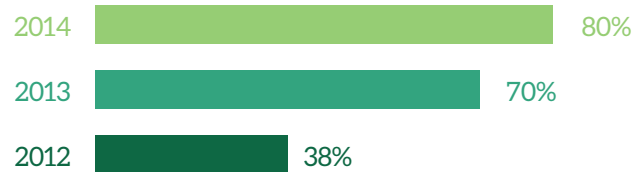
Separation of Chairman & CEO



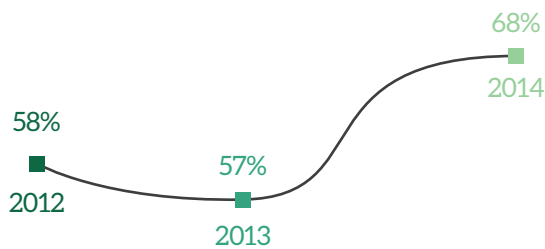
Independent Chairman



Women on Boards



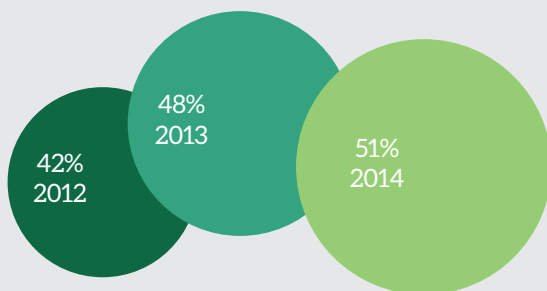
Companies having Board Charter



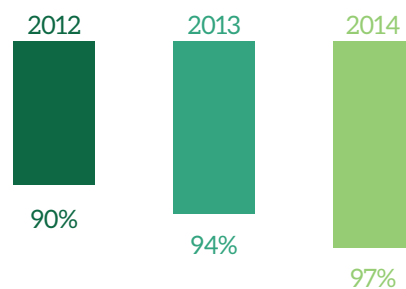
Companies having Code of Ethics



Companies that published AGM Minutes



Companies with Whistle Blowing Policy



Companies with Corporate Responsibility Policy

**KEY CORPORATE GOVERNANCE STATISTICS OF
PUBLIC LISTED COMPANIES IN MALAYSIA**
Assessment by Minority Shareholder Watchdog Group
(2009-2014)

MACRO STATISTICS						
PUBLIC LISTED COMPANIES	2014	2013	2012	2011	2010	2009
Total No. of Listed Companies	906	930	927	941	957	960
No. of Companies Covered ¹	873	862	500	820	898	899
Companies Covered in Index (%)	96%	93%	54%	87%	94%	94%
MARKET CAPITALISATION	2014	2013	2012	2011	2010	2009
All Public Listed Companies (RM billion)	1,683	1,484	1,420	1,250	1,243	977
Top 100 in Corporate Governance Score (RM billion)	1,304	1,041	766	858	589	570
Top 100 in Corporate Governance Score (%)	77%	70%	54%	69%	47%	58%

CORPORATE GOVERNANCE STATISTICS						
CORPORATE GOVERNANCE BASE SCORE²	2014	2013	2012	2011	2010	2009
No. of Companies Covered	873	862	500	820	898	899
Average Base Score for all Companies	60.23	61.59	56.70	57.50	55.60	52.00
Average Base Score for Top 100	76.82	75.99	68.20	66.90	66.00	66.40

SUMMARY OF FINDINGS FOR THE TOP 100 COMPANIES

KEY BOARD STATISTICS	2014	2013	2012
Average board size (intentionally did not round up)	8.6	8.5	8
Average no. of board meetings	7.6	7.2	6.7
Separation of Chairman & CEO	95%	95%	94%
Independent Chairman	45%	43%	40%
Board Balance: ≥50% INEDs	51%	35%	33%
Board assessments carried out	81%	77%	76%
Tenureship of INEDs > 9 years	46%	38%	34%
Average INED tenureship (Year)	6	6	7
Existence of NC ³	100%	100%	98%
NC comprised majority of INEDs	99%	94%	94%
Existence of RC ⁴	98%	94%	99%
RC comprised majority of INEDs	86%	81%	87%
WOMEN ON BOARDS	2014	2013	2012
No. of Women on Boards			
Female EDs on board	15	13	39*
Female NINEDs on board	26	28	
Female INEDs on board	60	41	34
Total No. of Women on boards	101	82	73
Women on Boards (%)			
Female EDs on board	1.7%	1.50%	4.8%*
Female NINEDs on board	3.0%	3.30%	
Female INEDs on board	7.0%	4.90%	4.20%
Total No. of Women on boards	11.7%	9.7%	9%
*Total No. of Female EDs and NINEDs			
OTHER DISCLOSURES	2014	2013	2012
Companies having Board Charter	80%	70%	38%
Companies having Code of Ethics	68%	57%	58%
Companies that published AGM Minutes	26%	7%	1%
Companies that published M&A	22%	11%	8%
Companies disclosing individual director remuneration	35%	39%	34%
Companies with Dividend Policy	35%	38%	34%
Companies with Whistle Blowing Policy	51%	48%	42%
Companies with Corporate Responsibility Policy	97%	94%	90%
Companies disclosing training attended by each Director	59%	65%	56%
Annual Financial Report released within 4 months	82%	81%	81%
RISK MANAGEMENT	2014	2013	2012
Board review of material control & risk mgt systems	63%	78%	38%
Disclosure of how key risks are managed	62%	60%	58%
Establishment of board-level RMC	35%	N/A	N/A

SUMMARY OF FINDINGS FOR ALL THE COMPANIES COVERED

KEY BOARD STATISTICS	2014	2013	2012	2011	2010	2009
No. of Companies Surveyed	873	862	500	820	898	899
Average board size (intentionally did not round up)	7.34	7.15	7.64	7.31	7.27	7.29
Average no. of Board Meetings	5.75	5.6	5.8	5.5	5.4	5.4
Separation of Chairman & CEO	79%	82%	85%	82%	83%	60%
Independent Chairman	42%	40%	37%	35%	34%	30%
Board Balance: ≥50% INEDs	43%	39%	27%	43%	40%	37%
Board assessments carried out	54%	43%	42%	23%	24%	17%
Tenureship of INEDs > 9 years	53%	47%	54%	-	-	-
Average INED tenureship (Year)	7.2	6.7	7	6.6	6	-
Existence of NC	98%	95%	92%	92%	90%	89%
NC comprised majority of INEDs	96%	93%	88%	82%	82%	80%
Existence of RC	95%	94%	94%	93%	93%	91%
RC comprised majority of INEDs	81%	80%	77%	51%	46%	48%
ACCOUNTABILITY AND AUDIT						
No. of Companies Surveyed	873	862	500	820	898	899
Disclosed cost incurred for IAF ⁵	96%	96%	92%	81%	75%	26%
Non-audit fees exceeded the audit fees	5%	5%	7%	-	-	-
BOARD DIVERSITY						
No. of Companies Surveyed	873	862	500	820	898	899
Total No. of directors on board	6,270	6,177	3,819	5,994	6,528	6,554
No. of Women on Boards for all companies						
Female EDs on board	226	221	175			
Female NINEDs on board	120	118	36			
Female INEDs on board	225	195	117			
Total No. of Women on boards	571	534	328	504	535	492
Women on Boards (%)						
Female EDs on board	3.6%	3.60%	4.50%			
Female NINEDs on board	1.9%	1.90%	1.00%			
Female INEDs on board	3.6%	3.20%	3.10%			
Total No. of Women on boards	9.11%	8.60%	8.60%	8.40%	8.20%	7.50%
OTHER DISCLOSURES						
No. of Companies Surveyed	873	862	500	820	898	899
Companies having Board Charter	55%	41%	16%	-	-	-
Companies having Code of Ethics	34%	26%	23%	6%	4%	4%
Companies that published AGM Minutes	3%	1%	0.20%	-	-	-
Companies that published M&A	3%	3%	2%			
Companies disclosing individual disclosure of remuneration	8%	9%	15%	8%	6%	5%
Companies with Dividend Policy	8%	8%	17%	8%	6%	5%
Companies with Whistle Blowing Policy	13%	12%	13%	9%	6%	3%
Companies with Corporate Responsibility Policy	67%	64%	75%	79%	51%	49%
Companies disclosing training attended by each director	50%	50%	49%	-	-	-
Annual Financial Report released within 4 months	88%	85%	81%	83%	28%	24%

AVERAGE ANNUAL REMUNERATION OF EXECUTIVE DIRECTORS (EDs) BY SECTOR⁶

(Rounded to nearest RM1,000)

	2014	2013	2012	2011	2010	2009
No. of Companies Surveyed	873	862	500	820	898	899
Construction	992,000	877,000	947,000	688,000	731,000	641,000
Consumer Products	831,000	893,000	1,308,000	676,000	578,000	550,000
Finance	3,085,000	2,801,000	2,618,000	2,050,000	1,648,000	1,937,000
Hotel	635,000	781,000	550,000	391,000	468,000	304,000
Industrial Products	922,000	908,000	1,105,000	622,000	566,000	567,000
Infrastructure	2,209,000	3,449,000	2,903,000	1,633,000	1,611,000	1,205,000
Mining	N/A	82,000	56,000	64,000	32,000	28,000
Plantation	1,818,000	1,497,000	1,373,000	1,325,000	995,000	1,111,000
Property	1,492,000	1,300,000	1,117,000	798,000	688,000	732,000
Technology	466,000	455,000	793,000	428,000	354,000	339,000
Trading/Service	2,375,000	1,651,000	2,279,000	1,255,000	1,016,000	925,000

**Not applicable as the mining company which has been surveyed has no Executive Director.

AVERAGE ANNUAL REMUNERATION OF NON-EXECUTIVE DIRECTORS (NEDs) BY SECTOR⁶

(Rounded to nearest RM1,000)

	2014	2013	2012	2011	2010	2009
No. of Companies Surveyed	873	862	500	820	898	899
Construction	71,000	65,000	85,000	67,000	81,000	57,000
Consumer Products	67,000	57,000	74,000	71,000	66,000	55,000
Finance	365,000	315,000	281,000	320,000	300,000	200,000
Hotel	41,000	46,000	46,000	80,000	72,000	57,000
Industrial Products	62,000	68,000	67,000	51,000	48,000	47,000
Infrastructure	88,000	69,000	64,000	67,000	67,000	61,000
Mining	49,000	41,000	49,000	44,000	43,000	38,000
Plantation	128,000	102,000	106,000	105,000	72,000	101,000
Property	81,000	98,000	98,000	82,000	60,000	73,000
Technology	42,000	39,000	55,000	37,000	33,400	30,000
Trading/Service	84,000	97,000	125,000	95,000	69,000	66,000

NOTES

¹ For 2009, 2010, 2011, 2013 and 2014 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.

² For 2009 - 2011, the methodology was by way of MSWG's Malaysian Corporate Governance Index which included performance measures, whilst the methodology for 2012 - 2014 was by way of ASEAN Scorecard which did not include performance measures.

³ Abbreviation of Nomination Committee

⁴ Abbreviation of Remuneration Committee

⁵ Abbreviation of Internal Audit Function

⁶ Sector categorisation as per Bursa's classification.

WINNERS OF THE MSWG MALAYSIAN-ASEAN CG AWARDS 2014

Top Corporate Governance Recognition



(from left) Malayan Banking Bhd CEO Datuk Abdul Farid Alias, Telekom Malaysia Bhd CEO Tan Sri Zamzamraini Md Isa, MSWG chairman Tan Sri Datuk Dr. Sulaiman Mahbob, DPM Tan Sri Dato Hj Muhyiddin Hj Md Yassin, MSWG CEO Pn Rita Benoy Bushon, Bursa Malaysia Bhd CEO Dato' Tajuddin Attan, CIMB Group Holdings Bhd Company Secretary Datin Rossaya Mohd Nashir and Axiata Group Bhd CEO Dato' Sri Jamaludin Ibrahim

Industry Excellence Award Winners



(from left) UMW Holdings Bhd CEO Datuk Syed Hisham Syed Wazir, IJM Corporation Bhd Chairman Tan Sri Abdul Halim Ali, Telekom Malaysia Bhd TM Group Chief Internal Auditor Encik Hazimi Kassim, MSWG Chairman Tan Sri Datuk Dr. Sulaiman Mahbob, DPM Tan Sri Dato Hj Muhyiddin Hj Md Yassin, MSWG CEO Pn Rita Benoy Bushon, Astro Malaysia Holdings Bhd CIO, Mr Raymond Tan, Petronas Gas Bhd CFO Pn Aida Azizah Md Jamaluddin, IJM Land Bhd MD Dato' Soam Heng Choon, Felda Global Ventures Bhd INED En Fazlur Rahman Ebrahim and Malayan Banking Bhd GCFO En Mohamed Rafique Merican



Chairman of the Year
Tan Sri Abdul Halim Ali



CEO of the Year
Dato' Sri Jamaludin Ibrahim



CG Writer of the Year
Datuk John Zinkin



Investor Watchdog Peer Recognition
Mr David Gerald

Our Heartfelt Appreciation to our Main CG Supporters



NOTES

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ISSN 2100-2092



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Released by

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