

MINORITY SHAREHOLDER WATCHDOG GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

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Politicians should not sit on board of public listed firms, says MSWG

BY MEENA LAKSHANA

KUALA LUMPUR: Politicians currently in office, like members of parliament, state assembly members and chief ministers, should not be appointed to the board of Malaysian public companies to avoid a conflict of interest, said the Minority Shareholder Watchdog Group (MSWG).

"There could be a conflict of interest, especially if [the politicians] are a dominating chairman," MSWG general manager of corporate services Lya Rahman told *The Edge Financial Daily* on the sidelines of the Corporate Governance: Balancing Rules and Practices conference jointly organised by the Association of Chartered Certified Accountants, KPMG and MSWG yesterday.

"In fact, we have raised concerns with a few [listed] companies," she said.

There is also the concern about



Lya: There could be a conflict of interest, especially if the politicians are a dominating chairman. Photo by Suhaimi Yusof

whether such politicians would be able to devote their time to the companies in which they have been appointed to the board, Lya said.

But former politicians and civil servants are different.

"If you look at the structure of the board, especially MoF (Ministry of Finance)-owned companies, you have

their executives, senior executives sitting on GLCs' (government-linked companies) board. [With that] I think we have no issue. You are non-independent; you are protecting the interests of the MoF," she said.

"If you're a qualified, retired, senior executive at the government level, [and] you go through the normal nomination process, I think that is not an issue. If you're a retired politician and you have gone through the normal process of nomination, we also have no issue with that," she said.

Earlier, Lya presented the key findings of the Malaysia-Asean Corporate Governance Report 2014, which assessed 873 Malaysian public listed companies on economic cooperation and development principles of corporate governance.

The survey found the average base score of all 873 companies here declined marginally to 60.23 points last year, compared with

61.59 points in 2013, when 862 companies were assessed.

Malaysia slipped down the ranks, compared with its Asean peers on the number of public listed companies in the best 50, in terms of governance disclosures and practices, said Lya. It had only nine companies in the list, compared with 13 companies in 2013. Singapore had 24 last year, up from 19 in 2013, while Thailand went down to 11 from 18 in the same period.

The survey also found that only 94 or 11% of the Malaysian companies surveyed last year had a anti-corruption policy that outlines procedures to mitigate corrupt practices and risk analysis to assess the potential incidents of corruption practices, the same number of companies in 2013.

Lya added that from the assessment, MSWG found there is a lack of disclosure among companies concerning whistle-blowing policies.