

## MINORITY SHAREHOLDER WATCHDOG GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD  
(Incorporated in Malaysia - Company No. 524989-M)

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# It's time for more shareholder activism

After raising awareness, the next phase is to push for better governance, says outgoing MSWG chief

BY LIEW JIA TENG

KUALA LUMPUR: Fierce, scary, annoying ... these are but some of the few words that have been used by the management of public listed corporations here to describe outgoing chief executive officer (CEO) of the Minority Shareholder Watchdog Group (MSWG), Rita Benoy Bushon.

But to minority shareholders, Bushon and the MSWG team she leads are regarded as an adviser, leader and protector against unfair corporate practices or exercises that could potentially affect minorities' benefits and rights.

Market observers have remarked that it was under Bushon that the MSWG, first set up in 2000, really flourished and its influence spread, so much so that even Bushon herself acknowledged now that when an annual general meeting (AGM) is not attended by the MSWG, shareholders ask for them. That, perhaps, is the best testimony to what the MSWG stands for.

But now, after almost eight years at the helm of the minority shareholder protection group, Bushon, 55, is going to call it a day. The founding director will be retiring, officially, on Jan 1 next year as her contract ends. But effectively, her office will be empty by end-November as she will be on leave.

In an interview with *The Edge Financial Daily* last week, Bush-

on expressed her satisfaction with the progress the MSWG has made since she was appointed its CEO on Jan 1, 2009.

Prior to her stint here, Bushon served at the Employees Provident Fund (EPF) for 23 years from 1984. Up to her optional retirement in October 2007, she had held various senior positions in the EPF's investment department, such as head of equity research, head of external portfolio management, head of private equity, and head of corporate surveillance.

"I am honestly satisfied with the level that I have brought [the] MSWG to. When I first came in, I was a bit sceptical about whether I could actually do this. But today, MSWG has become a very strong organisation. We are respected, globally-recognised, and we are locally-known as a professional organisation that pursues the interests of minority shareholders," she said.

It was also under Bushon that the MSWG evolved into an independent research organisation to analyse, inform and advise about corporate governance matters.

"I have always been a research person, so I made [the] MSWG become a think tank. Today, we are an opinion leader and influencer, so much so that when we are not attending the AGM, shareholders feel that we should be there. I think we have come a long way," she said.

And it is no mean feat, what with just her small team of 20-odd people, which also meant the MSWG can only cover about 300 public listed companies on the local bourse each year.

Incidentally, in the last two years, some Asean countries have been looking at the MSWG as a role model to set up their own minority shareholder protection groups.

"Indonesia has already called us to go and help. The Philippines, Thailand and Vietnam have all come here to look at our model, and see how they can replicate it in their own countries," said Bushon.

And unlike in many countries, including Singapore, where minority shareholder protection groups are membership-driven by investors, the MSWG is initiated by the government. The aim is not only to protect the interests of minor-

ity shareholders through shareholder activism, but also to encourage good governance with the objective of raising shareholder value over time.

However, Bushon cautioned the group not to be complacent as it still has a long way to go in pursuing shareholder activism, to encourage shareholders to exercise their rights as owners, to influence a corporation's direction or behaviour for the fair and equal benefit of each shareholder.

"Today, the awareness part is over. People are already aware of us, as well as their rights in a public

listed company. So, the next phase is to pursue the agenda of good corporate behaviours, including corporate governance and corporate proposals," she said.

There is also a need for more independent directors. "The way they are chosen, the process of nomination, as well as their quality can be improved. Our voting system is already by poll, but poll voting also has its own flaws. There are so many things that we can do better," she said.

She also hopes to see more "real shareholder activism" in the future, as the MSWG is fighting an uphill battle, especially when it comes to battling the defamation lawsuit it gets, without funding assistance from shareholder activists.

"It is a difficult situation for us. So, we need to have that kind of support, so this is probably the next level we should go for. Don't get me wrong, we have had a lot of shareholder activism, but it could be better, it could go to a higher level."

It is not known yet who will be replacing her, but to her successor, Bushon advised: "A lot of people will challenge you, so you always need to have a good defence. There is a balancing act you have to do between pursuing shareholder activism and meeting your objectives. Make sure you have done enough research, analysis and study before pursuing anything," she said.

Bushon: I am honestly satisfied with the level that I have brought MSWG to. Photo by Abdul Ghani Ismail



## Excerpt of The Edge Financial Daily's interview with Bushon

**Q: What made you decide to retire?**  
As I have been here for over seven years, quite a long journey. When I first came in, I wanted to bring this organisation to a certain level. I thought I would only serve for a maximum of four years, to bring it to a level where we are respected, internationalised, globally recognised and locally known — that was my objective. Then after four years, I wanted to groom my second-level staff. So in the last two years, I gave my exposure to them, because I knew I wanted to move on. This year, it was both a push and pull factor; I felt it was really time to move on and my contract is ending, so I made up my mind.

**What's next for you?**  
I have interest in doing other things. I have some thoughts on what to do, but I will take it slowly. Let me think about it.

**Can you share some notable unfair corporate proposals that the MSWG has pursued over the years?**

There were many that were unfair to minorities and we have pursued quite a lot of them. For instance, MISC Bhd's privatisation at RM5.30 [per share]. We pushed it (the buy-out price) higher. Subsequently, they (Petronas) raised the price [to RM5.50 per share]. But it was still not satisfactory, so shareholders rejected it. On the mega merger between RHB [Capital Bhd], CIMB [Group Holdings Bhd] and MBSB [Malaysia Building Society Bhd], we also stated that the EPF should not vote — that was something we pushed for. The privatisation of MBF Holdings is another good example [as the offer price was increased twice].

Many still remember that three years ago, you were embroiled in a controversy over Tan Sri Lee Kim Yew's Country Heights Grower Scheme (CHGS).  
(Note: The MSWG facilitated a forum to discuss the proposed termination of the CHGS in 2013, questioning why the scheme was being terminated hastily. Lee later lodged

a complaint that Bushon held eight plots in the CHGS and was an interested party in the scheme.)  
That was a real fight. But eventually, they gave back every single cent to shareholders. If you have your facts and you pursue it, you will be vindicated. You have to be very brave. It's not easy because the whole capital market, including the regulators, such as Bursa Malaysia and the Securities Commission [Malaysia], are always watching and assessing you.

**Were you worried back then? Do you think you could have handled it better by declaring your interest in the Grower Scheme first?**  
I didn't do anything wrong, so I wasn't worried. I was transparent about it. The plots I had were bought when the scheme was just launched. They (CHGS) felt the plots I held were a conflict of interest, but I don't think so. In fact, it is aligned because I am a minority, and I'm pursuing the interests of everyone. I never thought I had to

disclose that to the capital market; the whole thing was new to me. I was faced with many standard operating procedures and policies that were not built up yet. These were the issues I had to learn, and which I am glad I have learnt. So next time, I will reveal [my interests].

**Was this a very bad experience?**  
There were a lot of mistakes we made along the way. It was also a character-building [process] I developed. I have learnt so much in the last seven to eight years on how to handle [issues], how to balance [different objectives]. It was a humbling experience.

**Are people afraid of you and your colleagues in the MSWG?**  
Initially, yes. Industry captains and corporate figures were afraid of me. But when they saw the reasons behind what we were doing, they began to understand our role. Today, most companies would answer the MSWG's questions first before opening the floor to others.

**Some companies used to find the MSWG very annoying.**  
In the early days, many companies were very annoyed with us. It's not easy to make friends because people are all afraid of you. To me, that's too bad. The way I see it, if you are doing well, why should you be afraid of us? Instead, they should embrace us.

**The MSWG invited PJ Development Holdings Bhd (PJD) shareholders to attend its forum on Sept 14 to obtain the views of minorities on the privatisation. However, only five members of the public and a reporter attended the forum. Do you think investor awareness is still low in Malaysia?**  
The PJD forum was quite sad. But if you look at some other forums we have held, say MISC, our room was full with 60 to 70 people. Unfortunately, for the PJD forum, even the person who complained didn't come. But overall, the awareness is there. It's just that for them to be active and get there collectively — I don't see that much.