



**MINORITY SHAREHOLDER WATCHDOG GROUP**  
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

**MSWG - ASEAN CORPORATE GOVERNANCE  
INDEX, FINDINGS AND RECOGNITION 2014**

**THE MALAYSIAN CHAPTER**

OFFICIATED BY  
DEPUTY PRIME MINISTER  
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9 DECEMBER 2014 | SIME DARBY CONVENTION CENTRE

*Towards Sustainable Growth*

**Presentation of Findings of Top 100 PLCs**

**By**

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**9 December 2014**

# Key Events in Global CG Landscape

• US financial crisis



Asian financial crisis

• Governance failures



European banking crisis



• Homogenous board

• Savvy investors



BP issue



• Resourced regulators



• Demanding shareholders



• Excessive remuneration

• Higher stakeholder expectations

• Risk management

• Government's push



• Rigorous financial reporting

• Best practices codes



• Onerous responsibilities

# Key CG Initiatives in Malaysia



CMP2 (APR 2011)	CG BLUEPRINT (JUL 2011)
<ul style="list-style-type: none"> <li>• Capital market roadmap 2011-2021</li> <li>• Growth strategies outlined with emphasis on governance strategies</li> </ul>	<ul style="list-style-type: none"> <li>• 5-year implementation</li> <li>• 35 recommendations including 'The Board's Role in Governance' and 'The Role of Institutional Investors'</li> </ul>
MCCG 2012 (MAR 2012)	MCII (JUN 2014)
<ul style="list-style-type: none"> <li>• Targeted at PLCs</li> <li>• 8 key principles</li> <li>• 26 best practices recommendations</li> <li>• Strong emphasis on strengthening board effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Targeted at institutional investors</li> <li>• 6 principles</li> <li>• Voluntary</li> <li>• Asset owners and asset managers urged to become signatories</li> </ul>

# Key Milestone : Launch of the Malaysian Code for Institutional Investors



***Voluntary set of best practices on effective exercise of stewardship responsibilities***

## Principles

- 1 Institutional investors (IIs) should disclose the policies on their stewardship responsibilities.
- 2 IIs should monitor their investee companies.
- 3 IIs should engage with investee companies as appropriate.
- 4 IIs should adopt a robust policy on managing conflicts of interest which should be publicly disclosed.
- 5 IIs should incorporate corporate governance and sustainability considerations into the investment decision-making process.
- 6 IIs should publish a voting policy.

# ASEAN CG Scorecard

## INITIATIVE BY ASEAN CAPITAL MARKETS FORUM

Scorecard first  
introduced in 2011

Supported by country  
regulators & led by SC  
Malaysia

Domestic ranking  
body appointed

## OBJECTIVES

Showcase well  
governed ASEAN PLCs

Raise CG standards  
and practices of  
ASEAN PLCs

Promote ASEAN  
companies as an asset  
class

## WHO'S INVOLVED

Malaysia

Thailand

Indonesia

Singapore

Philippines

Vietnam

# ASEAN CG Scorecard Sections

## LEVEL 1

- 5 five major sections that corresponds to the OECD Principles

## LEVEL 2

- Bonus & Penalty sections



### Bonus

- 11 bonus items for companies that go beyond minimum standards

(Maximum Points : 28)

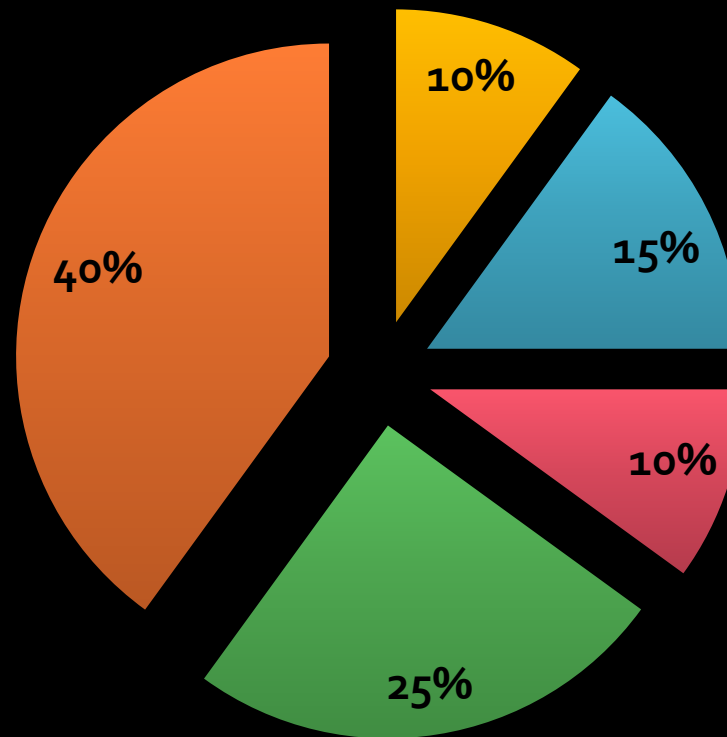


### Penalty

- 19 penalty items for companies with poor practices

(Maximum Points : -50)

## CG Scorecard Sections



- Part A: Rights of Shareholders (25)
- Part B: Equitable Treatment (17)
- Part C: Role of Stakeholders (21)
- Part D: Disclosure & Transparency (41)
- Part E: Responsibilities of the Board (75)

# The Assessment Process

- 873 cos assessed
- AR as at 31 Jul 2014

**ASSESSMENT**

**TRAINING**

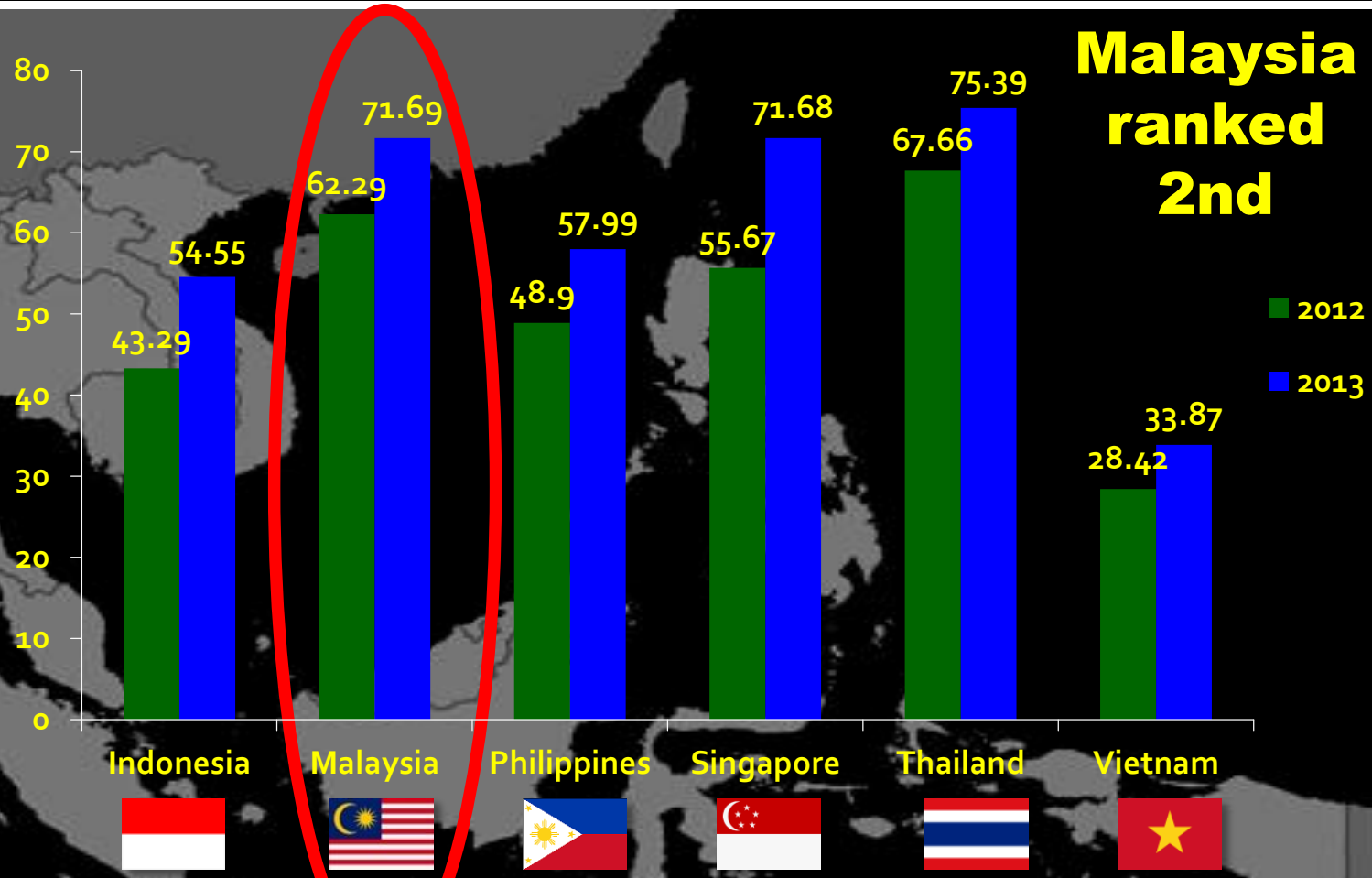
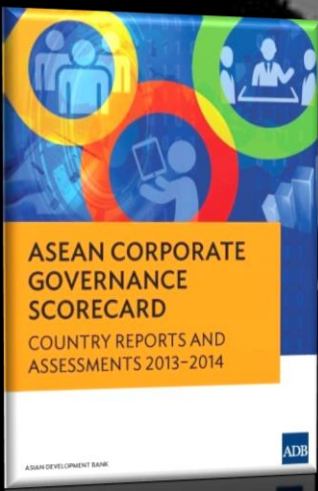
- Director training sessions conducted

- Final evaluation by Adjudication Committee

**EVALUATION**

# ASEAN CG Scorecard Country Reports & Assessments

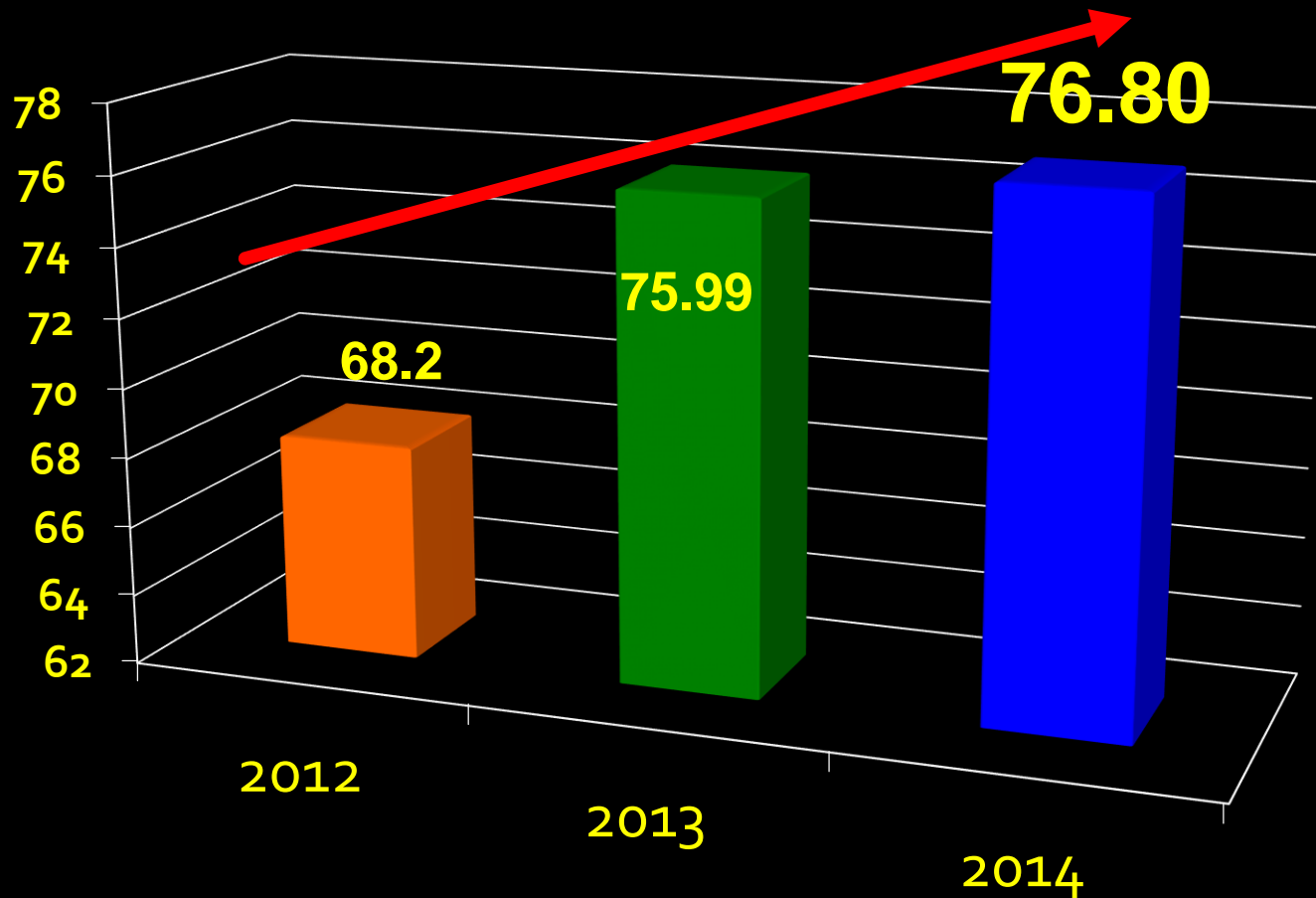
Average scores by country



**Malaysia ranked 2nd**



# Transparency Index – Top 100 PLCs



# Key CG Statistics – Top 100 PLCs

Disclosures on:	2014	2013	2012
Separation of Chairman & CEO	95%	95%	94%
Independent Chairman	45%	43%	40%
≥ 50% INEDs	51%	35%	33%
Companies with INEDs ≥ 9 yrs	46%	38%	34%
AGM Minutes	26%	7%	1%
Women on Boards	12%	10%	9%
Corporate Responsibility Statement	97%	94%	90%

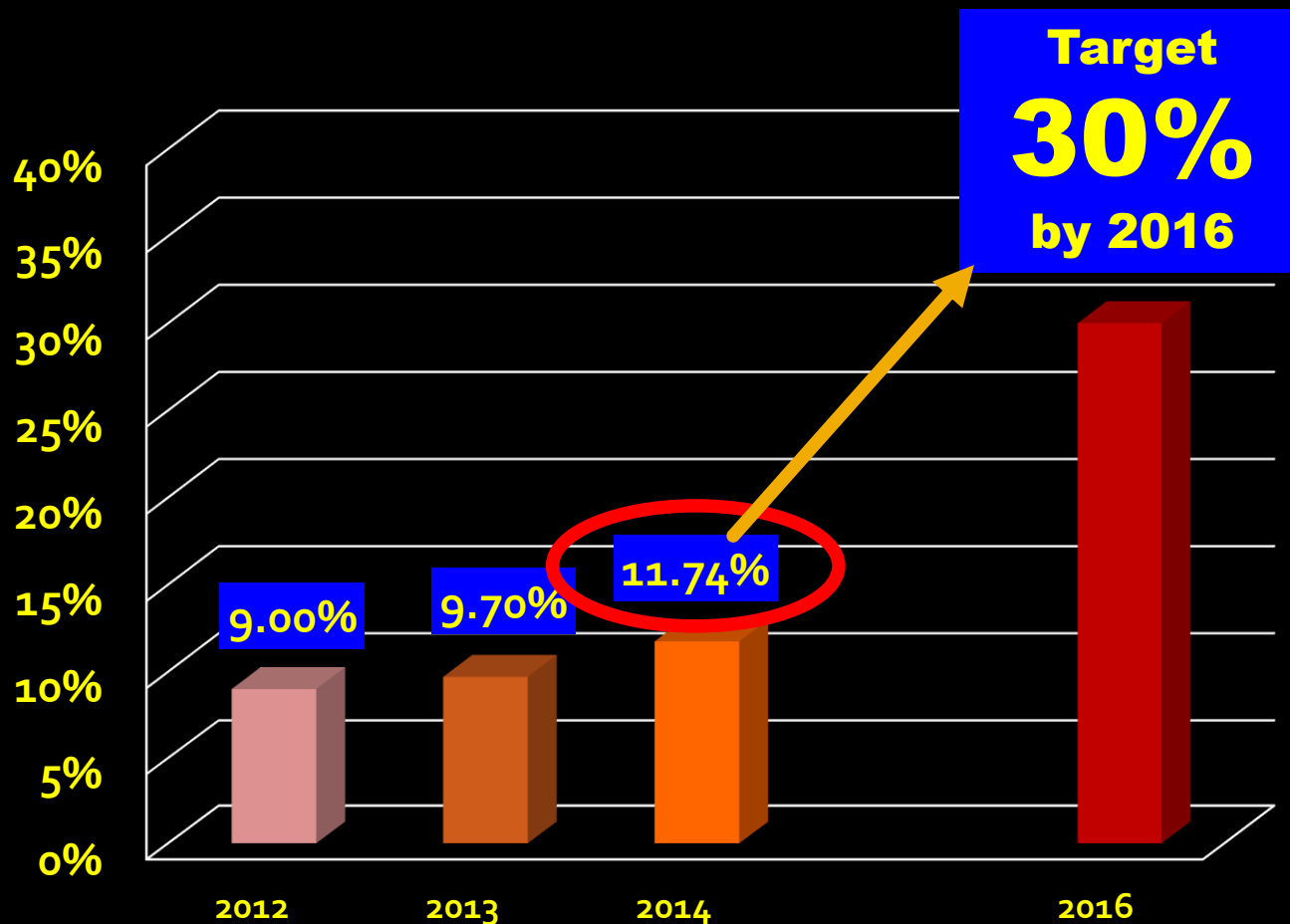


# Closing the Gap: Disclosure of AGM Minutes

## LIST OF 28 COMPANIES WHICH DISCLOSED AGM MINUTES (IN ALPHABETICAL ORDER)

PIONEER: 2013 & 2014	2014	
<b>Axiata Group Bhd</b>	Air Asia Bhd	Malaysian Resources Corp Bhd
<b>Bursa Malaysia Bhd</b>	Bina Darulaman Bhd	Master-Pack Group Bhd
<b>CIMB Group Holdings Bhd</b>	DiGi.COM Bhd	Media Prima Bhd
<b>IJM Corporation Bhd</b>	DRB-HICOM Bhd	Petronas Chemicals Group Bhd
<b>IJM Land Bhd</b>	Felda Global Ventures Holdings Bhd	Petronas Dagangan Bhd
<b>IJM Plantations Bhd</b>	IGB Corporation Bhd	Petronas Gas Bhd
<b>Telekom Malaysia Bhd</b>	KPJ Healthcare Bhd	Public Bank Bhd
	Kump Perangsang Selangor Bhd	RHB Capital Bhd
	LPI Capital Bhd	Top Glove Corporation Bhd
	Malayan Banking Bhd	UMW Holdings Bhd
	Malaysia Airports Holdings Bhd	

# Closing the Gap: Women on Boards



*More serious effort needs to be taken to increase the number of women on boards*

# Closing the Gap: ESG Disclosures

## EXEMPLARY ESG DISCLOSURES



- ▶ To disclose clear ESG policies and activities linking to strategies on material aspects/areas
- ▶ Cost-benefit disclosures
- ▶ Sustainability reporting to include feedback on how companies respond to their stakeholders
- ▶ Encourage independent assurance
- ▶ Encourage moving towards integrated reporting

*Congratulations to the Top 100 PLCs  
&  
the Winners of the Awards*

**THANK YOU**