



MINORITY SHAREHOLDER WATCHDOG GROUP
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated In Malaysia • Company No. 524989-M)

MCG INDEX 2010 FINDINGS

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Minority Shareholder Watchdog Group

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WORLD BANK RANKING DOING BUSINESS 2011

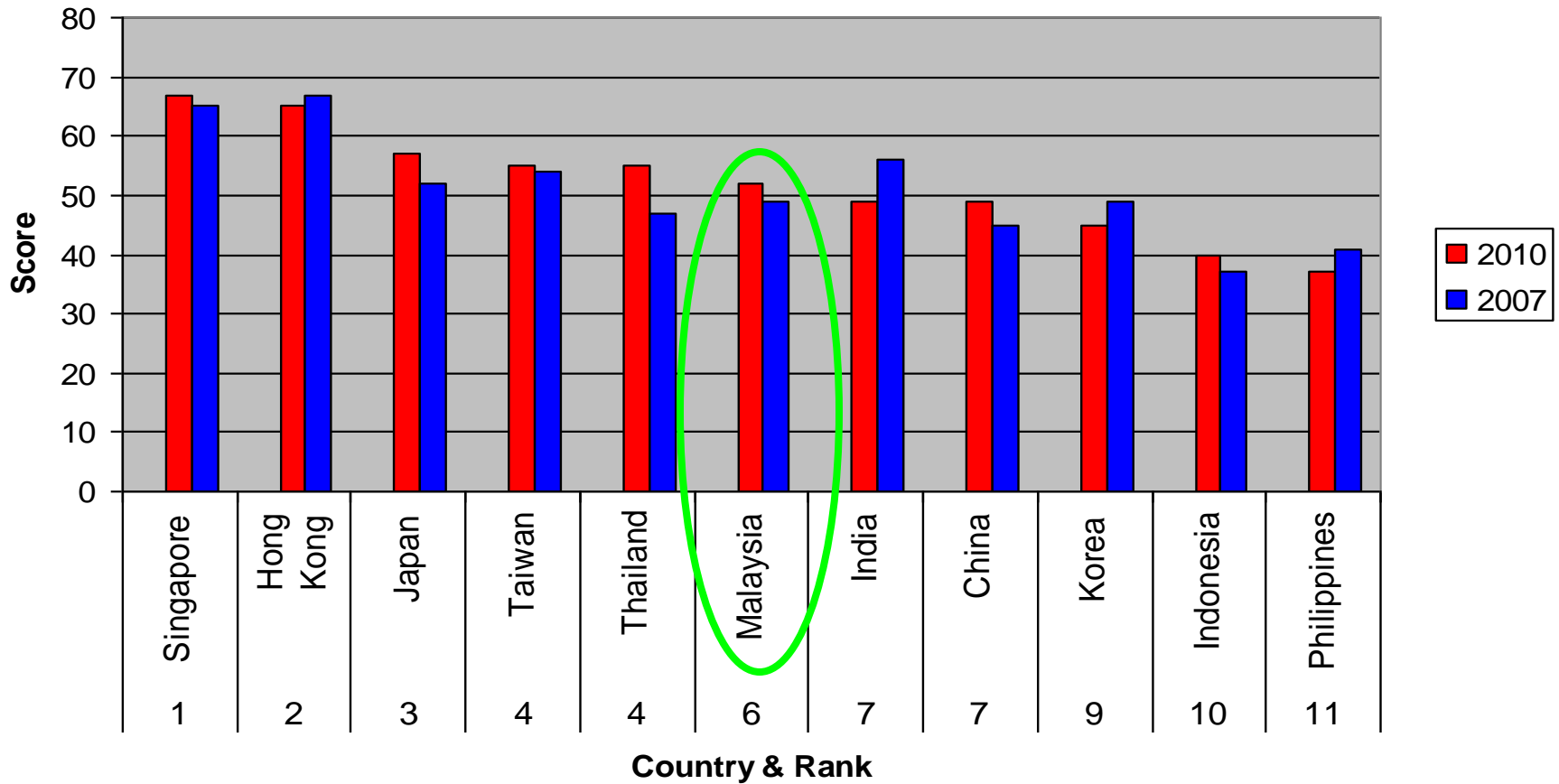
ECONOMY OVERVIEW: MALAYSIA

REGION	East Asia & Pacific	DOING BUSINESS 2011 RANK	DOING BUSINESS 2010 RANK	CHANGE IN RANK
INCOME CATEGORY	Upper middle income	21	23	 2
POPULATION	27,467,837			
GNI PER CAPITA (US\$)	7,230.00			

- ❑ **Malaysia ranked No.21 out of 183 economies surveyed**
- ❑ **Ranked No.1 in terms of getting credit**
- ❑ **Ranked No.4 in terms of investor protection**

Country	Overall Rank
Singapore	1
Thailand	19
Malaysia	21
Vietnam	78
Brunei Darussalam	96
Indonesia	122
Cambodia	147
Philippines	148
Lao PDR	171

CG Watch Market Scores: 2007 vs 2010



ACGA-CLSA CG WATCH 2010

- ❑ Two categories which showed marked improvements were CG rules and practices, and political and regulatory environment.
- ❑ Poll voting identified as an area that needs to be improved



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STAGE 1

- Scoring based on the Malaysian Code on Corporate Governance, Listing Requirements, best practices (115 key parameters)
- Box ticking exercise whether companies have complied
- Weighted on Board Structure (40%), Remuneration (10%), Shareholders Matters (20%) and Accountability & Audit (30%)

STAGE 2

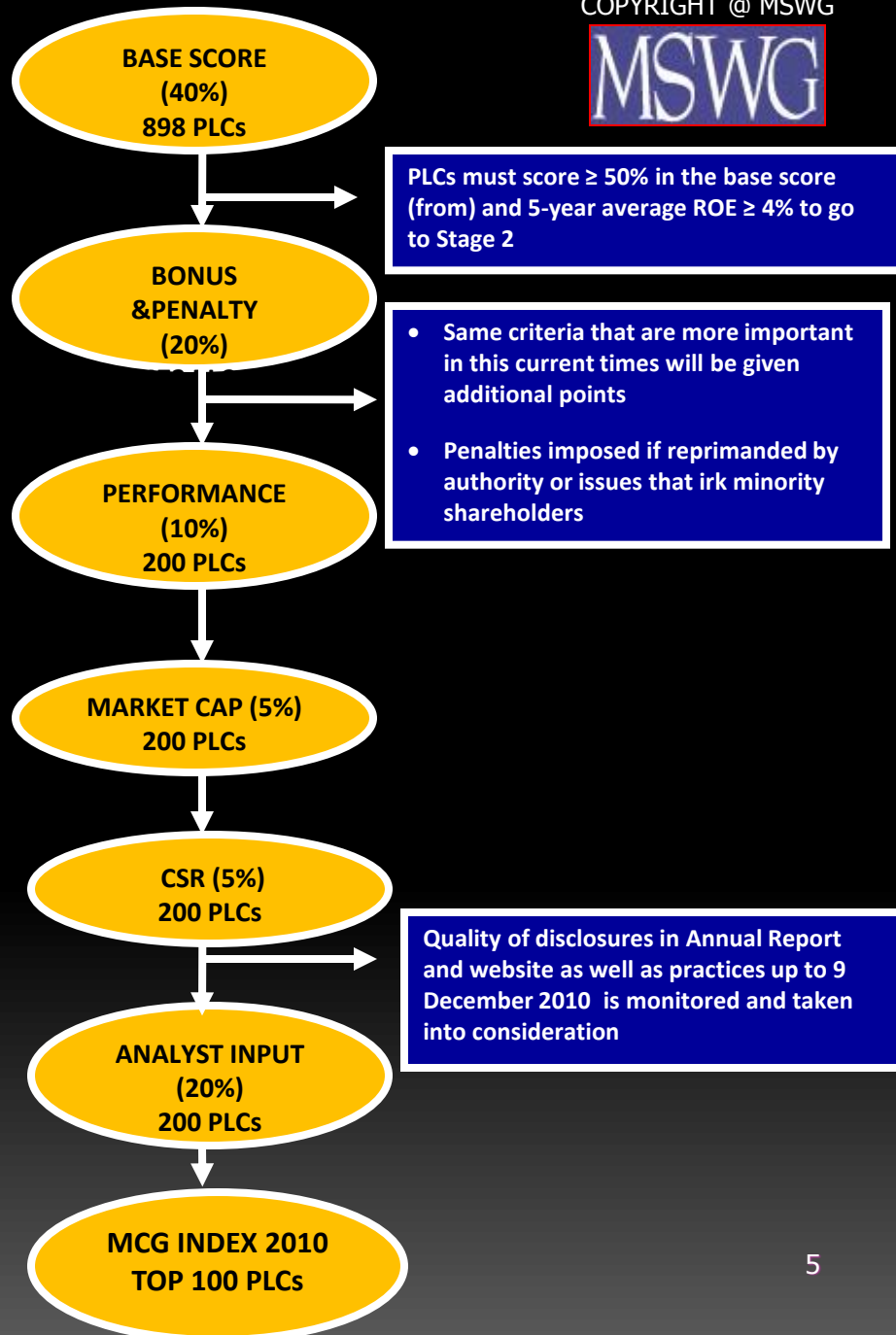
- Scoring based on 20 best practices which include:
 - Separation of Chairman/CEO
 - Self imposed term limit of independent directors
 - Directors' training
 - Board diversity
 - Whistle-blowing policy
 - Dividend Policy

STAGE 3

- Performance criteria 5-year average ROE is given additional points when above minimum, depending on range
- Market Capitalisation

STAGE 4

- Quality of Chairman Statement/ CEO Review, Internal Control Statement, CG Statement and Financial Statement
- CSR matters
- Communications matters
- RPTs not detrimental to minority shareholders
- Shareholding structure





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INDEX LEVEL  **2010** **66.0** **2009** **64.4**

RATINGS
A+
A
B
C
Total

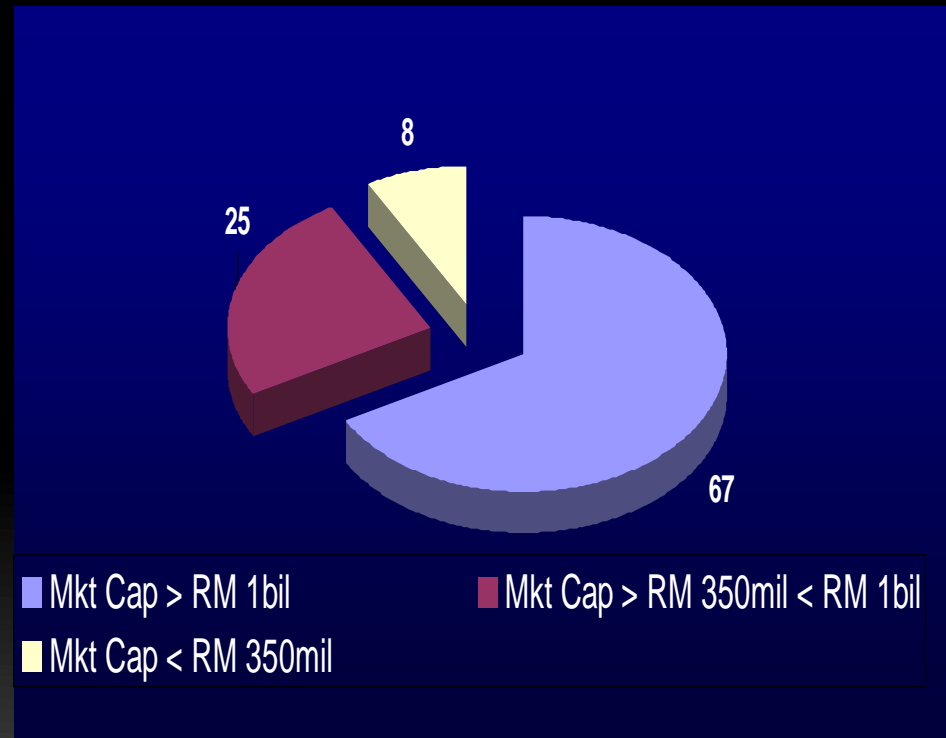
NO. OF PLC
11
13
37
39
100

NO. OF PLC
11
8
12
69
100

OVERALL: MCG INDEX TOP 100 PLCS

- Index measures conformance, performance and practices aspects
- 24 new companies in the Top 100 PLCs
- 67% are big cap companies
- 8% small cap companies

MARKET CAP PROFILE – TOP 100 PLCS AS AT 6 DEC 2010



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MSWG votes and encourages best practices in line with MSWG's Policy Statement on Corporate Governance and Shareholder Voting Guidelines

□ Focus areas:

- Separation of roles between Chairman and CEO
- Independent Chairman on Board
- Boards with $\geq 50\%$ INEDs
- Tenure of INEDs
- Disclosure of directors remuneration by individual directors
- Establishment of whistle-blowing and dividend policy

- All the above areas showed improvements in 2010 Index except for tenure of INEDs




❑ Gaps to be improved:

- Board Assessment
- Nomination of INEDs from independent source
- Board diversity
- Disclosure of remuneration by individual directors
- Poll and proxy voting

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BASE SCORE

- All 898 PLCs were assessed against 114 items in CG scorecard
- Average CG base score (CGS) has increased from **52.0%** in 2009 to **55.6%** in 2010, indicating improved level of compliance with recommended CG best practices

	2010	2009	
No. of companies	898	899	
Average CGS	55.6%	52.0%	 6.9%
Highest	88.7%	82.1%	 8.1%
Lowest	29.2%	22.0%	 32.6%

**BOARD OF DIRECTORS:
Board size and composition**

	2010	2009
Average board size	7	7
Separation of roles of Chairman & CEO	82.5%	60%
Independent Chairman on Board	33.5%	30%
Boards with $\geq 50\%$ INEDs	40.2%	37.0%
INEDs serving > 12 years	25.5%	21.6%
Board Assessment	23.7%	17.2%



Board Diversity


	2010	2009
Women on Malaysian Boards	8.2%	7.5%



- ❑ The UK Code now explicitly provides that the benefits of greater diversity (including gender diversity) should be taken into consideration in Board appointments
- ❑ Australia: Changes introduced by the ASX to take effect in 2011 require a company to adopt and disclose a diversity policy
- ❑ There needs to be a conscious effort to put gender diversity in boardrooms

DIRECTORS' REMUNERATION

	2010	2009
Disclosure by individual directors	50 PLCs (5.6%)	47 PLCs (5.23%)

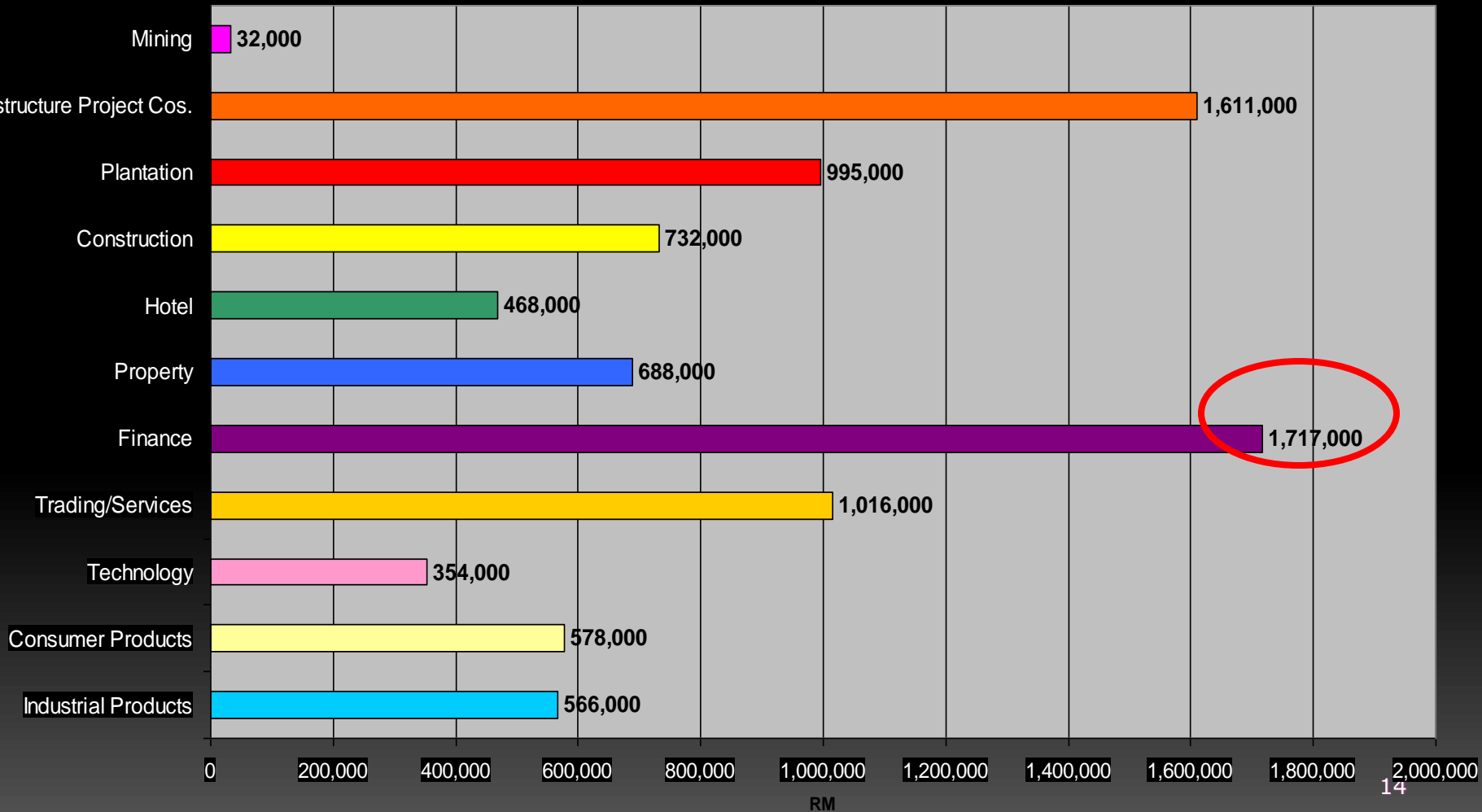


- ❑ Very marginal improvement
- ❑ The majority of companies still very reluctant to disclose details by individual director
- ❑ Only 9 companies were transparent in disclosing remuneration received by individual directors both at company and subsidiaries level

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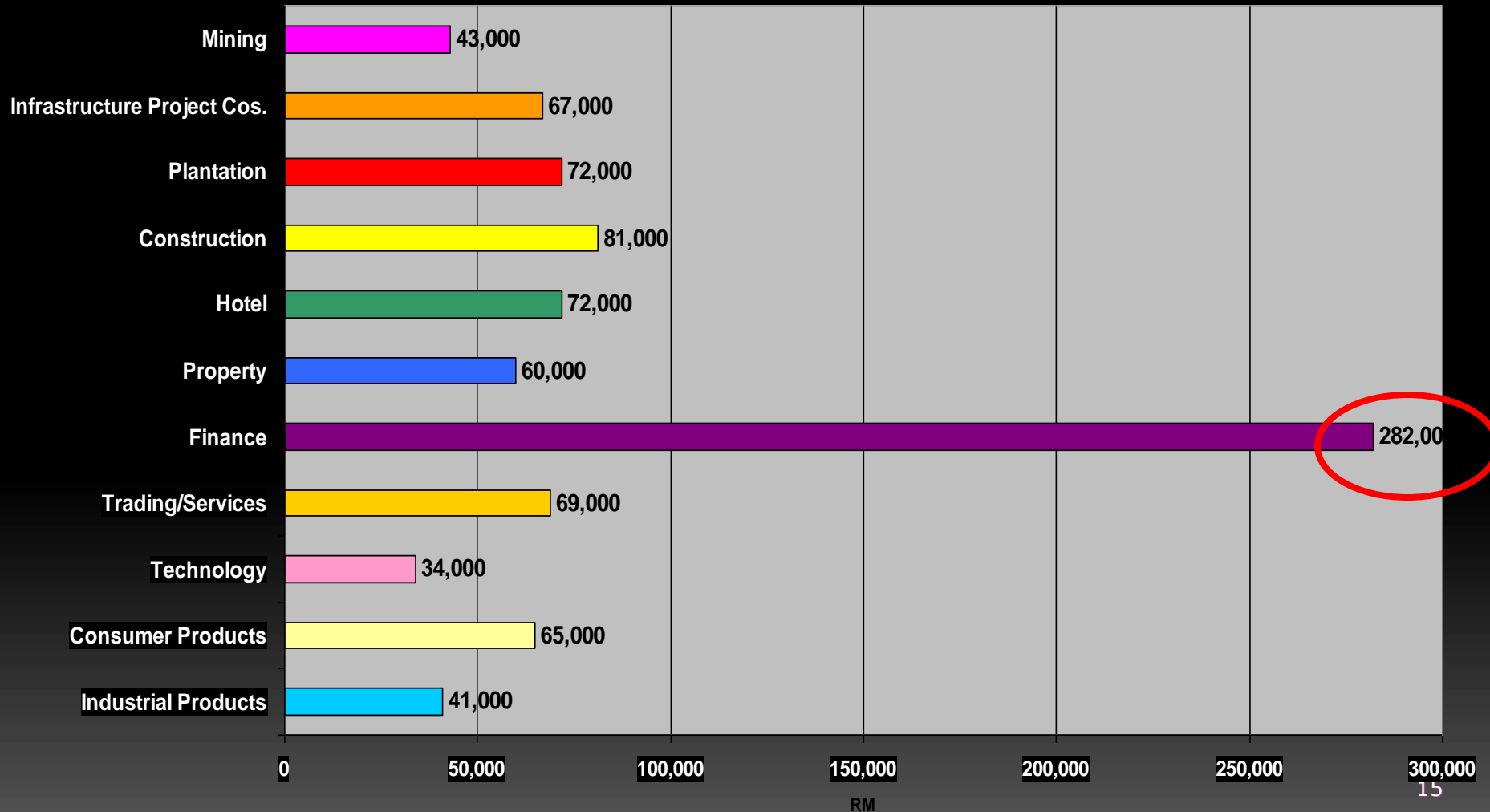
Overall Average ED Remuneration: RM710K



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Overall Average NED Remuneration: RM70K



SHAREHOLDER COMMUNICATIONS: Timely Reporting

	2010	2009
Annual Report within 120 days after FYE	249 PLCs (28%)	219 PLCs (24%)



- ❑ On average PLCs took 135 days to release their AR
- ❑ 3 companies released AR within 60 days from FYE
- ❑ Most timely release: 20 days after FYE
- ❑ The said PLC held its AGM 42 days after its FYE

DISCLOSURES:

DISCLOSURE	2010	2009	
Whistle-blowing policy	6.24%	2.56%	↑
Dividend policy	5.68%	5.34%	↑
CSR	50.89%	49.39%	↑

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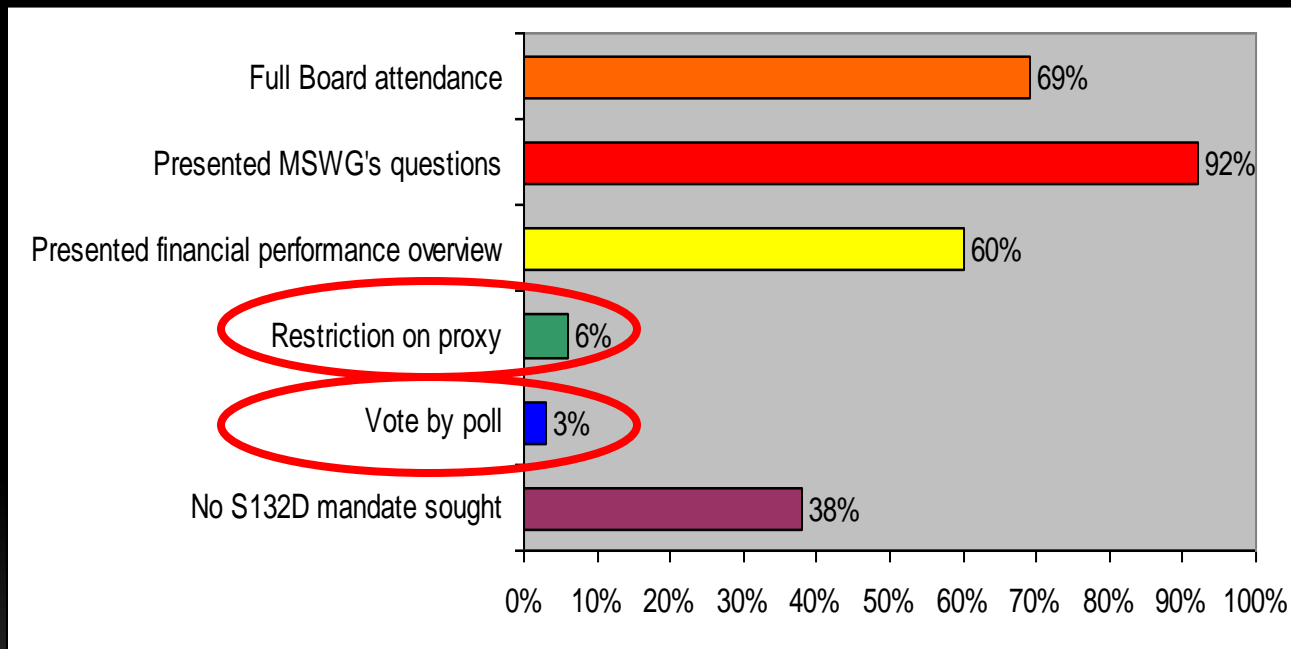
CONDUCT OF AGM

Assessment criteria include:

- Timeliness of holding AGM
- Accessibility of meeting venue
- Efficiency of registration procedures
- Board's attendance at AGM
- Presentation of review of Financial Performance
- Board's response to questions posed by shareholders
- Shareholders' feedback on proceedings of AGM

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CONDUCT OF AGM: MSWG's observations



Moving Forward

- ❑ MCG Index methodology will be refined to take into account best practices emerging from current CG developments locally and globally
- ❑ Include areas such as board diversity, business sustainability, poll and proxy voting
- ❑ Sharing of experience by CG winners important to bring up CG standards



THANK YOU