MSWG

MALAYSIA-ASEAN CORPORATE GOVERNANCE REPORT 2015

Minority Shareholder Watchdog Group

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ISBN 978-967-14032-0-4

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Contents

FOREWORD

Business confidence and market integrity are two fundamentals that underpin the attractiveness of Malaysia's listing platform. Benchmarking the quality of listed companies' disclosures and practices is a prime example of MSWG's efforts in promoting corporate governance and raising the bar for corporate stewardship in Malaysia. To internationalise our companies and broaden our investor base, we continue to advocate industry best practices.

The corporate governance scorecard based on international best practices ensures that the Malaysian corporate market infrastructure is aligned with evolving international standards and best practices on corporate governance. Strengthening compliance with international disclosures and practices will elevate the competitiveness of Malaysian listed companies as they compete for capital in regional and global financial markets that are increasingly demanding fairness, accountability and transparency.

As a testimony of our efforts, six Malaysian public listed companies, in recognition of their corporate governance disclosures and practices, were recently awarded the prestigious accolade of 'Asean Top-50 Public Listed Companies' at the inaugural ASEAN Corporate Governance Conference Awards which took place in Manila in November 2015.

We look forward to more Malaysian companies being featured on this illustrious list, as they will then be recognised as among the region's best companies in corporate governance. This will also encourage other companies to emulate and learn from them.

This report is based on expert assessments of the corporate governance performance of listed companies. The assessments then underwent a rigorous peer review for consistency and quality control. We have taken a stricter stance this year on the quality of disclosures and reporting, as companies become more familiarised with our expectations.

The Transparency Index for the Top 100 PLCs has been trending upward for the past four years, from 68.2 points in 2012 to 80.41 points in 2015. At the same time, the 770 PLCs assessed in the same year also showed a similar upward trend on disclosures. Clearly, all these PLCs, by and large, have invested greater efforts in improving their disclosures and practices. It is also a positive indicator of MSWG's efforts in organising director-education forums as well as thought-leadership events on corporate governance scorecard expectations.

The scorecard's findings revealed that companies have moved from form to substance but even so, they need to improve on being able to articulate their practices with clarity.

As in previous years, it was noted that the practice of disclosing annual general meeting minutes was still lagging behind our ASEAN counterparts. Indonesia provided very detailed minutes in their annual reports while Thailand and Philippines both provide detailed explanations for each item in the annual general meeting notice and also featured comprehensive minutes.

In terms of gender bias, companies should take measures to improve female participation at board levels. They should also pay serious attention to sustainability reporting by ensuring that such sustainability information is featured alongside the financial data. Environment, Social and Governance (ESG) disclosures continued to be emphasised 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 in the long term, lead to the sustainable performance of a company.

On a personal note, I would like to congratulate the winners of this year's Awards. By demonstrating your best practices to your peers, you are helping to develop a strong corporate governance culture among listed companies.

I would also like to take this opportunity to thank Capital Market Development Fund for their continued support of this project through all these years. And to all those who were involved in one way or another – experts, assessors, adjudication committee and the staff of MSWG -- I wish to record my sincere appreciation for your time and effort spent in making this project a success.

RITA BENOY BUSHON
Chief Executive Officer
Minority Shareholder Watchdog Group

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OVERVIEW AND HIGHLIGHTS OF FINDINGS

CORPORATE GOVERNANCE ENVIRONMENT

Globally, there has been continuous efforts to enhance corporate governance. In this regard, the Organisation for Economic Co-operation and Development (OECD) published a revised set of its Principles of Corporate Governance in September 2015 which addressed such issues as shareholders rights, the use of information technology at shareholder meetings, the procedures for approval of related party transactions and shareholder participation in decisions on executive remuneration.

On the local front, the Securities Commission Malaysia (SC) announced the coming into force of the Capital Markets and Services (Amendment) Act 2015. The amendments to securities laws were made to facilitate innovative fundraising structures, enhance investor protection, clarify responsibilities of issuers and advisers, and expand the scope of SC's supervisory powers.

Minority shareholder protection in relation to takeovers and mergers was also strengthened whereby SC can appoint an Independent Adviser together with market players. The SC is also in the process of charting Malaysia's CG Priorities for the next 5 years.

Bursa Malaysia announced various amendments to the Listing Requirements among which included the strengthening of investor protection and promoting greater transparency in foreign listing requirements.

Following the launch of the Malaysian Code for Institutional Investors in July 2014, the Institutional Investor Council Malaysia was set up in July 2015 as a platform to promote effective adoption of the Code by influencing and shaping a wider spectrum of corporate governance culture among investee companies. The Council advocates institutional investors to become signatories of the Code, not just as a reflection of their commitment towards becoming responsible investors, but by imposing their corporate governance expectations on investee companies.

METHODOLOGY EMPLOYED

2015 was the fourth year that the Minority Shareholder Watchdog Group had adopted the ASEAN Corporate Governance Scorecard based on the OECD Principles of Corporate Governance and other international best practices. The assessment covered 870 companies, representing 94 per cent of companies listed on Bursa Malaysia. The assessment was based on disclosures in annual reports, corporate websites, company announcements, circulars, Memorandum and Articles of Associations, minutes of shareholders' meetings, corporate governance policies, codes of conduct and sustainability reports, all of which must have already been publicly disclosed. The cut-off date for Annual Reports was for those announced by 31 July 2015 but assessments were undertaken based on the latest website information until 15 November 2015. Peer reviews were conducted for the Top 100 PLCs between ASEAN countries to validate and streamline the scores. In focusing on international corporate governance best practices and principles, the Scorecard's requirements exceeded current domestic standards and legislative requirements. It facilitated an important yardstick for companies to move towards. At the same time, investors can use the scores to gauge the corporate governance standards of their investees/potential investee companies with that of international standards. The outcome of these assessments have served regulators and corporate governance proponents with useful data compilations for corporate governance policy reforms.

Given the fast changing global economy, the valuable feature of the Scorecard was its ability to highlight areas of strengths and weaknesses which enabled boards and management to take steps to move up the corporate governance ladder.

REGIONAL COMPARISON

In the 2013/2014 Country Reports and Assessments, Thailand's mean score was the highest among participating countries. Singapore boasted the largest improvement in its mean score of 29% from 55.67 points in 2012 to 71.68 points in 2013. The mean scores below also indicate a general improvement among participating countries in relation to the fundamental practices in corporate governance based on the OECD Principles of Corporate Governance.

At the recent inaugural 2015 ASEAN Corporate Governance Awards, 23 Thai-listed companies followed by 11 from the Philippines, 8 from Singapore, 6 from Malaysia and 2 from Indonesia were among the top 50 ASEAN companies that achieved the highest scorecard rankings.

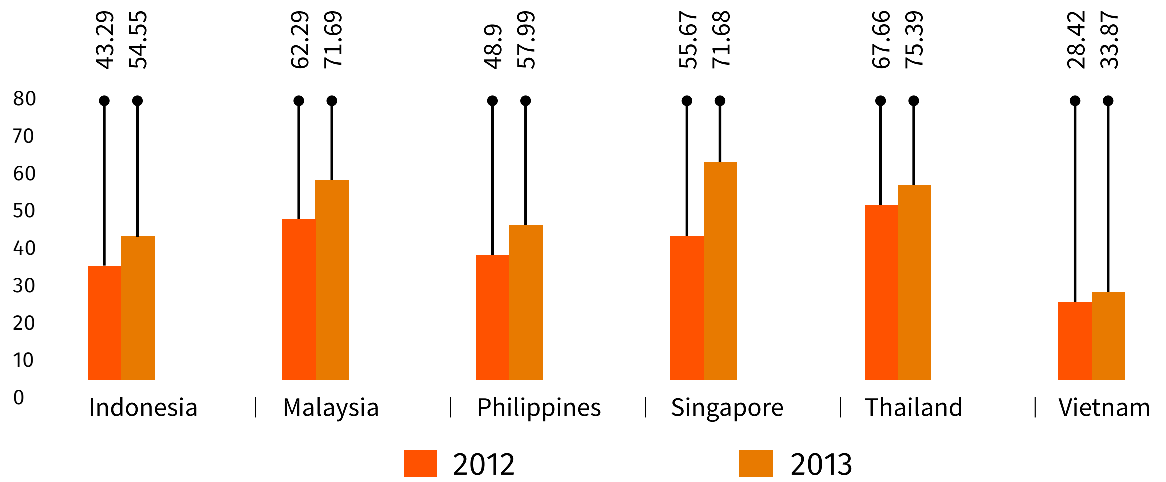


Figure 1: Mean Scores by Country

Highlights of some of the notable corporate governance practices of the ASEAN peers include:

SINGAPORE

- Detailed poll voting results were disclosed by about 45% of Singapore's issuers for 44% of all meetings, indicating that a substantial number of issuers had adopted poll voting as Singapore Exchange (SGX) deadline was 1 August 2015.
- To comply with the new SGX listing rules, issuers must disclose the identity of the independent scrutineer from 1 August 2015.

THAILAND

- Annual general meeting notices with very detailed agenda and explanatory circulars were released at least 28 days before the date of the meeting.
- In the AGM notice papers, the shareholders were informed of meeting procedures and voting criteria, including the voting rights attached to each class of shares.
- The boards, in advance of the meeting date, had pre-determined criteria on allowing minority shareholders to propose any agenda item.
- There were clear procedures set-out for the nomination of candidates by minority shareholders.
- Minutes of AGM were disclosed.

In Thailand, the Securities and Exchange Commission (SEC) worked with the Stock Exchange of Thailand (SET) and the Thai Institute of Directors (IOD) to produce the CG Handbook, which contained guidelines for improving key areas of CG implementation by Thai listed companies.

PHILIPPINES

- To help Philippines PLCs adopt the CG best practices, the SEC instituted the 'Annual Corporate Governance Report' which companies had to file with the SEC. Many of the parameters were adopted from ASEAN scorecard's requirements.
- The Definitive Information Statement for the stockholders meetings were very comprehensive with detailed explanation for each agenda item.
- Senior management's shareholdings were disclosed.
- Companies featured a detailed CG manual on their website.
- Summary of proceedings were disclosed in the annual report.

MALAYSIA

- Good websites with good navigation capabilities for the top 100 companies.
- Good disclosures of shareholdings.
- RPTs rules and disclosures comparable to international jurisdictions.
- Noteworthy disclosures on ESG.

Some of the exemplary practices of our ASEAN peers are disclosed in Appendix 1.

HIGHLIGHTS OF FINDINGS

i. Average Score of Top 100 PLCs

The average score of the top 100 Malaysian companies rose from 76.82 points in 2014 to 80.41 points in 2015 (see Figure 2). This indicated an upward trend in the improvement of corporate governance disclosures and practices in compliance with international standards.

ii. Sectorial Analysis

As a regulated sector, Finance was the best performing sector with the highest average CG score of 87.63 points followed by Infrastructure at 83.51 points and Property at 80.51 points.

iii. Trend on Average Base Score from 2009 - 2015

The average base score of all 870 companies assessed was 62.98 points, showing a marked improvement from 60.23 points in 2014 when 873 companies were assessed (Table 1). There were more companies which undertook (i) board assessments (54% in 2014 to 80% in 2015), (ii) more companies with independent chairman (42% in 2014 to 46% in 2015); and (iii) improved board balance (more than or equal to 50% INEDs - 43% in 2014 to 51% in 2015).

Figure 4 shows that 90% of the 870 companies assessed in 2015 were within the 50 to 79.99 points range compared to 83% in 2014, and 86% in 2013. The number of companies with scores above 90 points increased from 17 in 2014 to 19 in 2015. 25 companies (3%) had scores within the points range of 80-89.99 compared to 17 companies in 2014. It is heartening to note that the number of companies that scored below 50 points had dropped to 45 from 111 in 2014.

	No. of Companies Assessed	Average Base Score	Maximum Base Score	Minimum Base Score
2009	**899**	**52.00**	**82.10**	**22.00**
2010	898	55.60	88.70	29.20
2011	**820**	**57.50**	**92.80**	**31.80**
2012	500	56.70	91.49	35.00
2013	**862**	**61.59**	**104.12**	**39.91**
2014	873	60.23	104.47	39.02
2015	**870**	**62.98**	**111.12**	**40.66**

Table 1: Trend on Average Base Score from 2009-2015

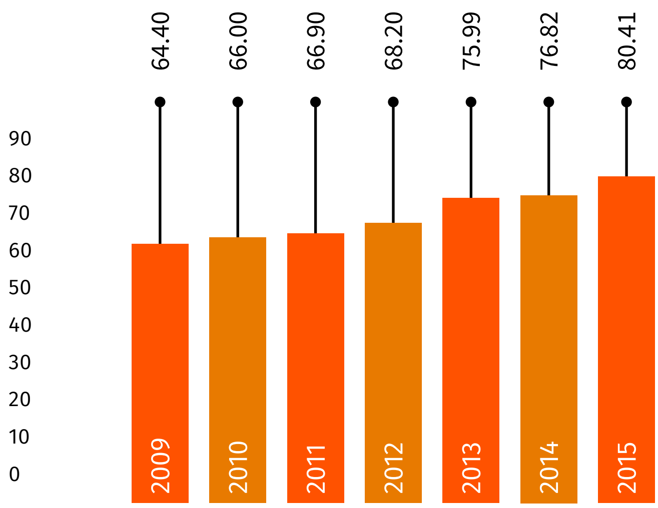


Figure 2: Average CG Score of Top 100 PLCs

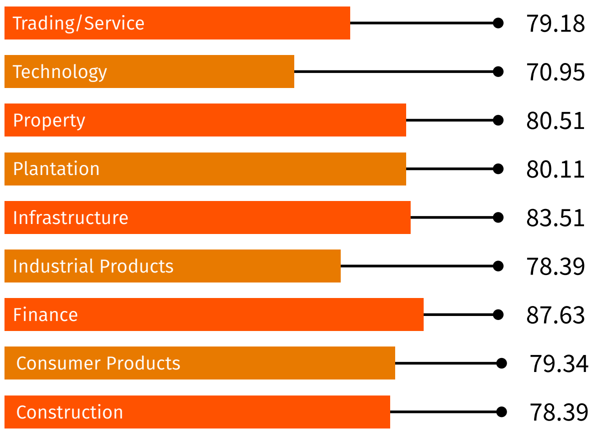


Figure 3: Average CG Score of Top 100 PLCs by Sector

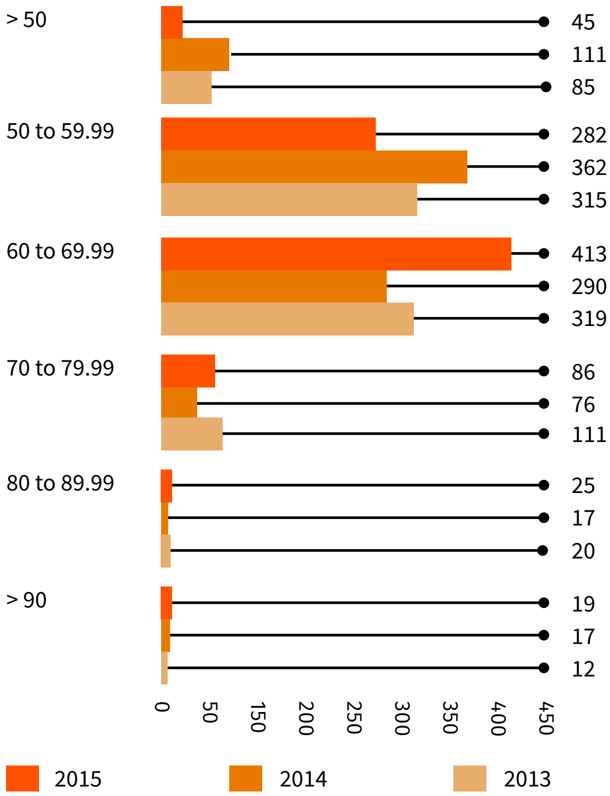


Figure 4: Overall CG Score of All PLCs (by band)

SUMMARY OF KEY FINDINGS AND MSWG'S EXPECTATIONS

i. Voting Process

◊ Bursa Malaysia Listing Requirements mandates poll voting for related party transactions which required specific shareholder approval. The chairman should inform shareholders of their rights to demand a poll vote at the commencement of a general meeting.

The board was encouraged to put substantive resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution.

Substantive resolutions are those which are not procedural and administrative in nature; for example, the appointment of directors and auditors, approval for issuance of shares (Section 132D), share buy-backs, related party transactions and resolutions that are tabled by way of supplementary circular to shareholders.

In 2015, 39 companies (4%) conducted poll voting as opposed to voting by show of hands for all resolutions compared to 27 companies (3%) in 2014. (Figure 5)

In line with the principle of 'one-share-one-vote', companies are encouraged to conduct poll voting as opposed to voting by show of hands. However, with this voting method, minority shareholders may feel disenfranchised when there is a major shareholder owning substantial stake beyond 40%, prevalent in family-owned or government controlled companies. In such cases minority shareholders may feel disinclined to attend.

It is MSWG's recommendation that regulators take note of, and examine this issue at length. Numbers and value of votes should be taken into consideration. For companies with major shareholders holding more than 45% of the voting rights, the votes of minority shareholders should be counted separately. Both major and minority shareholders must agree for resolutions to be passed.

4%
Voted by poll for all resolutions in the AGM

2 %
Appointed an independent part (scrutineers/inspectors) to count and/or validate the votes at the AGM

Figure 5: Voting Process

◊ In 2015, only 17 companies (2%) appointed independent scrutineers to count or validate the votes at general meetings compared to 11 in 2014 (Figure 5). Companies appeared to be using company personnel in the vote-counting process especially when voting through show of hands, and did not engage independent validators. In many instances, the vote counting and validation were done by the Chairmen.

It is highly encouraged that companies engage independent scrutineers to oversee the voting process.

◊ It is encouraging to note that 790 companies included resolutions in the disclosures of the outcome of their most recent AGMs (a Listing Requirement where companies are required to announce immediately).

However, only 35 companies, compared to 33 in 2014, disclosed the approving, dissenting and abstaining votes for each agenda item in their voting results.

ii. AGM Minutes/Memorandum and Articles of Association

- It was encouraging to note the increase in the number of companies that published their Memorandum and Articles of Association (M&A) on their corporate websites – 43 compared to 29 companies in 2014. This was seen as an important step in enabling shareholders to understand the company's constitution, including the responsibilities of the directors, the kind of business to be undertaken, and the means by which the shareholders exert control over the board of directors.

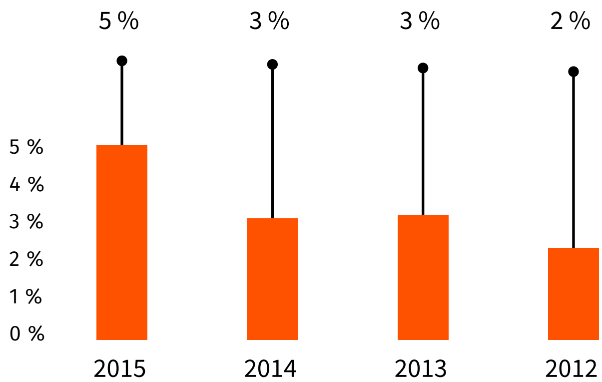


Figure 6: Companies that published M&A

- Although not as high as when compared to their regional peers, the incidence of companies now publishing minutes of AGM has increased, from 7 in 2013, 30 in 2014, to 47 in 2015. The trend of companies disclosing their AGM minutes since 2012 is shown in Figure 7.

  The table below shows that most of the companies which published their minutes of AGM were from the top 100 companies with good disclosure and market capitalization.

  Salient matters discussed during the meeting must be disclosed in the minutes of the company meetings. If any Director was unable to attend the Meeting, the Chairman should explain such absence at the Meetings and it should be properly recorded.

  The explanations on the rights of shareholders as well as the opportunities to raise questions and the answers provided should also be disclosed in the minutes. Voting results both in terms of the number and the proportion voting for and against the resolution and abstention too should be disclosed.

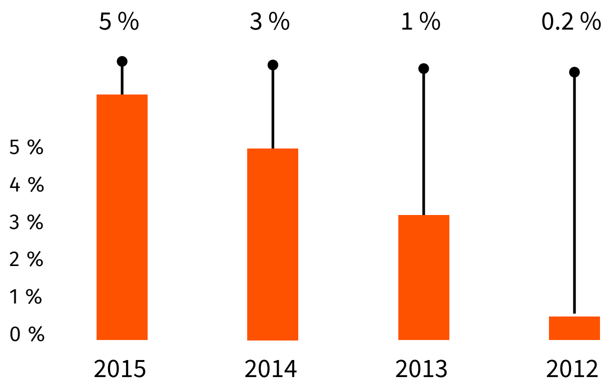


Figure 7: Companies that published AGM Minutes

Top 100 PLCs with Good Disclosure	38%
Top 100 PLCs by Market Capitalisation	34%
All 870 PLCs	5%

Table 2: Published AGM Minutes

  Of the 47 companies which published their AGM minutes, all of them indicated that shareholders were given the opportunity to raise issues, while 32 companies recorded the questions and answers raised at their AGMs.

- Almost all companies organised their most recent AGM in an easy-to-reach location. The choice of AGM locations that are easily accessible, with reasonably cheap transport options available, is an important factor to ensure higher shareholder participation. In other cases, there must be made available alternative transport arrangements for shareholders if the meetings are held in estates or factories. Notices should contain complete information of the meeting venues, including detailed route maps for easy navigation. For companies with websites, the route map should be posted together with the notice of meeting.

MSWG calls for voluntary publication of minutes of AGM on a timely basis, preferably within 30 days after the conclusion of the said meeting. The board of directors must agree for the AGM minutes to be featured on the company's website for the convenience of all its shareholders.

iii. Internal Audit Function (IA)

This function is considered crucial as it provides control assurance and assessment of internal control effectiveness. This function is also critical with respect to fraud detection and prevention. Although it is mandatory for companies to disclose their annual internal audit costs, 8 Malaysian companies did not so. The average annual cost of an internal audit for all PLCs was RM1,563,000 for in-house function, and RM60,000 for outsourced function. The average cost appeared to be reasonable. Several companies regarded this function as low-priority, as evidenced by the low internal audit costs disclosed. Some were at levels that appeared unreasonable when compared to the size and complexity of its operations.

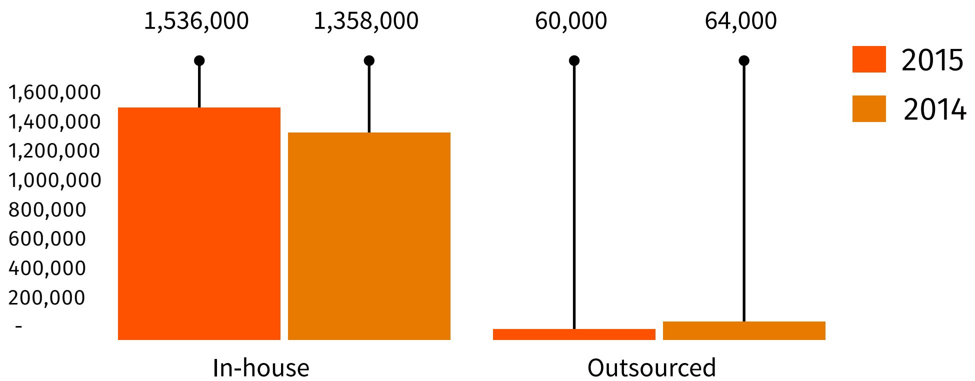


Figure 8: Average Internal Audit Fees (RM)

PLCs must take cognisance of the importance of the internal audit function, making sure that sufficient resources are devoted to it. This is to safeguard shareholders investments. In order to protect the independence of the internal auditors, MSWG wishes to emphasise the importance of the auditors' functional reporting to the Audit Committee as well as the administrative reporting to the CEO of the company.

iv. Audit Fees vs Non-Audit Fees

MIA's By-Laws provide that:

Before the firm accepts an engagement to provide a non-assurance service to an audit client, a determination shall be made as to whether providing such a service would create a threat to independence. In evaluating the significance of any threat created by a particular non-assurance service, consideration will be given to any threat that the audit team has reason to believe is created by providing other related non-assurance services. If a threat is created that cannot be reduced to an acceptable level by the application of safeguards, the non-assurance service will not be provided.

With respect to EU auditors' reforms on provision of non-audit services, a cap has been introduced that the maximum non-audit fees that the statutory auditor of a public interest entity (PIE) can bill in any one year is set at 70% of the average of the audit fees billed over the last three-year period to the PIE. However certain non-audit services are prohibited.

The table below shows the average-audit to average non-audit fees in 2015.

	No. of Clients	Ave. Audit Fees (RM)	Ave. Non-Audit Fees (RM)	%
PwC	**57**	**2,085,000**	**1,006,000**	**48%**
EY	175	599,000	268,000	45%
KPMG	**125**	**430,000**	**151,000**	**35%**
Deloitte	46	284,000	61,000	21%
Others	**464**	**189,000**	**54,000**	**29%**

Table 3: Audit and Non-Audit Fees by Firm

As an average, all the firms appear to be below the 70% threshold. However, based on our findings, 62 companies had non-audit fees exceeding audit fees. Some were for tax and the new GST implementation during the year which was an acceptable reason.

v. Risk Oversight

One of the most important roles of the Board of Directors is that of oversight in risk management. In 2015, 809 companies (93% of the 870 companies assessed) disclosed the risk management procedures that had been put in place whilst 89 companies disclosed how key risks were managed. Bonus points have been accorded to companies which recognised the importance of establishing a separate board level risk management committee with its own terms of reference and chaired by an Independent Director. There were 153 companies out of 870 companies assessed which established such a committee.

> *In our assessments it is noted that although companies disclosed their financial risks adequately they still lag behind in the disclosure of non-financial risk. MSWG recommends that companies provide greater clarity on their key non-financial risks, for example: operational, compliance, strategic, environmental, health and safety, etc.*

93%
Companies which disclosed its internal control procedures/risk management systems

18%
Companies having a separate level Risk Commitee

10 %
Companies which disclosed how key risks were managed

Figure 9: Risk Oversight

vi. Timeliness and Release of Annual Audited Accounts/ Annual Reports

Providing timely financial information improves accuracy, control and transparency.

Currently pursuant to Bursa listing requirements, companies are required to announce their annual audited accounts within 4 months of the financial year-end.

Pursuant to the revised Bursa listing requirements on annual reports, for companies with financial year-ends on or after Dec 31 2014, the annual reports must be issued within five months after the close of the financial year. Following that, annual reports for financial year ending on or after Dec 31, 2015, must be issued within four months after the close of the financial year.

The latest assessment of the 870 companies found that 778 companies released annual audited accounts within 120 days after their financial year-end while 273 companies issued the annual reports within 120 days after the financial year-end.

Figure 10: Timely Release of Financial Reports

vii. Dividends

Dividends together with capital appreciation are the expected returns to shareholders for investing in the company. The declaring of dividends is one important way a company communicates its financial health and its shareholder value. A company's dividend policy provides tremendous insight into its relationship with shareholders, and can help shareholders better understand the board's strategy for enhancing shareholder value. If the company does not explain its policy, there may be less commitment from the board and the framework for deciding each year's payout can change year to year, leading to uncertainty for shareholders.

During the year, 473 or 54% out of 870 companies declared dividends, while 90 or 10% declared their dividend policies. Only 26 companies provided explanations of their dividend policies in their notice of AGM/Circular. The Scorecard accords points for companies that offer explanatory notes in the company resolution document or notice or at least have a link to the reference in the annual report.

Figure 11: Dividend Policy

Companies need to inculcate a disciplined approach to dividend policies. Payment of dividends is particularly important in this uncertain economic climate especially for shareholders who are dependent on such returns for their survival. This applies to Pension funds as well which have to look after the interests of their members.

viii. Whistle-Blowing Policy

In 2014, 116 companies (13%) of the 870 companies assessed disclosed details of their whistle-blowing policies while in 2015, 192 companies (22%) did the same. The Whistle-Blowing Policy is intended to encourage employees and other stakeholders to make good faith reports of suspected fraud, corruption, or other improper activity. A formal and clear whistle-blowing policy will enable employees and others to freely communicate their concerns about illegal or unethical practices of the company. In this respect, 299 companies or 34% had procedures to deal with complaints by employees on any illegal or unethical conduct compared to 230 companies in 2014.

According to research by the Association of Certified Fraud Examiners, the world's largest anti-fraud organisation, whistle blowing is by far the most common way for frauds to be uncovered. More companies ought to adopt and establish a whistle-blowing policy to tackle the issue of illegal or unethical conduct.

34%
Companies having procedures for complaints by employees concerning illegal (including corruption) and unethical behaviour

22%
Companies which disclosed details of whistle-blowing policy

Figure 12: Whistle-blowing Policy

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 annual reports or corporate websites. It is encouraged that a link be disclosed in the annual report. The name and contact details of the person-in-charge should also be disclosed to facilitate an independent channel for any complaints. An independent director would be more suited to be the contact person.

It is highly encouraged that an Independent Director be designated as the whistle-blower contact person. As part of the whistle-blowing procedures, the contact person's personalised email address, instead of a corporate one, should be specified on the website for stakeholders to channel their grievances.

ix. Transparency in Ownership Structure

All 870 companies assessed in 2015 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, parent companies, subsidiaries, associates, joint ventures and special purpose vehicles and their shareholding details. This is because such disclosures are mandated in the LR. Unlike our ASEAN peers very few companies disclosed shareholdings of senior management which refers to the C-Suite level.

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 policies (G20/OECD Principles of Corporate Governance).

As promulgated by the ASEAN scorecard, MSWG encourages Boards to make an explicit statement in the annual report stating that no senior management holds any shares in cases where they do not hold any shares in the company.

x. Related Party Transactions (RPTs)

In Malaysia, there are very comprehensive rules and guides on RPTs and RRPTs. RPTs are prevalent especially in family owned companies and GLCs with complex interlinking structures where, more often than not, there are dominant shareholders who also have controlling ownership in other, often diverse interests.

Although RPTs were reported, in some cases, insufficient details were provided to the shareholders to determine whether the price had been fair. For that reason, the shareholders rely on the Audit Committee to ensure that the related party transaction was fair.

Bursa Malaysia's listing requirements provide that the audit committees review related party transactions and ensure that the transactions were carried out in normal commercial terms and were not prejudicial to shareholders.

The latest review of all the 870 companies in 2015 found that:

787 or 90% of companies disclosed the policy covering the review and approval of material/significant RPTs.

792 or 91% of companies that conducted RPTs fully disclosed the names, nature, value and relationship for each significant RPTs whilst 423 or 49% of companies disclosed the names of related parties and their relationship for each significant RPTs.

Companies are expected to clearly state that the RPTs are conducted fairly, at arm's length and on normal commercial terms. It should not be conducted on negotiated or mutually agreed terms unless detailed explanations are provided, such as 'independent valuers were used to value the transactions'. Companies must clearly explain how RPTs were dealt with in the CG statement and to specifically state if no RPTs were undertaken during the year.

xi. Communication with Stakeholders

Via Stakeholders Engagement
The scorecard specifically required companies to disclose whether they had a policy or practice that encouraged shareholders including institutional shareholders to attend the general meetings or to engage with the company.

The latest findings from the Scorecard showed that 587 or 67% of 870 companies (in 2014 it was 290 or 33% of 873 companies) publicly disclosed such policies or practices. This significant improvement was encouraging, as an explicit statement to this effect had been made.

Via Annual Report
Annual reports are intended to give shareholders and other interested parties detailed information about the company's activities and financial performance. Good reporting encourages good governance. It also enhances investor engagement and enables stakeholders to benefit from increased levels of transparency and accountability. The report typically contains at the very least -- income statement, balance sheet, statement of cash flows, and accompanying footnotes.

In their annual reports, all 870 companies assessed disclosed the number of board of directors' meetings and attendance details and almost 94% of the companies published their summary of financial performance and indicators in the first few pages.

It will be more beneficial if companies can produce an executive summary or a review of the main points of the annual report for stakeholders who do not have time to read the entire publication. An effective summary or review can analyse and encapsulate the most pertinent points of the annual report with the proper references. It can be provided as a printout as well as being available on the website for the benefit of shareholders attending the annual general meeting.

An area that can be improved on is the disclosure of directors' profiles, where details of their directorship(s) in other listed and non-listed entities are clearly shown. In this regard, 437 or 50% of 870 companies, made such a disclosure. It should be noted that although some companies appear to have independent/non-executive directors holding more than 5 public board seats, these companies, although public, are not listed entities.

Another area that can be improved on is the disclosure of corporate objectives. Only 228 of 870 companies disclosed their corporate objectives. Corporate objectives are fundamental to performance enhancing strategic planning and disclosure of performance targets or long term goals will enhance credibility of reporting.

It is to the benefit of all parties if more companies disclosed quantifiable non-financial indicators in their annual reports, for example: market share, customer satisfaction index, etc as it improves transparency of reporting.

Via Website

All companies must have a website, as it is a requirement by Bursa. However, apart from the larger, more established companies, most websites are lacking in content as well as search features. Annual reports should be downloadable directly from the company's website rather than providing a link to Bursa's website.

Some websites have not been updated regularly, while information was not easily retrievable. Notices of AGM/EGM and M&As' must be made available on the website. Company announcements to the market must be searchable and available for at least 5 years with links to detailed announcements on Bursa's website. Companies are encouraged to make available online presentations on media briefings and analyst briefings in the Investor Relations section and also the minutes of the company meetings.

A contents page with the date of the publication of materials is highly encouraged to be included.

We encourage companies to emulate the websites of exemplary companies, for example, Bursa Malaysia and Telekom Malaysia Berhad, which are comprehensive and easy-to-navigate, clearly distinguishing the different components. We expect Bursa will take measures to influence other companies to improve on the content and search features of their websites.

xii. Directors' Remuneration

Directors' remuneration include fees, allowances, benefit-in-kind and other emoluments. However, in Malaysia, only fees are subjected to voting by the shareholders under the Companies Act, 1965.

In addition, the Listing Requirements also state that only fees need to be approved by shareholders if there is to be an increase.

The Scorecard encourages transparency by requiring disclosure of remuneration by individual directors. Although the law only requires fees to be tabled for approval, shareholder approvals on the total compensation must be obtained for good governance. Total remuneration should be tabled for approval annually, as shareholders will be given the opportunity to express their views on whether it commensurates with performance, responsibilities and contributions during the year.

Independent directors should be paid a fair and reasonable compensation, to a level that will attract high-quality candidates to the board, but not in such amounts as to impair director independence. Directors remuneration should be reviewed annually, and all significant decisions regarding directors' remuneration should be approved by the full board and shareholders.

Only 35 companies disclosed the remuneration policy/practices for its executive directors and CEO. There remain insufficient disclosure of directors' remuneration. Only a small fraction, about 9% of the companies assessed in 2015 compared to 8% in the previous year, disclosed details of remuneration of each member of the board of directors, including the CEO. In 2015, only 27% or 234 of the 870 companies provided shareholders with the opportunity, as evidenced by the agenda item, to approve total remuneration.

Independent directors of 52 companies received performance shares, options or bonuses. This is not encouraged, as it may give rise to conflicts and impair independence.

Singapore's Code of Corporate Governance 2012 has one of the most advanced executive remuneration disclosure requirements in the Asian region. It is expected of every listed company to provide clear disclosure of its remuneration policies, the level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. This is an exemplary practice that all Malaysian listed companies should emulate.

xiii. Board Diversity

Efforts should be taken to increase the number of women on PLCs' boards. Only 10%, or 613 of 6,211 directors on PLC boards, were female. Of these, 235 are executive directors and 378 are non-executive directors. In 2014, 9% or 571 of 6,270 directors were female directors, of which 226 and 345 were executive directors and non-executive directors respectively.

In the top 100 PLCs, female board participation was 13%, compared to 12% in 2014. Malaysia still lags far behind its target of achieving 30% women on corporate boards by 2016.

A step forward in an effort to increase the number of women directors is to make the appointment process more transparent. It is also good practice to constantly review such processes in view of performance and evolving needs.

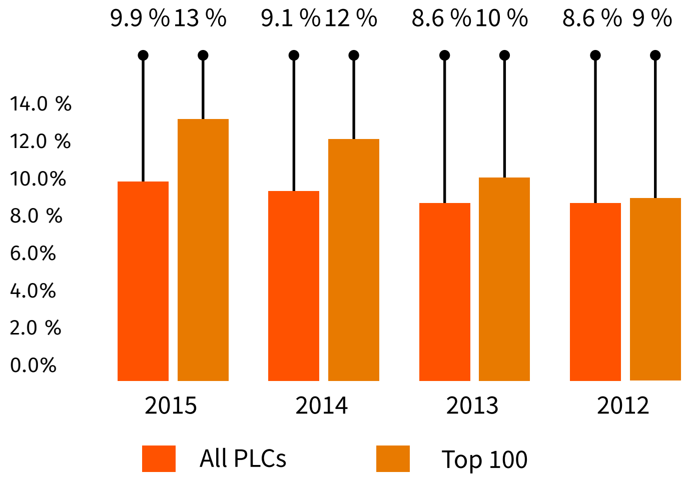


Figure 13: Women on Boards

xiv. Sustainability

Sustainability is not merely green initiatives but an indicator of long-term success, thus companies should disclose practices and data on their sustainable business practices to stakeholders.

Our findings confirm the rise of sustainability on the corporate agenda as well as the level of appreciation by companies which now realise the correlation between sustainability and the competitive advantage it provides.

Customers, investors and other stakeholders are increasingly demanding higher transparency from companies on environmental, social, and governance issues in their dealings not only with their shareholders, customers and regulators but also in the interest of their suppliers, creditors, the workplace, and their customers.

In view of their significance, the Scorecard has 21 criteria to assess the companies' policies and practices when addressing their sustainability efforts with the respective stakeholders. The reporting is expected to be robust, clear and credible. Examples include the cost incurred to conduct such activities with the resources devoted as well as financial and non-financial benefits.

The findings from the Scorecards revealed that sustainability reporting need considerable improvement in terms of not only disclosures on policies and practices but also the activities and the resources devoted.

In terms of practices and activities, the findings revealed that 7%, or 61 of the 870 companies, published their practices on supplier/contractor selection and criteria which takes into consideration factors relating to environment, social or human rights. 477 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. 591 companies assessed organised activities to interact with communities, focussing on building human capital, community outreach and strengthening economic value.

Companies can minimize exposure and risk of corrupt practices by implementing robust anti-corruption programs internally. 11%, or 98 of 870 companies, conducted anti-corruption programmes and procedures to mitigate corrupt practices. These programmes were expected to promote integrity within the workplace and were described clearly in the CG statements.

The companies that disclosed safeguarding of creditors' rights rose by 4% to 622 in 2015, compared to 599 in 2014.

403, or 46% companies, explicitly disclosed their policies on health, safety and welfare for their employees. Of these, 83 companies even published relevant information relating to this policy. 481, or 55% of the companies, disclosed that they had conducted training and development programmes for their employees whilst 82 or 9% of the companies explicitly described the training and development programmes, and the number of participants for each programme.

ESG practices wield considerable potential in affecting companies' performance over time. Sound practices in relation to environmental and social aspects indicate operational excellence and management quality. Companies should focus on long term sustainability initiatives and further improve on disclosures and reporting.

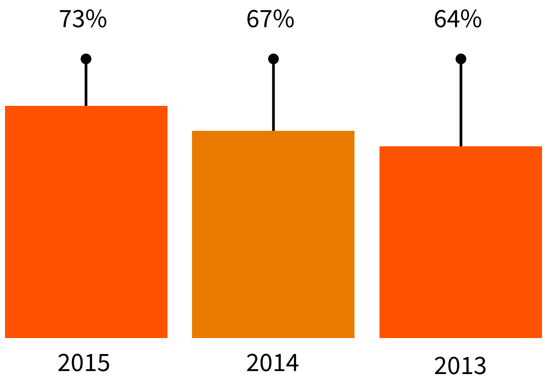


Figure 14: Companies with a Separate Corporate Responsibility or Sustainability Report/Section

xv. Independent Directors

In respect of independent directors:-

448 companies had independent directors that made up at least 50% of the board of directors.

135 companies set a term limit of nine years or less for its independent directors.

All companies set a limit of five board seats that an independent/non-executive director may hold simultaneously as required under the Listing Requirements.

469 companies had independent directors who had served for more than nine years or two terms (whichever is higher) in the same capacity. However 417 companies had tabled resolutions seeking shareholders' approval for INEDs serving more than 9 years.

SUGGESTED AREAS FOR IMPROVEMENT

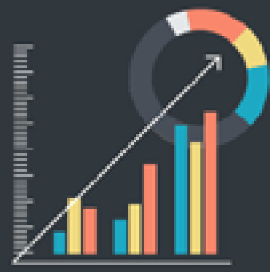
We look forward to companies taking steps to enhance their level of disclosures, in particular, the following areas that can be improved upon:-

- ◊ More comprehensive information on ESG policies and activities can be disclosed on the website especially information pertaining to companies' sustainability.
- ◊ Notice of AGM should be accompanied by explanations on all resolutions and cross referenced to where the information can be found in the Annual Report.
- ◊ Disclosure on directors' profile which clearly separates directorships in listed and non-listed companies.
- ◊ Where companies have major shareholders with more than 50% shareholding, both the number and value of votes should be taken into consideration for resolutions to pass.
- ◊ Electronic voting can be used to facilitate more efficient conduct of poll voting.
- ◊ Independent scrutineers to be appointed other than company's secretarial for both poll voting and voting by show of hands at general meetings.
- ◊ 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.
- ◊ Clear disclosure of board diversity policy and efforts taken to achieve them.
- ◊ Company's Memorandum and Articles of Association and minutes to be posted on the company's website.
- ◊ Disclosure of non-financial risks in the Annual Report.

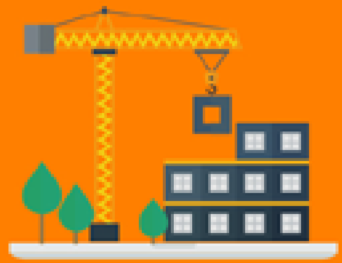
Solid Track Record

Stakeholder Engagement

Best Practice



Productivity



Strong Foundation

GOOD CORPORATE GOVERNANCE

Is Our Organisational Foundation

Success is not defined merely by results, but also by how one achieves it. In this regard, we at IJM, are proud to have built a legacy of good corporate governance and sound business practice across our five business divisions. We remain fully committed to becoming a better corporate leader by emphasising transparency of information, sound risk mitigation practices and ultimately towards enhancing shareholder value and realising long-term sustainable growth.

Internal Controls

People

Full Disclosure

Collaboration

Information Transparency

Sustainability

Project Management

Asia Money Best Managed Company 2014

Asia Money Best Managed Company 2015

MSWG - Asean Corporate Governance Index, Findings & Recognition 2014

MSWG - Asean Corporate Governance Transparency Index, Findings & Recognition 2015 - Merit Award for CG Disclosure

ASEAN Corporate Governance Awards 2015 - one of 5 Malaysian companies listed among Top 50 public listed companies in ASEAN

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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 is also targeting to drive countries in the region to play a significant role in the convergence of international best practices. As ASEAN moves ahead to achieve convergence, the Scorecard has and will continue to provide useful trend analyses of corporate governance conformance of companies within the region. The methodology used was based on the OECD Principles of Corporate Governance and other international best practices, which are not required under most current domestic rules or guidelines in the region.

In Malaysia, MSWG was appointed as the Domestic Ranking Body and is one of the pioneers in spearheading the adoption of the 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 Malaysian corporate governance requirements and principles.

The ASEAN CG Scorecard comprises a combination of five main criteria assessed comprising 179 items in Level 1, with different weightages assigned according to the relative importance of each area. The composition and structure of Level 1 is shown in Table 4.

Components	Number of Items	Weightage (%)	%
PART A: RIGHTS OF SHAREHOLDERS	25	10	10%
PART B: EQUITABLE TREATMENT OF SHAREHOLDERS	18	15	15%
PART C: ROLE OF STAKEHOLDERS	21	10	10%
PART D: DISCLOSURE AND TRANSPARENCY	41	25	25%
PART E: RESPONSIBILITIES OF THE BOARD	74	40	40%

Table 4: Composition and Structure of Level 1

Level 2 comprises 11 bonuses and 22 penalty items where each item scores a different number of points. The maximum attainable bonus points is 26 while maximum penalty points deductible is 52. The sample size was 870 companies, all of which are listed on Bursa Malaysia Stock Exchange with a total market value of RM1.72 trillion as at 30 April 2015. The methodology and parameters are as per Appendix 2 and references have been made on the numbering of the parameters throughout the document. In respect of default items companies were assumed to have complied with them as they were mandated by laws, regulations and listing rules, unless there was evidence to the contrary are shown in Appendix 3. To be able to score an item, there must be sufficiently clear and comprehensive disclosures.

Two top 100 companies lists were obtained purely based on disclosures as per ASEAN CG Scorecard parameters. One was referred to as Top 100 Companies with Good Disclosures and Transparency while the other list of top companies were referred to as Top 100 Overall CG Companies – Disclosures and ROE Performance. The Top 100 Overall CG Companies had also undergone filtering and elimination based on performance criteria of Return on Equity (ROE) < 3% and Total Shareholders Return (TSR). In this report, the evaluation of findings was based on transparency and performance criteria. An Adjudication Committee comprising eminent industry leaders provided constructive inputs and adjudicated the scores of the top 100 companies over two meetings. The members of the Adjudication Committee have been disclosed in Appendix 4. The results of the Top 100 Companies with good disclosures according to rank are shown in Appendix 5. All the top 10 companies had published their AGM minutes on their websites. For companies to be in the top 20, they should not be subjected to any adverse issues in the marketplace. The top 100 companies according to rank in terms of overall CG scores were also subjected to 3-year average ROE which have been taken into consideration as shown in Appendix 6.

DETAILED REPORT AND MAIN FINDINGS

Table 5 shows the average scores for the total 870 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, D and E which dealt with Equitable Treatment of Shareholders, Disclosure and Transparency and Responsibilities of Board. Companies in Malaysia made no significant improvement in Parts A and C which dealt with the rights of shareholders and the role of stakeholders.

	Part A	Part A	Part A	Part A	Part E	Total Average Scores
Average (All 870 plcs)	**5.35**	**12.86**	**3.78**	**15.29**	**24.07**	**62.98**
Average (Top 100 plcs)	6.41	13.24	6.93	18.86	30.45	80.41
Maximum Possible	**10**	**15**	**10**	**25**	**40**	**100**

Table 5: Average Scores by Parts of Scorecards

PART A: RIGHTS OF SHAREHOLDERS

The Scorecard first assesses how well companies performed in the 25 key areas concerning shareholder's rights. Seven of these criteria were default responses as they are mandatory requirements, which meant all 870 companies surveyed automatically scored a point. The remaining 18 criteria are 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 served as a good indicator of equitable treatment of shareholders (A1.1). The latest assessment showed that of the 870 companies assessed, 147 paid shareholders within 30 days after announcing interim dividends and approving final dividends at AGMs, a slight reduction from 152 companies in 2014.

The right to effectively participate and vote in general shareholder meetings is considered a key opportunity for shareholders to be involved in a company's major decisions. In view of its significance, the Scorecard has dedicated an entire section focussing on the quality of AGMs conducted by companies. From the Scorecard findings based on the published AGM minutes on corporate websites, it was established that 234 of the 870 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). The Companies Act 1965 only requires fees to be tabled for approval. In line with best practices that go beyond mandatory requirements, the shareholders should be given the opportunity to approve the remuneration packages for non-executive directors.

51 companies gave shareholders opportunities to raise questions, or seek clarifications. (A.3.5). As AGMs are normally the only avenue for shareholders to exercise their rights, including raising issues, opportunities are expected to be given for them to seek clarifications on each agenda item.

Of the 47 companies that published AGM minutes on their websites, only 32 recorded the question-and-answer sessions in the minutes of their most recent AGM (A.3.6).

790 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 of the general meetings immediately.

35 companies disclosed the voting results including approving, dissenting, and abstaining votes for each agenda item for the most recent AGMs (A.3.8).

44 companies disclosed the list of board members who attended the most recent AGM (A.3.9). Disclosure of board attendance at AGM is considered important to enable shareholders to assess the board's commitment.

52 companies disclosed the attendance by their chairmen to their most recent AGMs (A.3.10).

50 companies disclosed the attendance by their CEO/Managing Director/President to their most recent AGMs (A.3.11).

47 companies saw the chairman of their audit committee attending their most recent AGMs (A.3.12).

860 companies organised their most recent AGM in an easy-to-reach location (A.3.13). The choice of meeting locations that are easily accessible is important in enhancing shareholders' attendance and participation.

39 companies had all their resolutions voted by poll as opposed to by show of hands (A.3.15).

Companies are encouraged to conduct poll voting on all resolutions in line with the principle of 'one share, one vote'. Of the 39 companies that conducted poll vote for all their resolutions, 17 disclosed that it had appointed independent scrutineers/ inspectors to count and/or validate the votes at the AGM (A.3.16).

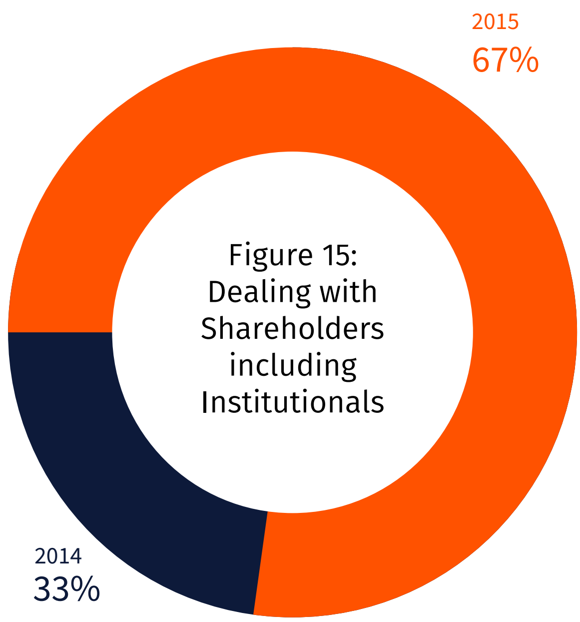
846 companies made publicly available the next day the results of the votes taken during the most recent AGM for all resolutions (A.3.17).

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, one company failed to do so (A.3.18).

165 companies provided the rationale and explanation for each agenda item that required 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, reference should be made to the relevant pages of the Annual Report.

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

Institutional investors are able to exert their corporate governance expectations, especially when they hold significant stakes in their investee companies. Recognising the importance of their 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 an entity that has adopted international standards, thus garnering the trust and confidence of the market. Following the launch of the Code, the Institutional Investor Council Malaysia was set up in July 2015 as a platform to promote the effective adoption of the Code by influencing and shaping a wider spectrum of corporate governance culture among investee companies. The Council comprises 14 members from among the institutional investors fraternity, and is chaired by Kumpulan Wang Persaraan Diperbadankan. The Council advocates institutional investors to become signatories of the Code, as a reflection of their commitment towards becoming responsible investors by imposing their corporate governance expectations on investee companies.



In the Scorecard, there is an item that specifically scores companies on their disclosure of the policy or practice that encourages shareholders including institutional shareholders to attend general meetings with the company. The latest findings from the Scorecard (Figure 15) showed that 587, or 67% of the 870 companies, publicly disclosed policies or practices to encourage shareholders, including institutional shareholders, to attend their general meetings or to engage with the companies (A.5.1)

PART B: EQUITABLE TREATMENT OF SHAREHOLDERS

The second section of the Scorecard comprises 18 items, of which seven are considered default as all of the 870 companies assessed complied with the requirements. The remaining 10 items are all based on OECD principles and other international best practices, which will be considered in the following illustrations.

Shares and Voting Rights

From the findings, there appeared 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 Malaysian PLCs had only one class of shares and those that had different class of shares had also disclosed the voting rights. 87 of the 870 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 may influence shareholders' decision 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:

488 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).

842 companies clearly identified the auditors seeking appointment/re-appointment (B.2.4).

26 companies provided explanation of their dividend policy (B.2.5).

319 companies disclosed the amount payable for final dividends (B.2.6).

All the companies made easily available the proxy documents (B.2.7).

Figure 16 shows the comparative scores between 2013 – 2015

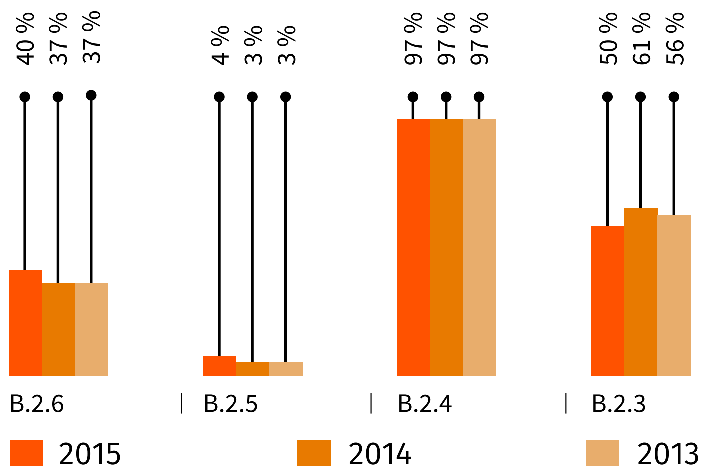


Figure 16: Notice of AGM

The Scorecard expects companies to disclose any related party transactions (RPTs) which they are involved in and that they are conducted at arm's length. This would mitigate potential abuse to minority shareholders. For the protection of 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 and regulations dealing with such items.

From the Scorecard, 91%, or 792 companies, conducted RPTs during the year of assessment. Of these, 787 companies disclosed the policy covering the review and approval of material RPTs. 68, or 8% of companies, disclosed the trading in company's shares by insiders. Only 36% of companies mentioned that RPTs were conducted at arm's length. The guide expects companies to specifically disclose that RPTs were conducted at arm's length, and that they were not detrimental to minority interests.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PART C: ROLE OF STAKEHOLDERS

A company deals not only with its shareholders, customers and regulators; it also has to consider the interests of its suppliers, creditors, employees and the wider community within its operations. In view of their importance, the Scorecard has devoted 21 criteria to assess companies' dealings with their respective stakeholders.

The latest findings indicated that:

170 companies, or 20% of the total, disclosed policies that stipulate the existence and scope of the companies' efforts in addressing customers' welfare which include both physical and non-physical aspects such as policies on product recall, customer refund for failure to deliver services as promised, anti-harassment policy to stakeholders, etc. (C.1.1).

72 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).

489 companies described policies which ensured that their value chain was environmentally friendly or consistent with promoting sustainable development. This meant that the company not only complied with existing environmental regulation but voluntarily employs value chain processes that reduce waste, pollution or damage to the environment (C.1.3).

487 companies elaborated on policies of the company's efforts to interact with the communities in which they operated. 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).

120 companies put into place a policy on anti-corruption with detailed programmes and procedures to mitigate corrupt practices, as well as risk analysis on business units in assessing the potential incidence of such practices. (C.1.5).

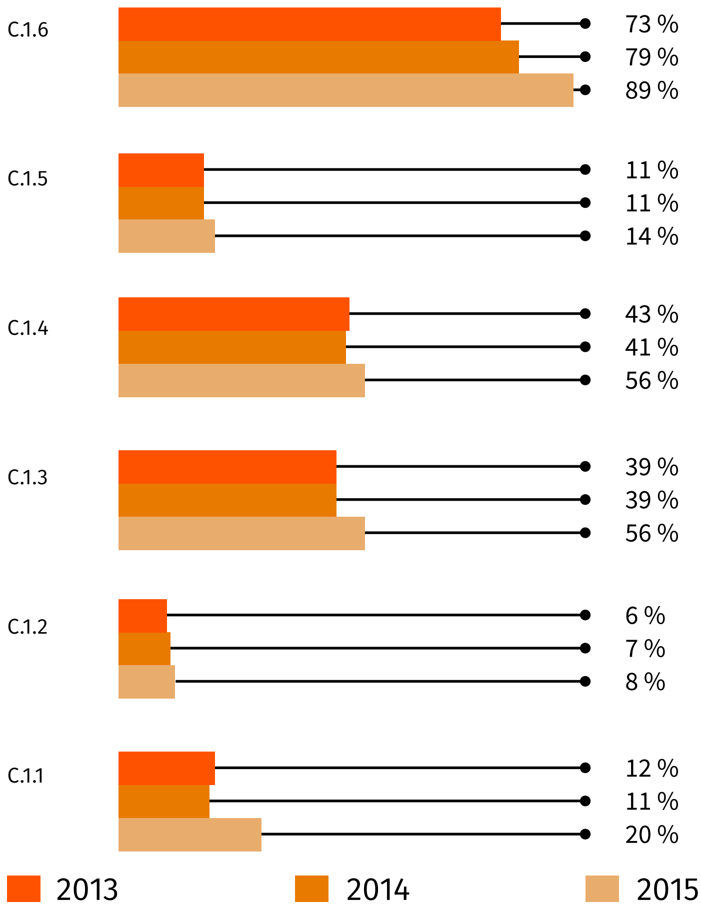


Figure 17: Policies Dealing with Stakeholders

771 companies surveyed had policies in place describing how creditors' rights would be safeguarded (C.1.6)

The scores achieved by the PLCs in terms of their disclosures on Policies Dealing with Stakeholders in 2015 as compared to 2014 and 2013 are shown in Figure 17.

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

152 companies disclosed activities on customer health and safety (C.1.7).

61 companies published the practices on supplier/contractor selection and criteria (C.1.8).

477 companies disclosed activities on implementing an environmentally friendly value chain (C.1.9).

591 companies held activities to interact with communities (C.1.10).

98 companies conducted anti-corruption programmes and procedures (C.1.11).

The companies that had activities on creditors' rights rose to 622 in 2015, compared to 599 in 2014 (C.1.12).

634 companies had a separate corporate responsibility report/section or sustainability report/section (C1.13).

Figure 18 shows the scores achieved by the PLCs in terms of their disclosures on Practices Dealing with Stakeholders in 2015 compared to 2014 and 2013.

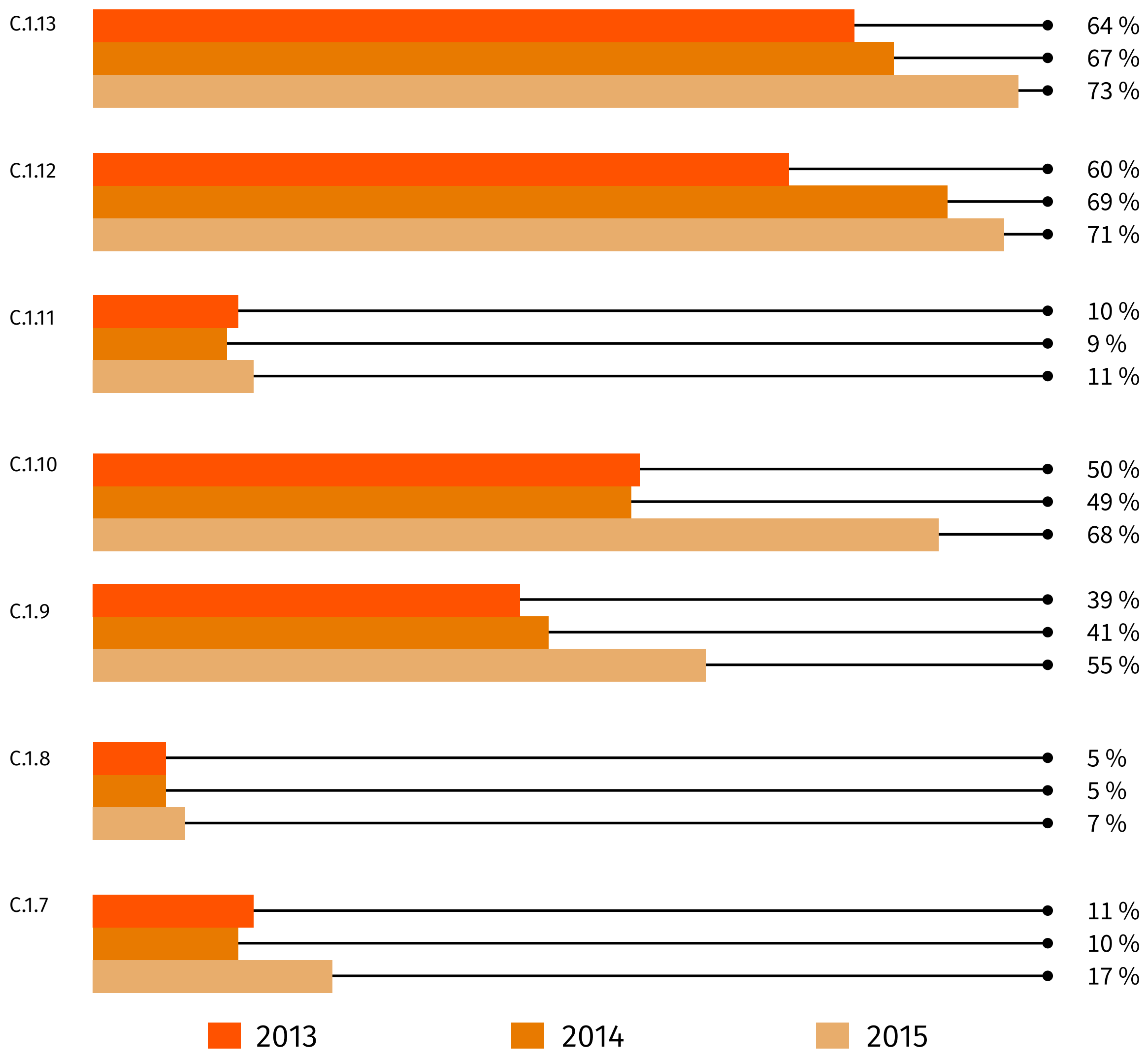


Figure 18: Practices Dealing with Stakeholders

Communication Channels for Stakeholders

Besides practices and policies that look after the interests of external stakeholders, companies should provide channels for all stakeholders to communicate and to obtain redress when their rights are violated. The Scorecard found that 439 of the 870 companies assessed provided contact details via their companies' websites or annual reports through which stakeholders are able to voice their concerns and/or complaints (C.2.1).

Dealings with Stakeholders

Stakeholders not only include shareholders, but also customers, regulators, suppliers and creditors.

771 companies had policies that described how the rights of creditors were safe-guarded. However, a majority of companies assessed did not sufficiently disclose policies on supplier/ contractor selection, customers' welfare and anti-corruption programmes. Their implementation were also not clearly explained.(C.1.6).

Only 403 companies explicitly disclosed the health, safety and welfare of its employees (C.3.1) while 481 companies disclosed their employee training and development programmes (C.3.3).

There should also be a performance enhancing mechanism for its people. 145 companies assessed had an employees' compensation policy that accounts for the performance of the companies beyond short-term financial measures, for example Employee Stock Ownership Plans, share grant plans, etc. (C.3.5).

Figure 19 shows the findings on companies' practices in dealings with its employees over the last three years, 2013 – 2015.

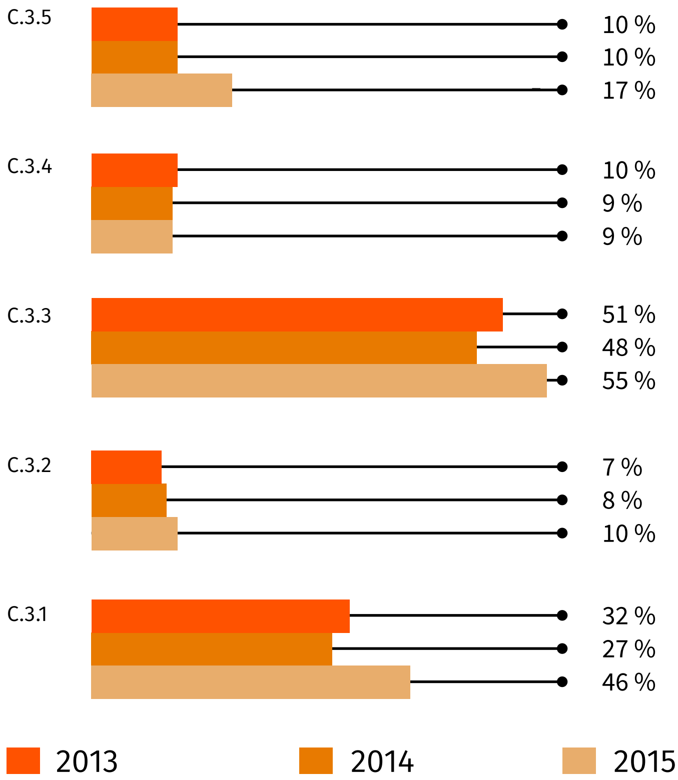


Figure 19: Dealings with Employees

Whistle-blowing policy

All stakeholders, including employees and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices in the company to the board. Their rights should not be compromised for doing this.

The latest findings from the Scorecard revealed that:

299 companies observed procedures for complaints by employees concerning illegal (including corruption) and unethical behaviour (C.4.1).

237 companies have in place a policy or procedures to protect an employee/person who reveals illegal/unethical behaviour from retaliation (C.4.2).

The companies' scores for 2013, 2014 and 2015 for both items mentioned above are shown in Figure 20.

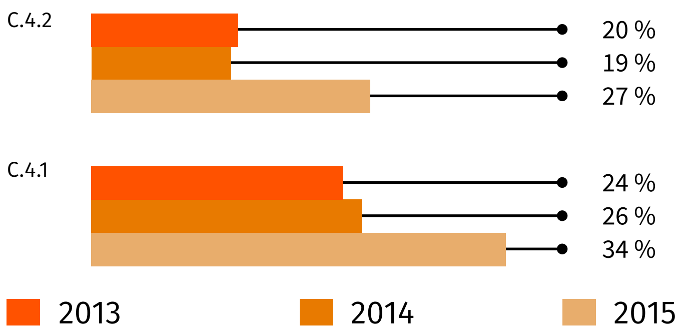


Figure 20: Whistleblowing Policy and Procedures

PART D: DISCLOSURE AND TRANSPARENCY

Transparency is paramount to good governance, and allows stakeholders to analyse information that may be critical to uncovering abuses as well as protecting their interests. Transparency helps shareholders to make well-informed investment decisions and also builds trust between companies and all its stakeholders. In view of its importance, the Scorecard has allocated an entire section comprising 41 items to assess the extent of a company's transparency which is weighted at 25%.

Transparent Ownership Structure

The Scorecard commences Part D by assessing the transparency of a company's ownership structure. The latest findings showed the following:-

869 companies revealed the identity of beneficial owners of shareholders with 5% shareholding or more (D.1.1).

865 companies disclosed direct and indirect (deemed) shareholdings of substantial shareholders (D.1.2) and 864 companies disclosed direct and indirect (deemed) shareholdings of directors (D.1.3).

However, only 5 of the 870 companies disclosed the direct and indirect (deemed) shareholdings of senior management (D.1.4).

859, or 99% of companies, published details of the identity and shareholding interest of the parent or holding company, subsidiaries, associates, joint ventures and special purpose enterprises or vehicles (D.1.5).

Quality of Annual Reports

Annual reports are intended to provide shareholders and other interested parties information about the company's activities and financial performance. Good reporting encourages good governance. It also enhances investor engagement and enables stakeholders to benefit from increased levels of transparency and accountability. The report typically contains at the very least -- income statement, balance sheet, statement of cash flows, and accompanying footnotes. The primary purpose of annual reports is accountability, particularly to current and potential shareholders. The quality of an annual report is vital as it is the primary communication channel to stakeholders.

The latest assessment from the Scorecard revealed:

145 companies, or 17%, disclosed key risks that go beyond the financial risks (D.2.1).

228 companies disclosed their corporate objectives compared to 50 in 2014 which included performance targets or long-term goals (D.2.2).

821 companies, or 94%, assessed disclosed financial performance indicators (D.2.3) while only 85 disclosed non-financial performance indicators which included customer satisfaction index and market share (D.2.4).

90 companies, or 10%, disclosed their dividend policy such as their target dividend payout ratio or dividend per share (D.2.5).

192 companies, or 22%, disclosed a whistle-blowing policy which embraces how the policy is implemented and the monitoring process (D.2.6).

437 companies published biographical details (at least age, qualifications, date of first appointment, relevant experience, and directorships in other listed companies) of their directors. Many companies did not separate their details of board in listed companies (D.2.7).

519 companies disclosed the training and/or continuing education programmes 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 868 disclosed the attendance details of each director (D.2.10).

79 companies disclosed remuneration details of each member of the board of directors, including the CEO. For transparency purposes it is encouraged that companies disclose their directors' remuneration individually instead of by bands as required under the Listing Requirements (D.2.11).

226 companies had statements in their annual reports confirming their full compliance with the code of corporate governance. Where there were non-compliances, they identified and explained the reasons for each issue (D.2.12). The Listing Requirements made it mandatory effective January 2013 for all companies to make such a declaration.

Figure 21 shows the companies' quality of annual reports from 2013, 2014 and 2015.

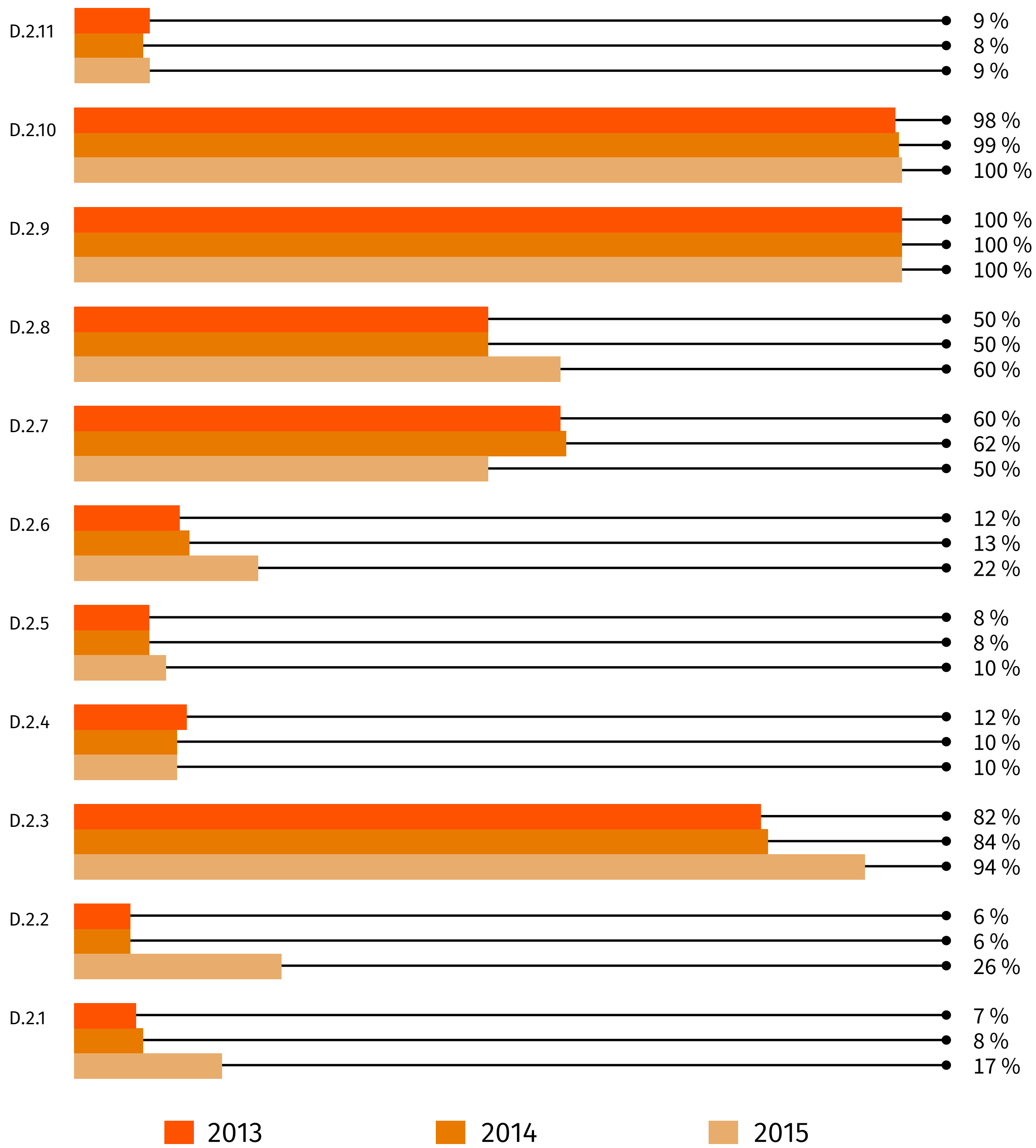


Figure 21: Quality of Annual Report

Directors' Remuneration

The comparative statistics on directors' remuneration over the last two years are presented in Table 6. Based on the 870 companies assessed, the average remuneration per executive director and non-executive director were RM1,539,000 and RM117,000 respectively. This is compared to 2014 where the average remuneration per executive director and non-executive director were RM1,348,000 and RM98,000 respectively.

	2015	2014
Exective Directors	1,539,00	1,348,000
Non-Executive Directors	117,000	98,000

Table 6: Average Annual Directors' Remuneration (RM)

Figure 22 shows the comparisons on the average annual remuneration per executive director (ED) by sectors in 2015 and 2014. The findings in 2015 show that the executive directors in the Finance sector were remunerated the highest with an average annual remuneration of RM3.445 million, followed by plantations and property at RM2.465 million and RM2.041 million respectively. In 2014, the findings also showed that executive directors in the Finance sector were remunerated the highest with an average annual remuneration of RM3.085 million, followed by Trading and Services, and Infrastructure at RM2.375 million and RM2.209 million respectively.

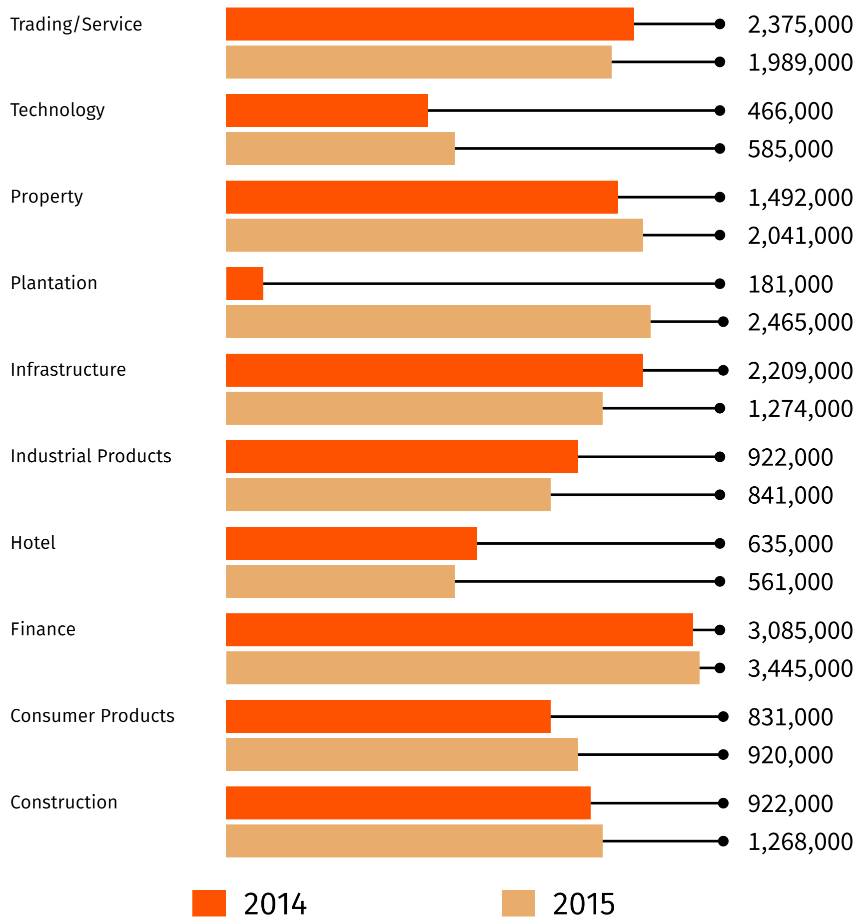


Figure 22: Average Annual Remuneration of Executive Directors by Sector (RM)

The average annual remuneration per non-executive director (NED) by sector over the last two years are shown in Figure 23. In 2015, the highest paid NEDs were from the finance companies, followed by plantation and infrastructure companies with an average annual remuneration of RM480,000, RM113,000 and RM102,000 respectively. In 2014, the highest paid NEDs were from the finance companies, followed by Plantation, and Trading and Services with an average annual remuneration of RM365,000, RM128,000 and RM84,000 respectively.

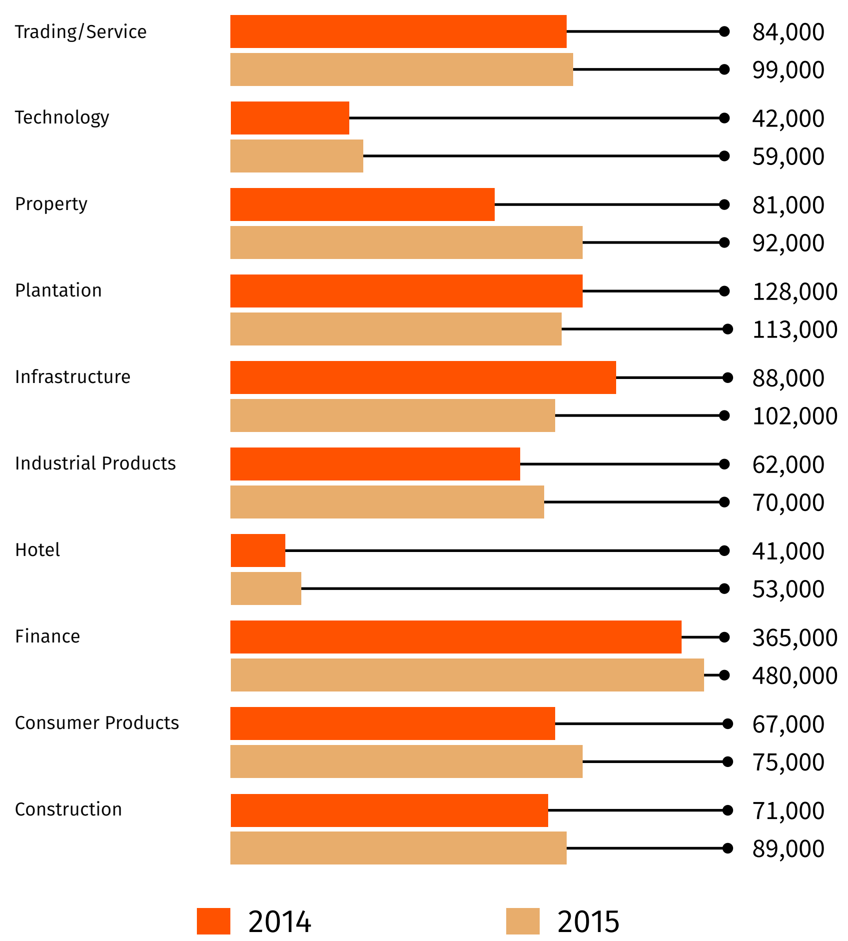


Figure 23: Average Annual Remuneration of Non-Executive Directors by Sector (RM)

The table below shows the plcs with the highest EDs remuneration in total:-

Genting Berhad	**155,900,000**
IOI Corporation Berhad	126,768,000
Sapurakencana Petroleum Berhad	**93,379,000**
YTL Corporation Berhad	66,750,000
Genting Malaysia Berhad	**58,300,000**

Table 7: PLCs with Highest EDs' Total Remuneration for 2014/2015 (RM)

Whereas for NEDs the plcs with the highest remuneration in total:-

Public Bank Berhad	**26,504,000**
TA Enterprise Berhad	14,847,000
Alliance Financial Group Berhad	**10,267,000**
Malayan Banking Berhad	7,594,000
Hwang Capital (Malaysia) Berhad	**6,673,843**

Table 8: PLCs with Highest NEDs' Total Remuneration for 2014/2015 (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 insiders were to engage in RPTs, the company would make an open declaration that the transactions were conducted fairly and at arm's length and were not detrimental to the interests of minority shareholders. Companies should clearly state that the RPTs are conducted fairly, at arm's length and on normal commercial terms and it should not be on negotiated or mutually agreed terms unless more explanations were provided, such as independent valuers were used to value the transactions.

The latest review of all the 870 companies in 2015 found that:

787 companies disclosed the policy covering the review and approval of material/significant RPTs (D.3.1).

792 companies that conducted related party transactions fully disclosed the names, nature, value and relationship for each significant RPTs (D.3.3) whilst 423 companies disclosed the names of related parties and their relationship for each significant RPT (D.3.2).

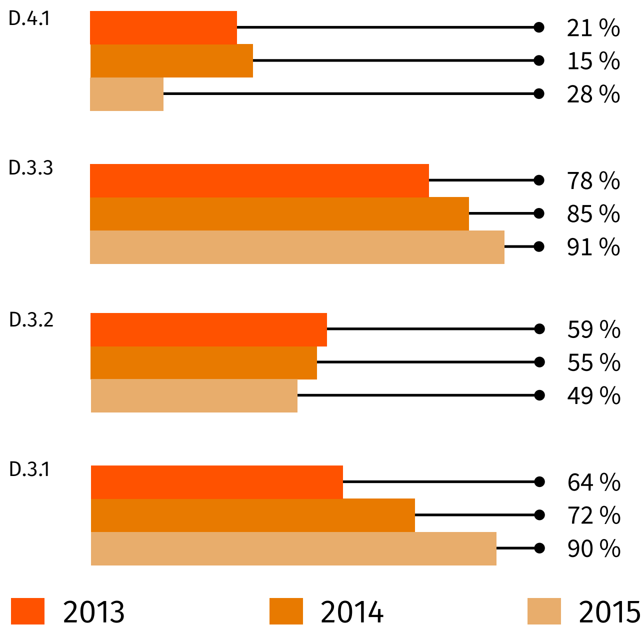


Figure 24: Disclosure of RPTs/RRPTs and Self-Dealings

68 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 24.

External Auditors and Auditors' Report

As it is mandatory to disclose both the statutory audit fees and non-audit fees under the Companies Act 1965 and non-audit fees under the Listing Requirements, all 870 companies assessed disclosed audit fees (D.5.1), while 842 companies disclosed non-audit fees (D.5.2) of which, 62 had their non-audit fees exceeding audit fees (D.5.3).

MIA's By-Laws provide that:

Before the firm accepts an engagement to provide a non-assurance service to an audit client, a determination shall be made as to whether providing such a service would create a threat to independence. In evaluating the significance of any threat created by a particular non-assurance service, consideration shall be given to any threat that the audit team has reason to believe is created by providing other related non-assurance services. If a threat is created that cannot be reduced to an acceptable level by the application of safeguards, the non-assurance service shall not be provided.

With respect to EU auditors reforms on the provision of non-audit services,a cap has been introduced on the maximum non-audit fees that the statutory auditor of a public interest entity (PIE) can bill in any one year, set at 70% of the average of the audit fees billed over the last three-year period to the PIE. However certain non-audit services are prohibited.

The table below shows that in terms of average audit to average non-audit fees in 2015.

	No. of Clients	Ave. Audit Fees (RM)	Ave. Non-Audit Fees (RM)	%
PwC	**57**	**2,085,000**	**1,006,000**	**48%**
EY	175	599,000	268,000	45%
KPMG	**125**	**430,000**	**151,000**	**35%**
Deloitte	46	284,000	61,000	21%
Others	**464**	**189,000**	**54,000**	**29%**

Table 9: Audit and Non-Audit Fees by Firm

All the firms appear to be below the 70% threshold although 62 companies had their non-audit fees exceeding audit fees (D.5.3). Some was for tax and the new GST implementation during the year which was an acceptable reason.

Figure 25 shows the external audit market for the 870 companies assessed is still dominated by Ernst & Young with a market share of 20 per cent followed by KPMG, Price Waterhouse Coopers (PwC) and Deloitte. However, in terms of quantum for both audit and non-audit fees, PwC had a greater market share. (Table 9)

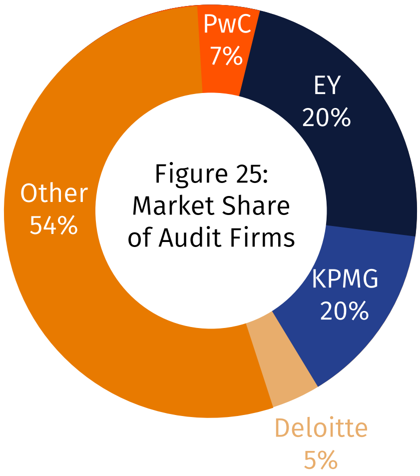


Figure 25: Market Share of Audit Firms

Communication With Stakeholders

Companies are expected to engage with their stakeholders. However, from the findings it would seem that all companies use their corporate websites as a main form of communication with their stakeholders. It is hoped that more companies would hold analysts briefings and make reference to it only on the website. They should also make available for download the materials provided to those who attended the briefings.

The Scorecard found that all 870 companies used quarterly reporting (D.6.1) and their own official websites (D.6.2) as a medium to engage with their shareholders and stakeholders.

210 companies of the total 870 held analysts briefings (D.6.3) whilst 65 conducted press conferences and media briefings (D.6.4).

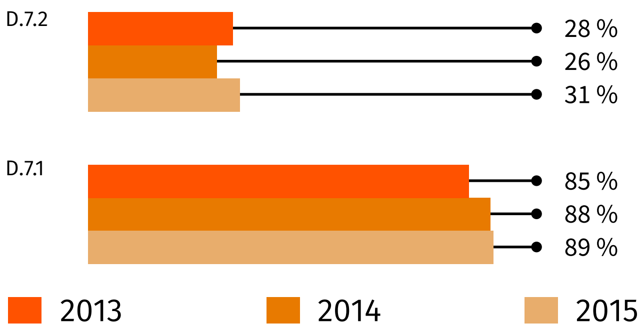


Figure 26: Timely Release of Financial Reports

Timely Release of Annual Audited Accounts/Annual Reports

The latest assessment found that 778 of the 870 companies released audited annual financial reports within 120 days from the financial year end (D.7.1), while 273 companies issued the annual report within 120 days from the end of the financial year (D.7.2).

Figure 26 shows the companies' scores in 2013, 2014 and 2015.

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

Corporate Websites

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 on companies disclosing up-to-date information on their websites as an effective medium of communication and engagement with stakeholders.

Based on the assessment in 2015, it was found that:

824 companies disclosed their business operations (D.8.1).

757 companies disclosed current and previous years' financial statements (D.8.2).

125 companies published materials provided for analysts' and media briefings (D.8.3).

719 companies posted their shareholding structure (D.8.4).

791 companies posted their group corporate structure (D.8.5).

749 companies offered downloadable annual reports (D.8.6).

599 companies had AGM/EGM notices (D.8.7) but only 47 published minutes (D.8.8) on their corporate website. Companies are encouraged to publish detailed minutes on their websites on a timely basis without being requested by shareholders.

43 companies published their constitution, including the company's by-laws, memorandum or articles of association (D.8.9).

Figure 27 shows the comparison scores in terms of disclosure of information published on companies' websites between 2013 – 2015.

Investor Relations Contact

The availability of investor relations' contact details (email and telephone), not only aid shareholders, but also helps in attracting potential investors. The latest assessment found that 517 companies made use of such benefits and disclosed their investor relations' contact details publicly (D.9.1).

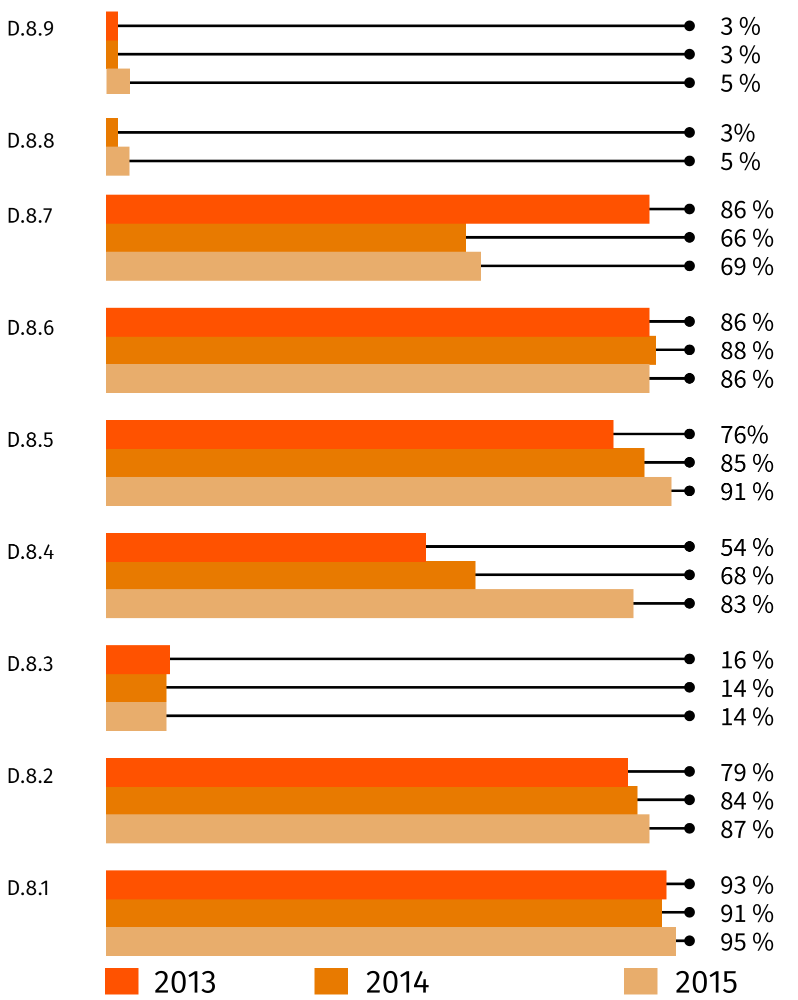


Figure 27: Information on Corporate Website

PART E: RESPONSIBILITIES OF THE BOARD

The board of directors play an important role in enhancing shareholders' value, and overseeing the business affairs of the company in light of emerging risks and opportunities. This is even more pronounced given the current fast-changing international economy, where commodities and financial markets are globalised and volatile.

In view of the significant role the board of directors assume, the Scorecard has devoted 81 items – the largest part of the Scorecard – to examine the role and responsibilities of the board.

Board Duties and Responsibilities

The latest review found that:

The scores in terms of board responsibilities and the existence of Board Charter in companies in 2015 compared to 2014 and 2013 are shown in Figure 28.

642 of 870 companies disclosed their corporate governance policy/board charter, predominantly on their websites. Companies need to make public their corporate governance policy/board charter, as this document represents the board's commitment and illustrates how the company interprets the MCCG 2012 and take ownership of the principles and best practices of the Code (E.1.1).

649 companies disclosed the types of decisions requiring board of directors' approval, among which, were issues on acquisitions and disposals, share issuance, financial structuring, risk oversight, etc. (E.1.2).

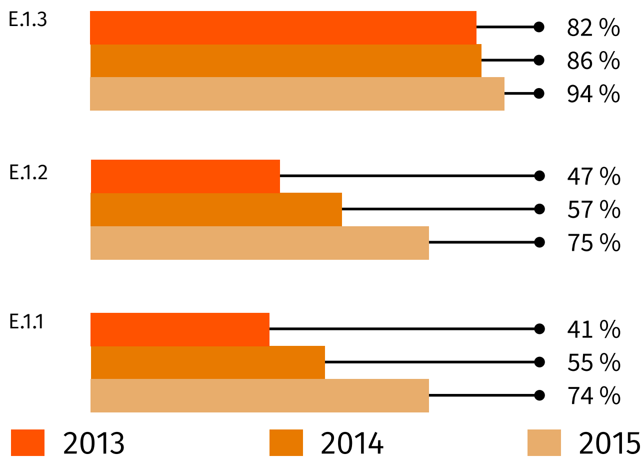


Figure 28: Board Responsibilities and Board Charter

821 companies clearly stated the roles and responsibilities of the board of directors such as overseeing the business affairs of the company, overseeing the processes for evaluating the adequacy of internal controls and risk management systems, approving broad policies, strategies and objectives of the company, etc. (E.1.3).

Corporate Vision and Mission

The mere articulation of a company's vision and mission statements are not sufficient. In line with OECD principles, the board should encourage a culture of integrity permeating all aspects of the company's business, and ensure that its vision, mission and objectives are ethically sound, and its goals constantly monitored and reviewed.

The Scorecard found that:

476 companies have vision and mission statements, either in the annual reports or on their corporate websites, or both (E.1.4).

It is pertinent for the board to constantly assess/review the vision and mission/strategy of the company. 42 companies were found to have stated that its board had done so in the last financial year (E.1.5).

261 companies had their board of directors stating clearly that they monitor/oversee the implementation of the corporate strategy (E.1.6).

Board Structure

Code of Ethics or Conduct

Company-wide ethical codes serve as a standard of conduct by the board, key executives and employees and other stakeholders in setting the framework for the exercise of judgment in dealing with varying, and often, conflicting circumstances. 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:

419 companies disclosed details of the code of ethics or conduct (E.2.1).

290 companies disclosed that all directors, senior management and employees were required to comply with the code (E.2.2).

184 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 in 2015 as compared to 2014 and 2013 are shown in Figure 29. Thus, the trend is positive, indicating that more companies are willing to disclose their code of ethics and conduct.

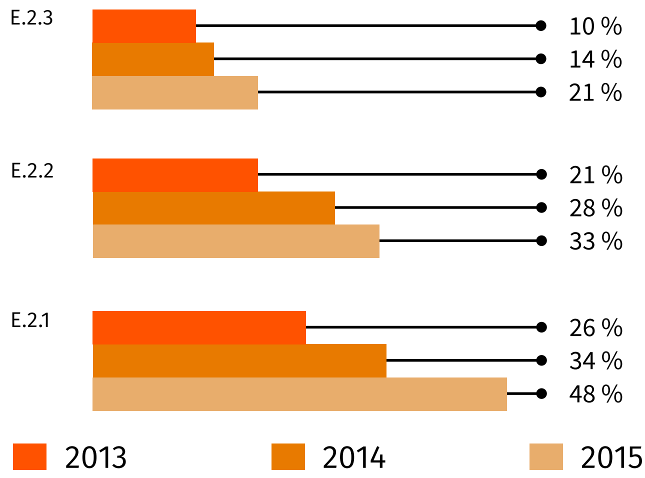
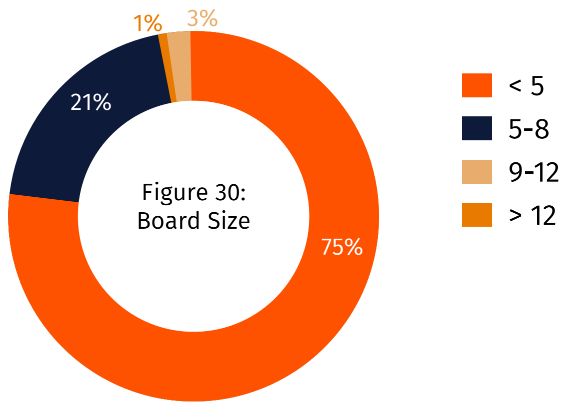


Figure 29: Code of Ethics/Conduct

Board Structure and Composition

A board should neither be too small nor too large. As recommended by OECD principles, a minimum of three independent directors is sufficient in the make-up of a small board. The average board size and proportion of independent directors are depicted in Figure 30 and Figure 31.



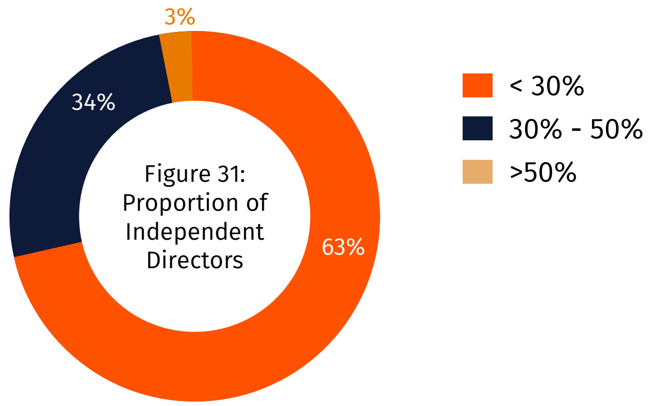


Figure 32 showed that:

448 companies had independent directors that made up at least 50% of the board of directors (E.2.4).

617 companies stated that their independent directors were independent of management and major or substantial shareholders (E.2.5).

135 companies set a term limit of nine years or less for its independent directors (E.2.6).

469 companies had independent directors who had served for more than nine years or two terms (whichever is higher) in the same capacity. However 417 companies had tabled resolutions seeking shareholders' approval for INEDs serving more than 9 years.

All companies set a limit of five board seats that an independent/non-executive director may hold simultaneously (E.2.7) as required under the Listing Requirements.

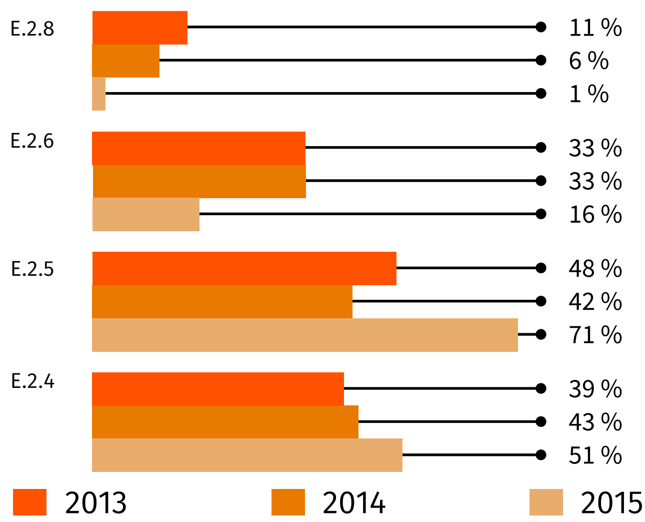


Figure 32: Other Board Structure Matters

11 companies had executive directors who served on more than two boards of listed companies outside of the group (E.2.8).

Nominating Committee

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

865 companies assessed in 2015 had nominating committees (E.2.9).

854 of the companies had nominating committees that were made up of majority of independent directors (E.2.10).

810 companies had an independent director chairing the nominating committee (E.2.11).

803 companies disclosed the terms of reference, governance structure or charter of the nominating committee (E.2.12).

294 companies' nominating committees met at least twice during the year (E.2.13) whilst 407 companies disclosed the attendance record of members (E.2.14).

Remuneration Committee

The presence of a remuneration committee helps in putting in place a 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:

832 companies had remuneration committees (E.2.15).

721 companies had their remuneration committees comprised of a majority of independent directors (E.2.16).

682 companies had an independent director as the chairman of the remuneration committee (E.2.17).

679 companies disclosed the terms of reference, governance structure or charter of the remuneration committee (E.2.18).

205 companies had their remuneration committee meet at least twice during the year (E.2.19).

355 companies disclosed the attendance of members at remuneration committee meetings (E.2.20).

Audit Committee

The Listing Requirements mandate that companies have an audit committee, and observe 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 default items.

The remaining four items under this section of the Scorecard found that:

831 companies disclosed the profiles or qualifications of the Audit Committee members in their annual reports (E.2.25).

Of the 851 companies, at least one of the independent directors of the Audit committee had accounting qualifications or experience (E.2.26).

Audit Committees' of 853 companies met at least four times during the year (E.2.27).

729 companies' audit committees have primary responsibilities for recommendation on appointment and removal of external auditors (E.2.29).

Board Processes

Board meetings and attendance

The frequency of meetings and the policies governing meetings could indicate how effective a board is. The latest assessment of the 870 companies as shown in Figure 33 found that:

286 companies held board meetings scheduled before or at the beginning of the year (E.3.1).

312 companies convened at least six board meetings during the year (E.3.2).

632 companies had directors who attended at least 75 per cent of all board meetings held in a year (E.3.3).

3 companies required a quorum of at least two-thirds for board decisions (E.3.4).

235 companies had non-executive directors that met separately at least once during the year without executive directors or other executives (E.3.5).

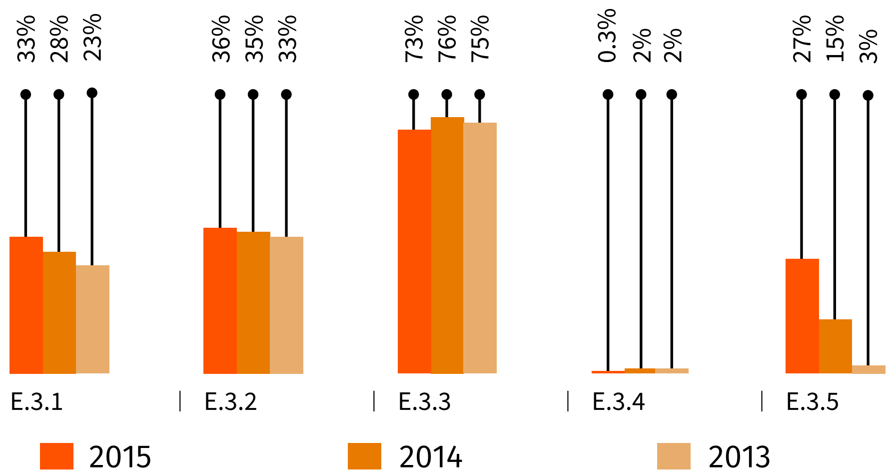


Figure 33: Board Meetings and Attendance

Access to Information

Providing the board with timely, comprehensive and relevant data enables the board to make well-informed decisions and steer their companies forward effectively.

The Scorecard found that:

107 companies provided board papers to the directors at least five business days ahead of the board meetings (E.3.6).

543 companies had their company secretaries playing a significant role in supporting the board in discharging its responsibilities (E.3.7).

All companies hired qualified company secretaries trained in legal, accountancy or company secretarial practices (E.3.8).

Board Appointment and Re-Election

Not only is the Nominating Committee responsible for board evaluations and succession planning, it is also entrusted with the important task of appointing the right talent into the company. As such, it is imperative that companies disclose such information.

The Scorecard found that:

528 companies disclosed the criteria used in selecting new directors (E.3.9).

136 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) which is mandated by the Companies Act.

Remuneration Matters

Compensation still play a big part of attracting and retaining the right talent, regardless of how prestigious a company is.

The Scorecard found that (Figure 34):

35 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).

73 companies disclosed the fee structure for non-executive directors (E.3.13).

676 companies had their shareholders or the board of directors approve the remuneration of the executive directors and/or the senior executives (E.3.14).

52 companies gave options, performance shares or bonuses to their independent non-executive directors (E.3.15).

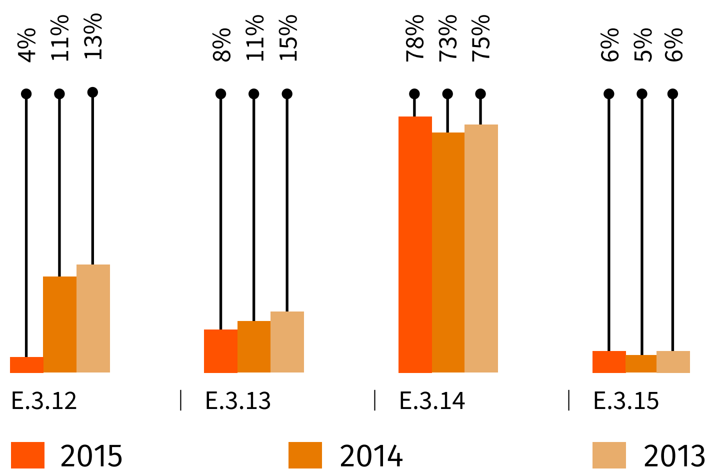


Figure 34: Remuneration Matters

Internal Audit

This function is considered crucial as it provides controls assurance and assessment of internal control effectiveness. This function is also critical with respect to fraud detection and prevention. Although it is mandatory for Malaysian companies to disclose their annual internal audit costs, 8 companies were found not to have disclosed such costs.

PLCs must take cognisance of the importance of the internal audit function in safeguarding shareholder investments, and to ensure that sufficient resources are devoted to this function. In order to protect the independence of the internal auditors, MSWG wishes to emphasise the importance of the Internal Auditors reporting functionally to the Audit Committee and administratively to the CEO of the company.

The Scorecard found that:

All companies have a separate internal audit function (E.3.16).

268 companies disclosed the identity of the head of internal audit or the external internal audit firm (E.3.17).

492 companies required the approval of the audit committee to appoint and remove the internal auditor (E.3.18).

Figure 35 summarises the types of set-up for the internal audit function across the 870 companies reviewed.

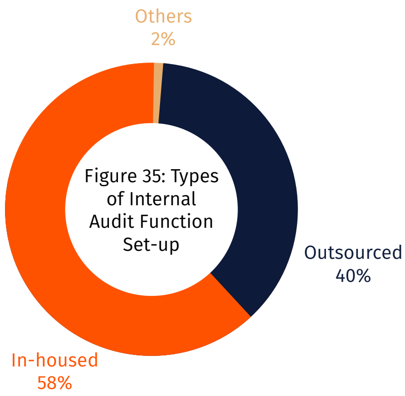


Figure 35: Types of Internal Audit Function Set-up

	Average (RM)	Minimum (RM)	Maximum (RM)
In-house	1,563,000	2,000	65,000,000
Outsourced	60,000	5,000	1,787,000
Others	220,000	60,000	567,000

Table 10: Internal Audit Function Cost

Risk Oversight

The latest review of all 870 companies in 2015 found that:

809 companies disclosed the internal control procedures/risk management systems it had in place (E.3.19).

670 companies disclosed that the board of directors conducted a review of their material controls and risk management systems in their annual reports (E.3.20).

89 companies disclosed how key risks are managed (E.3.21).

585 companies featured in their annual reports a statement from the board of directors or audit committee commenting on the adequacy of their internal controls and risk management systems (E.3.22).

People on the Board

Board Chairman

Having a board that can exercise objective independent judgment on decisions enhances the board's effectiveness. OECD principles 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, increases accountability and improves the board's capacity for decision-making independent of management.

The Scorecard found that:

658 companies had different persons assuming the roles of chairman and CEO during the year (E.4.1).

399 companies had chairmen who were independent directors (E.4.2).

34 companies had chairmen who were CEOs of the companies in the past 2 years which is not encouraged (E.4.3).

605 companies had disclosed the role and responsibilities of the chairman (E.4.4).

Skills and Competencies

Having the right skills and competencies with diverse traits at board level is pertinent in navigating the company's progress especially with intensifying competition, a dynamic environment and shifting demographics. The latest assessment of all 870 companies in 2015 indicates:

598 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).

185 companies disclosed a board diversity policy (E.4.6).

Board Performance

Directors Development

The latest review of the 870 companies in 2015 showed that:

237 companies had orientation/familiarization programmes for new directors (E.5.1).

549 companies had a policy that encouraged directors to attend on-going or continuous professional development programmes (E.5.2).

CEO/Executive Management

Appointments and Performance

The sustainability of a company's performance hinges to a great extent on a well-planned and structured succession plan and objective annual performance assessments of its senior management.

The Scorecard found that:

77 companies disclosed how the board of directors planned for the succession of the CEO/Managing Director/President and key management (E.5.3).

118 companies conducted an annual performance assessment of the CEO/Managing Director/President (E.5.4).

Board Appraisal

The process undertaken to appraise a company's board, individual directors and committees marks the last section of the Scorecard.

It was found that:

695 companies carried out annual performance assessments on the board of directors (E.5.5).

127 companies disclosed the process followed in conducting the board assessments (E.5.6).

276 companies disclosed the criteria applied in board assessments (E.5.7).

Director Appraisal

655 companies carried out annual performance assessments on individual directors (E.5.8).

112 companies disclosed the process followed in conducting the director's assessment (E.5.9).

241 companies disclosed the criteria applied in the director's assessment (E.5.10).

Committee Appraisal

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

BONUS

As for the 11 bonus items, the Scorecards findings showed that:

Two out of the 870 companies assessed allowed the use of secure electronic voting-in-absentia at their AGMs (A.1.1(B)).

131 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)).

One company practised integrated reporting in its annual report (C.1.1(B)).

Seven companies released their audited annual financial reports/statements within 60 days from the financial year end (D.1.1 (B)).

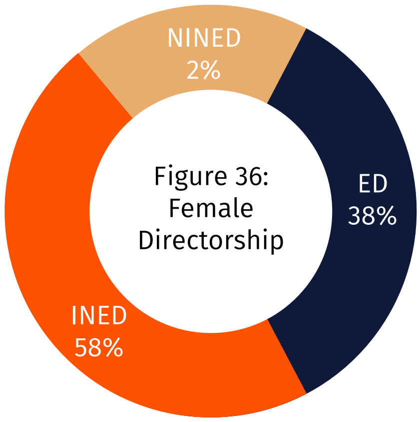


Figure 36: Female Directorship

71 companies disclosed details of remuneration of their CEOs (D.1.2 (B)).

197 companies had at least one female independent director (E.1.1(B)).

Analysis of female directorship is shown in Figure 36.

516 companies had nominating committees comprise entirely of independent directors (E.2.1(B)).

34 companies' nominating committees undertook the process of identifying the quality of directors aligned with the company's strategic direction (E.2.2(B)).

17 companies used professional search firms or other external sources (such as director databases set up by director or shareholder bodies) when sourcing for candidates to the board of directors (E.3.1(B)).

276 companies had their independent non-executive directors make up more than 50% of the board of directors (E.4.1(B)).

153 companies had a separate board level risk committee (E.5.1(B)).

PENALTY

There are a total of 22 corporate governance lapses under the Penalty section of the Scorecard. Based on the assessment of the 870 companies in 2015:

All companies avoided ten of the undesirable governance practices, which bodes well for 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)).

Revisions to financial statements for reasons other than changes in accounting policies (D.1.4(P)).

Nonetheless, some of the 870 companies assessed triggered 11 items under the Penalty section as follows:

8 companies did not disclose internal audit fees.

1 company possessed a case 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)).

11 companies violated laws pertaining to labour/employment/consumer/ insolvency/commercial/competition or environmental issues (C.1.1(P)).

4 companies faced sanctions by regulators for failure to make announcements within the requisite time period for material events (C.2.1(P)).

13 companies received a 'qualified opinion' in its external audit report (D.1.1(P)),

1 received a 'disclaimer opinion' in its external audit report (D.1.3(P)).

5 companies had not complied with any listing rules and regulations over the past year apart from disclosure rules (E.1.1(P)). The non-compliances mainly relate to reprimands for promotional disclosure and material variances between unaudited and audited results.

1 company had non-executive directors resign and raise issues of governance-related concerns (E.1.2(P)).

469 companies had independent directors who had served for more than nine years or two terms (whichever is higher) in the same capacity (E.2.1(P)).

4 companies had directors or senior management who were former employees or partners of the current external auditor (in the past 2 years) (E.3.1(P)).

71 companies had directors who were former CEOs of the company within the past two years (E.4.1(P)).

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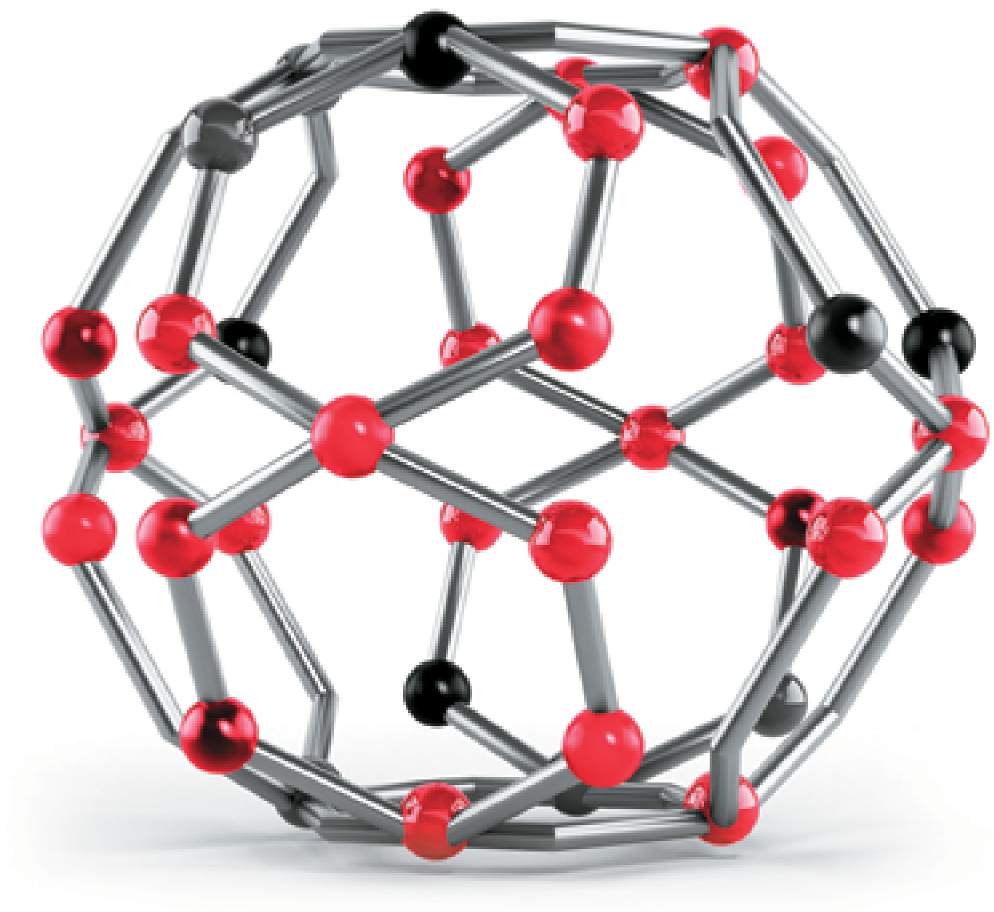

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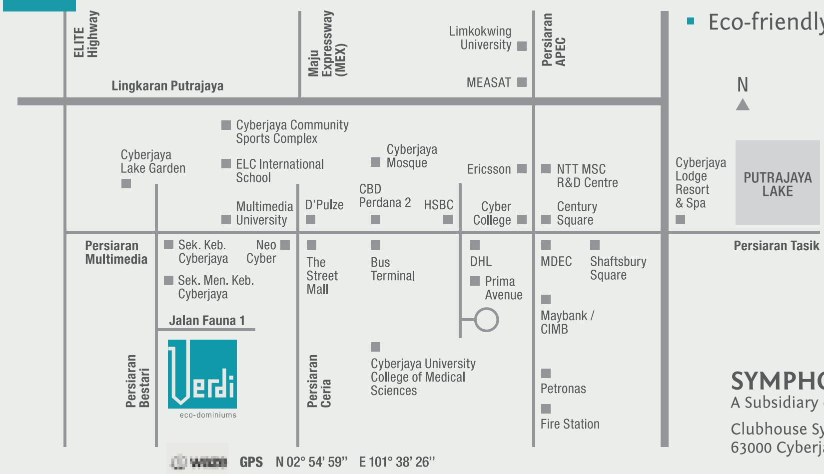

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CONCLUSION

The ASEAN Corporate Governance Scorecard is based on a corporate governance ranking methodology which leverages on methodologies already implemented in ASEAN countries, as well as best practices of corporate governance that is advocated by OECD. The Scorecard aims to enhance corporate governance standards and practices. It also aims to showcase and promote the visibility of PLCs with good governance and promote ASEAN as an asset class globally.

The SC, Bursa Malaysia and MSWG have progressively advanced corporate transparency towards building a resilient business environment with a strong regulatory framework benchmarked against global standards of corporate governance. We are pleased to note that in 2015, of the 15 developing countries surveyed, Malaysia achieved a joint first place with India, according to a joint study titled 'Balancing Rules and Regulations' by KPMG International and the Association of Chartered Certified Accountants (ACCA). On a broader scale which included developed markets, Malaysia ranked second behind Singapore, ahead of eight other countries in the region, according to the findings of the joint study, which focused on corporate governance requirements across 25 markets.

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

The overall findings of the assessment of top 100 companies in the Scorecard showed improvements over the years in their corporate governance practices as well as the overall average score of the total 870 companies assessed. This is evidenced by an improvement in the overall average score of 62.98 points for the 870 companies in 2015, an increase from 60.23 points in 2014. This improved performance is an indication that Malaysian companies are enhancing their disclosures and practices in line with rapidly advancing global corporate governance practices and expectations.

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

◊ Greater effort needed by BOD to increase the number of women on boards
◊ More comprehensive information on ESG policies and activities can be disclosed on the website especially those linking to companies' sustainability and strategy.
◊ Disclosing more information on Board assessments including the process and criteria used for the assessments.
◊ Notice of AGM should be accompanied by explanations on all resolutions and cross referenced to where the information can be found in the Annual Report.
◊ Disclosure of minutes of AGM and the M&A of the companies.
◊ Disclosure of directors' profile which clearly separates directorships in listed and non-listed companies.
◊ Where companies have major shareholders with more than 50% shareholding, both the number and the value of votes should be taken into consideration for resolutions to pass.
◊ Using electronic voting to facilitate more efficient conduct of poll voting.
◊ Independent scrutineers to be appointed other than company's secretarial for both poll voting and voting by show of hands at general meetings.
◊ Disclosure of directors' remuneration by individual director including fees and other emoluments instead of by bands.
◊ 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.
◊ Disclosure of board's monitoring the implementation of the corporate strategy.
◊ Implementing a term limit of nine years for independent directors.
◊ Clear disclosure of board diversity policy.
◊ Disclosure of the board's succession planning process for key management.
◊ Publishing the minutes of the general meetings on the company's website within one month from the date of the meetings.
◊ Uploading the Company's Memorandum and Articles of Association on the corporate website.
◊ Disclosure of non-financial risks in Annual Report.
◊ Statement on level of shareholding by senior management.

MSWG aims to continuously influence companies to adopt international governance disclosures and practices in their operations to enhance long term sustainability. It is envisaged that regular publication of this report and findings will enable investors with invaluable data and scores to form an opinion on the governance risks of their investments.

GLOSSARY

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
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
EU	European Union
Exchange	Bursa Malaysia Securities Berhad
GLC	Government Linked Company
GST	Goods and Services Tax
IA	Independent Adviser
ICGN	International Corporate Governance Network
IR	Investor Relations
INED	Independent Non-Executive Director
IOD	Thai Institute of Directors
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
PIE	Public Interest Entities
PLC	Public Listed Company
PwC	PricewaterhouseCoopers
RC	Remuneration Committee
ROE	Return on Equity
RPT	Related Party Transaction
RRPT	Recurrent Related Party Transaction
SC	Securities Commission Malaysia
SEC	Securities and Exchange Commission
SET	Stock Exchange of Thailand
SGX	Singapore Exchange (SGX)

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APPENDICES

Appendix 1: Exemplary Practices

Based on availability of information on the Internet, some exemplary practices of our ASEAN peers:

Singapore

Singapore Telecommunications Limited

- ◊ Engaged professional consulting firms to independently evaluate remuneration packages for its directors and key management
- ◊ Disclosed the detailed policy on payment of dividends.
- ◊ Gave their institutional investors special access to the Board, even though this was not a common market practice. At the meetings, SingTel's Chairman and board members shared the board's perspectives on a broad range of topics, such as market developments, key business issues and management succession plans.

Philippines

Ayala Corporation

- ◊ Comprehensive Related Party Transactions Review Policy On Their Website
- ◊ Detailed Business Integrity Program
- ◊ Impressive Sustainability Report

Thailand

The Erawan Group Plc

- ◊ Very Good Corporate Governance Report 2015
- ◊ Outstanding Sustainability Performance In The Tourism And Leisure Sector 2015
- ◊ Excellent AGM Assessments Program 2015 By Thai Investors Association

Malaysia

Bursa Malaysia Berhad

- ◊ Excellent Stakeholders Engagement
- ◊ Impressive Website With Easy Navigation
- ◊ Exemplary AGM Minutes

Telekom Malaysia Berhad

- ◊ Exemplary AGM Conduct And Minutes
- ◊ Simplified Group Statement Of Financial Position And Segmental Analysis In The Annual Report
- ◊ Clear Strategy At A Glance In The Annual Report

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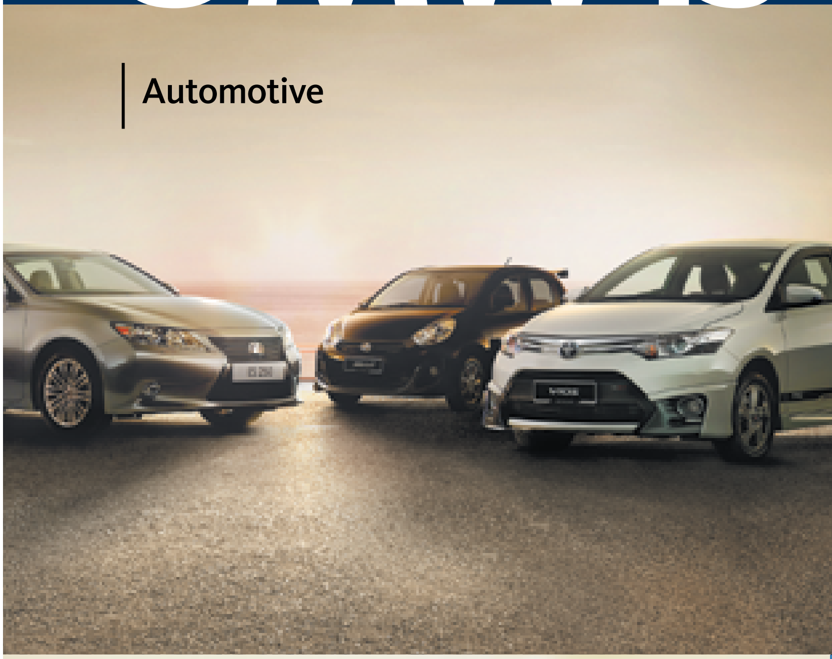

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Appendix 2: Methodology/ASEAN CG Scorecard

METHODOLOGY

2015 was the fourth year MSWG used the ASEAN Corporate Governance Scorecard ('Scorecard') to assess 870 Malaysian public listed companies. Prior to this, MWSG used Malaysian Corporate Governance (MCG) Index Scorecard from 2009 until 2011. This was later changed, as ASEAN countries agreed to use a standard methodology that could be applied across the whole region. The Scorecard has two parts which are referred to as Level 1 and Level 2. The description and the mechanism for arriving at the final score for each company are as follows:

Level 1

Level 1 comprises 179 items which are divided into five parts corresponding with the OECD Principles. Each part carries a different weight based on the relative importance of the area. Table 11 shows the number of items in each part and the weights attached to it.

	Part A	Part B	Part C	Part D	Part E	Total
No. of Items	**25**	**18**	**21**	**41**	**74**	**179**
Weights	10%	15%	10%	25%	40%	100%

Table 11: Breakdown of Items in Level 1 Scorecard

Each item in Level 1 carries one point. Some items also provide for a 'Not Applicable' option. Where a practice is mandated by laws, regulations or listing rules in a country, the company is assumed to have adopted the practice unless there is evidence to the contrary. These items are referred to as 'default response items'. The overall score in each part of Level 1 is then computed by adding all the points in that part, adjusting for items which are not applicable to the company. The total score for a company is then computed by weighting the scores for each part according to the relative importance and totalling the weighted scores.

Level 2

Level 2 contains 33 bonus and penalty items collectively, each with a different number of points. The bonus items are to recognise companies which go beyond items in Level 1 by adopting other emerging good practices. The penalty items are 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 are designed to enhance the robustness of the Scorecard in assessing the extent to which companies apply the spirit of good 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.

Accessibility of Information

The assessment of companies by way of the Scorecard relied primarily on information contained in annual reports issued as at 31 July 2015, and company websites at the date of assessment. Other sources of information include 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, this information should be in English.

Sample Size

The current assessment was based on 870 companies compared to 873 companies in 2014.

ASEAN CG SCORECARD

		Guiding Reference	Source Document/ Location of Information
A.	Rights of Shareholders		
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.		
	Do shareholders have the right to participate in:		
A.2.1	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.
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.

		Guiding Reference	Source Document/ Location of Information
A.	**Rights of Shareholders**		
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?	**OECD Principle II (C)**	AGM Minutes / Annual CG Report.
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?		AGM Minutes / Annual CG Report / Notice of AGM.
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?	**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.	Company announcement / 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?		
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?	**OECD Principle II (E)**: Markets for corporate control should be allowed to function in an efficient and transparent manner. (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.	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?	**OECD Principle II (F)**: The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.	Annual Report / Company website.

		Guiding Reference	Source Document/ Location of Information
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 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)?		Annual Report / Company website / Announcement
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. **OECD Principle II** (A) All shareholders of the same series of a class should be treat equally. (4) Impediments to cross border voting should be eliminated. **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. **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.	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?		Notice of AGM
	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?		Notice of AGM / Annual Report
B.2.4	Are the auditors seeking appointment/re-appointment clearly identified?		Notice of AGM / Annual Report
B.2.5	Has an explanation of the dividend policy been provided?		Notice of AGM
B.2.6	Is the amount payable for final dividends disclosed?		Notice of AGM
B.2.7	Were the proxy documents made easily available?		Notice of AGM

		Guiding Reference	Source Document/ Location of Information
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?	**OECD Principle III** **(B) Insider trading and abusive dealing should be prohibited** **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. **ICGN 8.5 Shareholder rights of action** ... Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.	Annual Report / Company website / Announcement
B.3.2	Are the directors / commissioners required to report their dealings in company shares within 3 business days?		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?	**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. **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. **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.	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?		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	Source Document/ Location of Information
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?	**OECD Principle III** **(A) All shareholders of the same series of a class should be treated equally.** (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. **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. **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. **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.	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
B.5.3	In case of related party transactions requiring shareholders approval, is the decision made by disinterested shareholders?	OECD Principles III. A (2): Minority shareholders must 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.	Minutes of AGM/Annual Report

		Guiding Reference	Source Document/ Location of Information
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?	**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. **Global Reporting Initiative: Sustainability Report (C1.1 - C.15) International Accounting Standards 1: Presentation of Financial Statements**	Annual Report / Company website / Sustainability or Corporate Responsibility Report (CSR) / Annual CG Report
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?		Annual Report / Company website / Financial statements / Annual CG Report.
	Does the company disclose the activities that it has undertaken to implement the above mentioned policies?		
C.1.7	Customer health and safety	**OECD Principle IV (A) & Global Reporting Initiative**	Annual Report / Company website / Sustainability or CR Report / Annual CG Report.
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		Annual Report / Company website / Financial statements / Annual CG Report.
C.1.13	Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?	**OECD Principle V (A)**: Disclosure should include, but not be limited to, material information on: (7) Issues regarding employees and other stakeholders. 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.	Annual Report / Company website / Sustainability or CR Report.
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.

		Guiding Reference	Source Document/ Location of Information
C.	**Role of Stakeholders**		
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?		Annual Report / Company website / Separate CR or ESG report as the case may be / Annual CG Report.
C.3.3	Does the company have training and development programmes for its employees?		Annual Report / Company website / Separate CR or ESG report as the case may be / Annual CG Report.
C.3.4	Does the company publish relevant information on training and development programmes for its employees?		Annual Report / Company website / Separate CR or ESG report as the case may be / Annual CG Report.
C.3.5	Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?		Annual Report / Company website / Separate CR or ESG report as the case may be / Annual CG Report.

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 behaviour from retaliation?		Annual Report / Company website / Annual CG Report.

		Guiding Reference	Source Document/ Location of Information
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?	**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. **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.	Annual Report / Annual CG Report.
D.1.2	Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?		Annual Report / Annual CG Report.
D.1.3	Does the company disclose the direct and indirect (deemed) shareholdings of directors (commissioners)?		Annual Report / Annual CG Report.
D.1.4	Does the company disclose the direct and indirect (deemed) shareholdings of senior management?		Annual Report / Annual CG Report.
D.1.5	Does the company disclose details of the parent/holding company, subsidiaries, associates, joint ventures and special purpose enterprises/ vehicles (SPEs)/ (SPVs)?		Annual Report / Annual CG Report.
D.2	**Quality of Annual Report**		
	Does the company's annual report disclose the following items:		
D.2.1	Key risks	**"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; (7) Issues regarding employees and other stakeholders; (8) Governance structure and policies, in particular, the content of any corporate governance code or policy and the process by which it is implemented. **OECD Principle V (E):** Channels for disseminating information should provide for equal, timely and cost-efficient access to relevant information by users. **ICGN 2.4 Composition and structure of the board** **ICGN 2.4.1 Skills and experience** **ICGN 2.4.3 Independence** **ICGN 5.0 Remuneration** **ICGN 5.4 Transparency** **UK Corporate Governance Code (2010)** A.1.2 - the number of meetings of the board and those committees and individual attendance by directors. **CLSA-ACGA (2010) CG Watch 2010 - Appendix 2** (I) CG rules and practices (19) Disclose the exact remuneration of individual directors.	Annual Report
D.2.2	Corporate objectives		Annual Report
D.2.3	Financial performance indicators		Annual Report
D.2.4	Non-financial performance indicators		Annual Report
D.2.5	Dividend policy		Annual Report
D.2.6	Details of whistle-blowing policy		Annual Report
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		Annual Report
D.2.8	Training and/or continuing education programme attended by each director/commissioner		Annual Report
D.2.9	Number of board of directors/commissioners meetings held during the year		Annual Report
D.2.10	Attendance details of each director/commissioner in respect of meetings held		Annual Report
D.2.11	Details of remuneration of each member of the board of directors/commissioners		Annual Report

		Guiding Reference	Source Document/ Location of Information
D.	**Disclosure and Transparency**		
	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?	**OECD PRINCIPLE V (A) (8)** **UK CODE (JUNE 2010): Listing Rules** 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: (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. **ASX CODE:** 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.	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?	**OECD Principle V: Disclosure and Transparency** (A) Disclosure should include, but not limited to, material information on: (5) Related party transactions **ICGN 2.11.1 Related party transactions** The company should disclose details of all material related party transactions in its Annual Report.	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?		Annual Report / Annual CG Report.
D.3.3	Does the company disclose the nature and value for each material/significant RPT?		Annual Report / Annual CG Report.

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?	**OECD Principle V (A):** (3) Major share ownership and voting rights **ICGN 3.5 Employee share dealing** Companies should have clear rules regarding any trading by directors and employees in the company's own securities. **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.	Annual Report / Annual CG Report.

		Guiding Reference	Source Document/ Location of Information
D.	**Disclosure and Transparency**		
D.5	**External auditor and Auditor Report**		
D.5.1	Are audit fees disclosed?	**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. **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. **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.	Annual Report
	Where the same audit firm is engaged for both audit and non-audit services		
D.5.2	Are the non-audit fees disclosed?		Annual Report
D.5.3	Does the non-audit fee exceed the audit fees?		Annual Report
D.6	**Medium of communications**		
	Does the company use the following modes of communication?		
D.6.1	Quarterly reporting	**OECD Principle V (E):** Channels for disseminating information should provide for equal, timely and cost-efficient access to relevant information by users. **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. **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.	Announcement / Company website
D.6.2	Company website		Company website
D.6.3	Analyst's briefing		Annual Report / Announcement / Company website
D.6.4	Media briefings /press conferences		Annual Report / Announcement / Company website
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)**	Announcement / Company website/ Exchange website
D.7.2	Is the annual report released within 120 days from the financial year end?	**OECD Principle V (E) OECD Principle V-(A).**	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?	**ICGN 7.2 Timely disclosure** **ICGN 7.3 Affirmation of financial statements** 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

		Guiding Reference	Source Document/ Location of Information
D.	**Disclosure and Transparency**		
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)**	Company website
D.8.2	Financial statements/reports (current and prior years)		Company website
D.8.3	Materials provided in briefings to analysts and media	**OECD Principle V (E)**	Company website
D.8.4	Shareholding structure		Company website
D.8.5	Group corporate structure	**ICGN 7.1 Transparent and open communication**	Company website
D.8.6	Downloadable annual report		Company website
D.8.7	Notice of AGM and/or EGM	**ICGN 7.2 Timely disclosure**	Company website
D.8.8	Minutes of AGM and/or EGM		Company website
D.8.9	Company's constitution (company's by-laws, memorandum and articles of association)		Company website
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	Source Document/ Location of Information
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?	**OECD PRINCIPLE V: Disclosure and Transparency** (A) Disclosure should include, but not be limited to, material information on: 8. Governance structures and policies, in particular, the content of any corporate governance code or policy and the process by which it is implemented.	Annual Report / Website / Annual CG Report.
E.1.2	Are the types of decisions requiring board of directors/commissioners' approval disclosed ?	**OECD PRINCIPLE VI (D)**	Annual Report / Website / Annual CG Report.
E.1.3	Are the roles and responsibilities of the board of directors/commissioners clearly stated ?	**OECD PRINCIPLE VI: The Responsibilities of the Board** (D) The board should fulfil certain key functions, including: 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.
	Corporate Vision/Mission		
E.1.4	Does the company have a vision and mission statement?	**OECD PRINCIPLE 6 (P58)** **ICGN:3.2 Integrity**	Annual Report / Website / Annual CG Report.
E.1.5	Has the board review the vision and mission/strategy in the last financial year?		Annual Report / Website / Annual CG Report.
E.1.6	Does the board of directors monitor/oversee the implementation of the corporate strategy?	**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.	Board Charter/Annual Report/Annual CG Report

		Guiding Reference	Source Document/ Location of Information
E.	**Responsibilities of the Board**		
	Board Structure & Composition		
E.2.4	Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?	**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).	Annual Report / Annual CG Report.
E.2.5	Are the independent directors/commissioners independent of management and major/ substantial shareholders?	**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 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 extant rights 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.	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?	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.	Annual Report / Website / Annual CG Report.
E.2.7	Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?	**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.	Annual Report / Website / Annual CG Report.
E.2.8	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.

		Guiding Reference	Source Document/ Location of Information
E.	**Responsibilities of the Board**		
	Nominating Committee		
E.2.9	Does the company have a Nominating Committee (NC)?	**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. 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. **OECD PRINCIPLE VI (E)** (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.	Annual Report / Annual CG Report.
E.2.10	Does the Nominating Committee comprise of a majority of independent directors/commissioners?		Annual Report / Annual CG Report.
E.2.11	Is the chairman of the Nominating Committee an independent director/commissioner?	This item is in most codes of corporate governance.	Annual Report / Annual CG Report.
E.2.12	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	**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. 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 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.	Annual Report / Website / Annual CG Report.
E.2.13	Did the Nominating Committee meet at least twice during the year?		Annual Report / Annual CG Report.
E.2.14	Is the attendance of members at Nominating Committee meetings disclosed?		Annual Report / Annual CG Report.
	Remuneration Committee/ Compensation Committee		
E.2.15	Does the company have a Remuneration Committee?	**OECD PRINCIPLE VI (D)** (4) Aligning key executive and board remuneration with the longer term interests of the company and its shareholders. 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.	Annual Report / Annual CG Report.
E.2.16	Does the Remuneration Committee comprise of a majority of independent directors/commissioners?		Annual Report / Annual CG Report.
E.2.17	Is the chairman of the Remuneration Committee an independent director/commissioner?		Annual Report / Annual CG Report.

		Guiding Reference	Source Document/ Location of Information
E.	**Responsibilities of the Board**		
E.2.18	Does the company disclose the terms of reference/ governance structure/ charter of the Remuneration Committee?	**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. 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 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.	Annual Report / Website / Annual CG Report.
E.2.19	Did the Remuneration Committee meet at least twice during the year?		Annual Report / Annual CG Report.
E.2.20	Is the attendance of members at Remuneration Committee meetings disclosed?		Annual Report / Annual CG Report.
	Audit Committee		
E.2.21	Does the company have an Audit Committee?	**OECD PRINCIPLE VI (E)** (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.	Annual Report / Annual CG Report.
E.2.22	Does the Audit Committee comprise entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?	**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. 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.	Annual Report / Annual CG Report.
E.2.23	Is the chairman of the Audit Committee an independent director/commissioner?		Annual Report / Annual CG Report.
E.2.24	Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?		Annual Report/ Website / Annual CG Report.
E.2.25	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.2.26	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.2.27	Did the Audit Committee meet at least four times during the year?		Annual Report / Annual CG Report.
E.2.28	Is the attendance of members at Audit Committee meetings disclosed?		Annual Report / Annual CG Report.
E.2.29	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, reappointment 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.

		Guiding Reference	Source Document/ Location of Information
E.	**Responsibilities of the Board**		
E.3	**Board Processes**		
	Board meetings and attendance		
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?	**WORLDBANK PRINCIPLE 6** (VI.I.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. Specific limitations may be less important than ensuring that members of the board enjoy legitimacy and confidence in the eyes of shareholders. Achieving legitimacy would also be facilitated by the publication of attendance records for individual board members (e.g. whether they have missed a significant number of meetings) and any other work undertaken on behalf of the board and the associated remuneration.	Annual Report / Annual CG Report.
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	**WORLDBANK PRINCIPLE 6** (VI.I.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?	**WORLDBANK PRINCIPLE 6** (VI.E.1.6) Does the corporate governance framework requires or encourages boards to conduct executive sessions?	Annual Report / Annual CG Report.
	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?	**OECD PRINCIPLE VI** (F) In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information. 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. **WORLDBANK 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?	Annual Report / Annual CG Report.
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	**OECD PRINCIPLE VI (F)** **ICSA Guidance on the Corporate Governance Role of the Company Secretary**	Annual Report / Annual CG Report.
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices?	**WORLDBANK PRINCIPLE 6** (VI.D.2.12) Do company boards have a professional and qualified company secretary?	Annual Report / Annual CG Report.

		Guiding Reference	Source Document/ Location of Information
E.	**Responsibilities of the Board**		
	Board Appointments and Re-Election		
E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?	**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. **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.	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.
E.3.11	Are all the directors/commissioners subject to re-election at least once every three years?	**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 on-going 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. **WORLDBANK PRINCIPLE 6** (VI.I.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.)	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?	**OECD PRINCIPLE VI (D)** (4) Aligning key executive and board remuneration with the longer term interests of the company and its shareholders. 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.	Annual Report / Website / Annual CG Report.
E.3.13	Is there disclosure of the fee structure for non-executive directors/commissioners?	**UK CODE (JUNE 2010)** D.1.3 Levels of remuneration for non-executive directors should reflect the time commitment and responsibilities of the role. 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.	Annual Report / Annual CG Report.

		Guiding Reference	Source Document/ Location of Information
E.	**Responsibilities of the Board**		
E.3.14	Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?	**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. **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.	Annual Report / Notice to AGM.
E.3.15	Do independent non-executive directors/commissioners receive options, performance shares or bonuses?	**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). **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: 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.	Annual Report / Notice to AGM / Announcements.
	Internal Audit		
E.3.16	Does the company have a separate internal audit function?	**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. 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.	Annual Report
E.3.17	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	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.	Annual Report / Annual CG Report.

		Guiding Reference	Source Document/ Location of Information
E.	**Responsibilities of the Board**		
E.3.18	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	**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. **WORLDBANK PRINCIPLE 6** (VI.D.7.9) Does the internal auditors have direct and unfettered access to the board of directors and its independent Audit Committee? **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."	Annual Report
	Risk Oversight		
E.3.19	Does the company disclose the internal control procedures/risk management systems it has in place?	**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.	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?	**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.	Annual Report
E.3.21	Does the company disclose how key risks are managed?	**OECD PRINCIPLE V (A)** (6) Foreseeable risk factors. 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.	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?	**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. 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.	Annual Report

		Guiding Reference	Source Document/ Location of Information
E.	**Responsibilities of the Board**		
E.4	**People on the Board**		
	Board Chairman		
E.4.1	Do different persons assume the roles of chairman and CEO?	**OECD PRINCIPLE VI** (E) The board should be able to exercise objective independent judgement on corporate affairs. 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. **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. **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.	Annual Report / Website / Annual CG Report.
E.4.2	Is the chairman an independent director/commissioner?		Annual Report / Website / Annual CG Report.
E.4.3	Is any of the directors a former CEO of the company in the past 2 years?		Annual Report / Website / Annual CG Report.
E.4.4	Are the role and responsibilities of the chairman disclosed?	**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.	Annual Report / Website / Annual CG Report.
	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?	**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.	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?	**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	Annual Report / Website / Annual CG Report.

		Guiding Reference	Source Document/ Location of Information
E.	**Responsibilities of the Board**		
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?	**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.	Annual Report
	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?	**OECD PRINCIPLE VI (D)** (3) Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning. 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.	Annual Report / Website / Annual CG Report.
E.5.4	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	**OECD PRINCIPLE VI (D)** (2). Monitoring the effectiveness of the company's governance practices and making changes as needed. 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.	Annual Report / Annual CG Report.
	Board Appraisal		
E.5.5	Is an annual performance assessment conducted of the board of directors/commissioners?	**OECD PRINCIPLE VI (D) (2)**	Annual Report / Website / Annual CG Report.
E.5.6	Does the company disclose the process followed in conducting the board assessment?		Annual Report / Website / Annual CG Report.
E.5.7	Does the company disclose the criteria used in the board assessment?		Annual Report / Website / Annual CG Report.
	Director Appraisal		
E.5.8	Is an annual performance assessment conducted of individual director/commissioner?	**OECD PRINCIPLE VI (D) (2)**	Annual Report / Annual CG Report.
E.5.9	Does the company disclose the process followed in conducting the director/commissioner assessment?		Annual Report / Website / Annual CG Report.
E.5.10	Does the company disclose the criteria used in the director/commissioner assessment?		Annual Report / Website / Annual CG Report.
	Committee Appraisal		
E.5.11	Is an annual performance assessment conducted of the board of directors/commissioners committees?	**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.	Annual Report / Annual CG Report.

		Guiding Reference	Source Document/ Location of Information
E.	**Responsibilities of the Board**		
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?	**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.	Annual Report
	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?	**OECD PRINCIPLE VI (D)** (3) Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning. 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.	Annual Report / Website / Annual CG Report.
E.5.4	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	**OECD PRINCIPLE VI (D)** (2). Monitoring the effectiveness of the company's governance practices and making changes as needed. 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.	Annual Report / Annual CG Report.
	Board Appraisal		
E.5.5	Is an annual performance assessment conducted of the board of directors/commissioners?	**OECD PRINCIPLE VI (D) (2)**	Annual Report / Website / Annual CG Report.
E.5.6	Does the company disclose the process followed in conducting the board assessment?		Annual Report / Website / Annual CG Report.
E.5.7	Does the company disclose the criteria used in the board assessment?		Annual Report / Website / Annual CG Report.
	Director Appraisal		
E.5.8	Is an annual performance assessment conducted of individual director/commissioner?	**OECD PRINCIPLE VI (D) (2)**	Annual Report / Annual CG Report.
E.5.9	Does the company disclose the process followed in conducting the director/commissioner assessment?		Annual Report / Website / Annual CG Report.
E.5.10	Does the company disclose the criteria used in the director/commissioner assessment?		Annual Report / Website / Annual CG Report.
	Committee Appraisal		
E.5.11	Is an annual performance assessment conducted of the board of directors/commissioners committees?	**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.	Annual Report / Annual CG Report.

		Guiding Reference	Source Document/ Location of Information
Level 2 - Bonus Items			
(B)A.	**Rights of shareholders**		
(B)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.**		
(B)A.1.1	Does the company allow the use of secure electronic voting in absentia at the general meetings of shareholders?	**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.	Annual Report / Company website / Articles of Association / Announcement of AGM / Minutes of Meeting.
(B)B.	**Equitable treatment of shareholders**		
(B)B.1	**Notice of AGM**		
(B)B.1.1	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?	**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. **OECD Principle III (A)** **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. **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. **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?	Notice of AGM / Announcement
(B)C.	**Roles of Stakeholders**		
(B)C.1	**The rights of stakeholders that are established by law or through mutual agreements are to be respected**		
(B)C.1.1	Does the company practice integrated report on its annual reports?	**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."	Annual report / Company Website

		Guiding Reference	Source Document/ Location of Information
Level 2 - Bonus Items			
(B)D.	**Disclosure and transparency**		
(B)D.1	**Quality of Annual Report**		
(B)D.1.1	Are the audited annual financial report /statement released within 60 days from the financial year end?	**OECD Principle V (C)** **OECD Principle V (E)** **ICGN 7.2 Timely disclosure** **ICGN 7.3 Affirmation of financial statements** 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.	Announcement/ Company website / Exchange website
(B)D.1.2	Does the company disclose details of remuneration of the CEO?		Annual Report
(B)E.	**Responsibilities of the Board**		
(B)E.1	**Board Competencies and Diversity**		
(B)E.1.1	Does the company have at least one female independent director/commissioner?	**ICGN 2.4.1 Skills and experience** 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.	Annual Report / Annual CG Report.
(B)E.2	**Board Structure**		
(B)E.2.1	Does the Nominating Committee comprise entirely of independent directors/commissioners?	**ICGN 2.4.4 Composition of board committees** 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.	Annual Report / Annual CG Report.
(B)E.2.2	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.
(B)E.3	**Board Appointments and Re-Election**		
(B)E.3.1	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?	**WORLDBANK PRINCIPLE 6** (VI.I.21) Are boards known to hire professional search firms when proposing candidates to the board?	Annual Report / Company Website / Annual CG Report
(B)E.4	**Board Structure & Composition**		
(B)E.4.1	Do independent non-executive directors/commissioners make up more than 50% of the board of directors/commissioners?		Annual Report / Annual CG Report.
(B)E.5	**Board Performance**		
(B)E.5.1	Does the company have a separate level Risk Committee?	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) Benefits of a Board Level Risk Committee: 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

		Guiding Reference	Source Document/ Location of Information
Level 2 - Penalty			
(P)A.	**Rights of shareholders**		
(P)A.1	**Basic shareholder rights**		
(P)A.1.1	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.
(P)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.**		
(P)A.2.1	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.
(P)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.**		
(P)A.3.1	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
(P)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:		
(P)A.4.1	Shareholders agreement?	**OECD Principle II (D)**	Annual Report / Company website / Articles of association / Company
(P)A.4.2	Voting cap?		
(P)A.4.3	Multiple voting rights?		
(P)A.5	**Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.**		
(P)A.5.1	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 noncontrolling 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.

		Guiding Reference	Source Document/ Location of Information
Level 2 - Penalty			
(P)B.	**Equitable treatment of shareholders**		
(P)B.1	**Insider trading and abusive self-dealing should be prohibited.**		
(P)B.1.1	Has there been any conviction of insider trading involving directors/commissioners, management and employees in the past three years?	**OECD Principle III: The Equitable Treatment of Shareholders** (B) Insider trading and abusive dealing should be prohibited. **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. **ICGN 8.5 Shareholder rights of action** ... Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.	Annual Report / Company website / Announcement / Media
(P)B.2	**Protecting minority shareholders from abusive action**		
(P)B.2.1	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?	**OECD Principle III** (B) Insider trading and abusive dealing should be prohibited **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. **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. **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.	Annual Report / Company website / Announcement / Media

		Guiding Reference	Source Document/ Location of Information
Level 2 - Penalty			
(P)C.	**Role of stakeholders**		
(P)C.1	**The rights of stakeholders that are established by law or through mutual agreements are to be respected.**		
(P)C.1.1	Have there been any violations of any laws pertaining to labour/employment/ consumer/insolvency/ commercial/competition or environmental issues?	**OECD Principle IV** (A) The rights of stakeholders that are established by law or through mutual agreements are to be respected.	Sanction(s) from Regulator(s) / Media coverage / Company announcement / Annual Report / Company website
(P)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.**		
(P)C.2.1	Has the company faced any sanctions by regulators for failure to make announcements within the requisite time period for material events?	**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.	Sanction(s) from Regulator(s) / Media / Company announcement / Annual Report / Company website
(P)D.	**Disclosure and transparency**		
(P)D.1	**Sanctions from regulator on financial reports**		
(P)D.1.1	Did the company receive a "qualified opinion" in its external audit report?	**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. **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. **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. **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.	Annual Report - see Independent Auditor's Report accompanying the
(P)D.1.2	Did the company receive an "adverse opinion" in its external audit report?		
(P)D.1.3	Did the company receive a "disclaimer opinion" in its external audit report?		
(P)D.1.4	Has the company in the past year revised its financial statements for reasons other than changes in accounting policies?		Media / Announcement

		Guiding Reference	Source Document/ Location of Information
Level 2 - Penalty			
(P)E.	**Responsibilities of the Board**		
(P)E.1	**Compliance with listing rules, regulations and applicable laws**		
(P)E.1.1	Is there any evidence that the company has not complied with any listing rules and regulations over the past year apart from disclosure rules?	**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. 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.	Company announcements to the exchange / Media
(P)E.1.2	Have there been any instances where non-executive directors/commissioner have resigned and raised any issues of governance-related concerns?	**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.	Company announcements to the exchange / Media
(P)E.2	**Board structure**		
(P)E.2.1	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?	**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. 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.	Annual report / Company website
(P)E.2.2	Did the company fail to identify who are the independent director(s) / commissioner(s)?	**ICGN 2.4 Composition and structure of the board** **ICGN 2.4.1 Skills and experience** **ICGN 2.4.3 Independence**	Annual Report
(P)E.2.3	Does the company have any independent directors/non-executive/commissioners who serve on a total of more than five boards of publicly-listed companies?	**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.	Annual Report / Annual CG Report.

		Guiding Reference	Source Document/ Location of Information
Level 2 - Penalty			
(P)E.3	**External Audit**		
(P)E.3.1	Is any of the directors or senior management a former employee or partner of the current external auditor (in the past 2 years)?	**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. 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.	Annual Report
(P)E.4	**Board structure and composition**		
(P)E.4.1	Has the chairman been the company CEO in the last three years?		Annual report

Appendix 3: 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 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?

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 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?
B.3.2 Are the directors / 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 Does the company have a policy requiring directors /commissioners 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 communications
Does the company use the following modes 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/commissioners and/or the relevant officers of the company?

E.2 Board Structure & Composition

E.2.7 Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?

E.2 Audit Committee

E.2.21 Does the company have an Audit Committee?
E.2.22 Does the Audit Committee comprise entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?
E.2.23 Is the chairman of the Audit Committee an independent director/commissioner?
E.2.24 Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?
E.2.28 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.3 Internal Audit

E.3.16 Does the company have a separate internal audit function?

(P)A.1 Basic shareholder rights

(P)A.1.1 Did the company fail or neglect to offer equal treatment for share repurchases to all shareholders?

(P)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:

(P)A.4.2 Voting cap?
(P)A.4.3 Multiple voting rights?

Appendix 4: Members of Adjudication Committee

1. Puan Rita Benoy Bushon
   Chairperson
   (Minority Shareholder Watchdog Group)

2. En Ismail Zakaria
   (Kumpulan Wang Persaraan Diperbadankan)

3. Mr Gerald Ambrose
   (Aberdeen Asset Management)

4. Mr Chew Sing Guan
   (Association of Stockbroking Companies)

5. En Salleh Hassan
   (Securities Industry Development Corporation)

6. Prof Dr Shanty Rachagan
   (Monash University)

7. Ms Vilashini Ganespathy
   (Association of Chartered Certified Accountant)

1st Adjudication Meeting

Secretariat

1. Puan Lya Rahman
   (Minority Shareholder Watchdog Group)

2. Ms Rebecca Yap
   (Minority Shareholder Watchdog Group)

2nd Adjudication Meeting

Appendix 5: List of Top 100 Companies with Good Disclosures (By Rank)

1	BURSA MALAYSIA BHD
2	TELEKOM MALAYSIA BHD
3	CIMB GROUP HOLDINGS BHD
4	MALAYAN BANKING BHD
5	IJM CORPORATION BHD
6	RHB CAPITAL BHD
7	ALLIANZ MALAYSIA BHD
8	PUBLIC BANK BHD
9	AXIATA GROUP BHD
10	IJM PLANTATIONS BHD
11	SIME DARBY BHD
12	LPI CAPITAL BHD
13	UEM SUNRISE BHD
14	UMW OIL & GAS CORPORATION BHD
15	ASTRO MALAYSIA HOLDINGS BHD
16	UMW HOLDINGS BHD
17	SUNWAY BHD
18	TENAGA NASIONAL BHD
19	FELDA GLOBAL VENTURES HOLDINGS BHD
20	MALAYSIA AIRPORTS HOLDINGS BHD
21	MEDIA PRIMA BHD
22	NESTLE (MALAYSIA) BHD
23	MSM MALAYSIA HOLDINGS BHD
24	TOP GLOVE CORPORATION BHD
25	MALAYSIA MARINE AND HEAVY ENGINEERING HOLDINGS BHD
26	MALAYSIA BUILDING SOCIETY BHD
27	PETRONAS CHEMICALS GROUP BHD
28	BRITISH AMERICAN TOBACCO (MALAYSIA) BHD
29	IHH HEALTHCARE BHD
30	MAXIS BHD
31	PARAMOUNT CORPORATION BHD
32	ALLIANCE FINANCIAL GROUP BHD
33	DIGI.COM BHD
34	POS MALAYSIA BHD
35	KLCC PROPERTY HOLDINGS BHD
36	IOI CORPORATION BHD
37	DRB-HICOM BHD
38	PETRONAS GAS BHD
39	BIMB HOLDINGS BHD
40	UEM EDGENTA BHD
41	IOI PROPERTIES GROUP BHD
42	PETRONAS DAGANGAN BHD
43	BUMI ARMADA BHD
44	PRESTARIANG BHD
45	KPJ HEALTHCARE BHD
46	AFFIN HOLDINGS BHD
47	GUINNESS ANCHOR BHD
48	BARAKAH OFFSHORE PETROLEUM BHD
49	TIEN WAH PRESS HOLDINGS BHD
50	FRASER & NEAVE HOLDINGS BHD
51	SCOMI ENERGY SERVICES BHD
52	MISC BHD
53	KULIM (MALAYSIA) BHD
54	DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD
55	UNITED PLANTATIONS BHD
56	RGB INTERNATIONAL BHD
57	CCM DUOPHARMA BIOTECH BHD
58	HONG LEONG FINANCIAL GROUP BHD
59	HONG LEONG BANK BHD
60	CAHYA MATA SARAWAK BHD
61	BINTULU PORT HOLDINGS BHD
62	PETRA ENERGY BHD
63	MASTER-PACK GROUP BHD
64	MANULIFE HOLDINGS BHD
65	DELEUM BHD
66	CARLSBERG BREWERY MALAYSIA BHD
67	AMWAY (MALAYSIA) HOLDINGS BHD
68	OSK HOLDINGS BHD
69	SALCON BHD
70	OSK PROPERTY HOLDINGS BHD
71	OSK VENTURES INTERNATIONAL BHD
72	PERISAI PETROLEUM TEKNOLOGI BHD
73	KUMPULAN PERANGSANG SELANGOR BHD
74	BENALEC HOLDINGS BHD
75	HARTALEGA HOLDINGS BHD
76	DIALOG GROUP BHD
77	PROGRESSIVE IMPACT CORPORATION BHD
78	NAIM HOLDINGS BHD
79	WESTPORTS HOLDINGS BHD
80	GADANG HOLDINGS BHD
81	GD EXPRESS CARRIER BHD
82	PARKSON HOLDINGS BHD
83	SARAWAK PLANTATION BHD
84	APEX HEALTHCARE BHD
85	GHL SYSTEMS BHD
86	ENGTEX GROUP BHD
87	HAI-O ENTERPRISE BHD
88	KUALA LUMPUR KEPONG BHD
89	MY E.G.SERVICES BHD
90	TRIPLC BHD
91	ECS ICT BHD
92	OLDTOWN BHD
93	MESB BHD
94	KANGER INTERNATIONAL BHD
95	TEO SENG CAPITAL BHD
96	CENSOF HOLDINGS BHD
97	AIRASIA BHD
98	CARING PHARMACY GROUP BHD
99	LAND & GENERAL BHD
100	UCHI TECHNOLOGIES BHD

Appendix 6: List of Top 100 Overall CG Companies - Disclosures with ROE Performance (By Rank)

1	BURSA MALAYSIA BHD
2	TELEKOM MALAYSIA BHD
3	PUBLIC BANK BHD
4	CIMB GROUP HOLDINGS BHD
5	MALAYAN BANKING BHD
6	ALLIANZ MALAYSIA BHD
7	SUNWAY BHD
8	IJM CORPORATION BHD
9	NESTLE (MALAYSIA) BHD
10	ASTRO MALAYSIA HOLDINGS BHD
11	AXIATA GROUP BHD
12	RHB CAPITAL BHD
13	LPI CAPITAL BHD
14	TOP GLOVE CORPORATION BHD
15	UMW OIL & GAS CORPORATION BHD
16	TENAGA NASIONAL BHD
17	BRITISH AMERICAN TOBACCO (MALAYSIA) BHD
18	MAXIS BHD
19	SIME DARBY BHD
20	DIGI.COM BHD
21	MALAYSIA BUILDING SOCIETY BHD
22	IJM PLANTATIONS BHD
23	UMW HOLDINGS BHD
24	MALAYSIA AIRPORTS HOLDINGS BHD
25	MSM MALAYSIA HOLDINGS BHD
26	PRESTARIANG BHD
27	FELDA GLOBAL VENTURES HOLDINGS BHD
28	UEM EDGENTA BHD
29	BARAKAH OFFSHORE PETROLEUM BHD
30	MEDIA PRIMA BHD
31	POS MALAYSIA BHD
32	UEM SUNRISE BHD
33	PETRONAS CHEMICALS GROUP BHD
34	PETRONAS GAS BHD
35	PARAMOUNT CORPORATION BHD
36	BIMB HOLDINGS BHD
37	DELEUM BHD
38	OSK HOLDINGS BHD
39	KLCC PROPERTY HOLDINGS BHD
40	GUINNESS ANCHOR BHD
41	ALLIANCE FINANCIAL GROUP BHD
42	IOI CORPORATION BHD
43	IHH HEALTHCARE BHD
44	HARTALEGA HOLDINGS BHD
45	DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD
46	CCM DUOPHARMA BIOTECH BHD
47	MALAYSIA MARINE AND HEAVY ENGINEERING HOLDINGS BHD
48	CARLSBERG BREWERY MALAYSIA BHD
49	AMWAY (MALAYSIA) HOLDINGS BHD
50	WESTPORTS HOLDINGS BHD
51	GD EXPRESS CARRIER BHD
52	MY E.G.SERVICES BHD
53	TRIPLC BHD
54	OSK PROPERTY HOLDINGS BHD
55	UCHI TECHNOLOGIES BHD
56	PETRONAS DAGANGAN BHD
57	WELLCALL HOLDINGS BHD
58	RGB INTERNATIONAL BHD
59	DIALOG GROUP BHD
60	CAHYA MATA SARAWAK BHD
61	FRASER & NEAVE HOLDINGS BHD
62	NAIM HOLDINGS BHD
63	SYARIKAT TAKAFUL MALAYSIA BHD
64	MATRIX CONCEPTS HOLDINGS BHD
65	DUTCH LADY MILK INDUSTRIES BHD
66	KPJ HEALTHCARE BHD
67	HONG LEONG FINANCIAL GROUP BHD
68	MISC BHD
69	KUMPULAN PERANGSANG SELANGOR BHD
70	UNITED PLANTATIONS BHD
71	BINTULU PORT HOLDINGS BHD
72	PUNCAK NIAGA HOLDINGS BHD
73	SIGNATURE INTERNATIONAL BHD
74	KOSSAN RUBBER INDUSTRIES BHD
75	E.A.TECHNIQUE (M) BHD
76	TAMBUN INDAH LAND BHD
77	DRB-HICOM BHD
78	MASTER-PACK GROUP BHD
79	DATASONIC GROUP BHD
80	GADANG HOLDINGS BHD
81	SCICOM (MSC) BHD
82	APEX HEALTHCARE BHD
83	HAI-O ENTERPRISE BHD
84	ENGTEX GROUP BHD
85	ECS ICT BHD
86	MESB BHD
87	IOI PROPERTIES GROUP BHD
88	SCOMI ENERGY SERVICES BHD
89	TEO SENG CAPITAL BHD
90	HONG LEONG BANK BHD
91	TALIWORKS CORPORATION BHD
92	BUMI ARMADA BHD
93	TIEN WAH PRESS HOLDINGS BHD
94	PROGRESSIVE IMPACT CORPORATION BHD
95	HENG HUAT RESOURCES GROUP BHD
96	HAP SENG CONSOLIDATED BHD
97	GAMUDA BHD
98	AFFIN HOLDINGS BHD
99	LAFARGE MALAYSIA BHD
100	GHL SYSTEMS BHD

Appendix 7: Awards Accorded by MSWG

Excellence Award for Top CG and Performance (Overall)

Bursa Malaysia Berhad
Telekom Malaysia Berhad
Public Bank Berhad
Malayan Banking Berhad
Allianz Malaysia Berhad

Merit Award for Top CG and Performance

Market Cap between RM300 million to RM1 billion

Paramount Corporation Berhad
Deleum Berhad
Daibochi Plastic and Packaging Industry Berhad
CCM Duopharma Biotech Berhad

Market Cap between RM100 million to RM300 million

RGB International Berhad
Signature International Berhad

Market Cap below RM100 million

Master-Pack Group Berhad

Merit Award for Most Improved

Allianz Malaysia Berhad
Top Glove Corporation Berhad

Excellence Award for Long-Term Value Creation

(Overall Category)

Telekom Malaysia Berhad
Public Bank Berhad
Top Glove Corporation Berhad

Excellence Award for ESG Practices

Axiata Group Berhad
Sime Darby Berhad
DiGi.Com Berhad

Merit Award for Most Prompt AGM

LPI Capital Berhad

Merit Award for AGM Conduct and Minutes Disclosure

Overall Category

Axiata Group Berhad
CIMB Group Holdings Berhad
Telekom Malaysia Berhad

Market Cap below RM 300 million

Hai-O Enterprise Berhad

Merit Award for Board Diversity

Top Glove Corporation Berhad

Industry Excellence

Plantation
Sime Darby Berhad

Financial
Public Bank Berhad

Oil & Gas
Petronas Chemicals Group Berhad

Food & Beverage
Nestle (Malaysia) Berhad

Manufacturing
Top Glove Corporation Berhad

Consumer Goods & Services
British American Tobacco (Malaysia) Berhad

Healthcare
IHH Healthcare Berhad

Telecommunications & Media
Telekom Malaysia Berhad

Port & Utilities
Tenaga Nasional Berhad

Merit Award for CG Disclosures

Bursa Malaysia Berhad
Telekom Malaysia Berhad
CIMB Group Holdings Berhad
Malayan Banking Berhad
IJM Corporation Berhad
RHB Capital Berhad
Public Bank Berhad
Axiata Group Berhad
IJM Plantations Berhad
LPI Capital Berhad

CEO of the Year

Tan Sri Dato' Sri Zamzamzairani Mohd Isa
(Telekom Malaysia Berhad)

Recognition Award For Contribution Towards Enhancing CG Practices In Malaysia

Mr Goh Ching Yin
(Securities Commission Malaysia)

Ms Selvarany Rasiah
(Bursa Malaysia Berhad)

Dato' Wan Kamaruzaman Bin Wan Ahmad
(Kumpulan Wang Persaraan (Diperbadankan))

Regional Recognition Award For CG Contribution

Professor Mak Yuen Teen
(National University of Singapore)

WINNERS OF THE MSWG MALAYSIA-ASEAN CG AWARDS 2015

Top Overall CG Performance Winners

Industry Excellence Award Winners

Merit Awardees for CG Disclosures

Merit Awardees for Top CG and Performance (Mid Cap)

Merit Awardees for Top CG and Performance (Small Cap)

CEO of the Year
Tan Sri Dato' Sri Zamzamzairani Mohd Isa
(Telekom Malaysia Berhad)

Regional Recognition Awardee for CG Contribution
Professor Mak Yuen Teen
(National University of Singapore)

Recognition Awardees for Contribution Towards Enhancing CG Practices In Malaysia

Dato' Wan Kamaruzaman
Bin Wan Ahmad
(Kumpulan Wang Persaraan
(Diperbadankan)

Ms Selvarany Rasiah
(Bursa Malaysia Berhad)

Mr Goh Ching Yin
(Securities Commission Malaysia)

Appendix 8: Key Corporate Governance Statistics (2009 – 2015)

1. MACRO STATISTICS

PUBLIC LISTED COMPANIES	2015	2014	2013	2012	2011	2010	2009
Total No. of Listed Companies	927	906	930	927	941	957	960
No. of Companies Covered[1]	870	873	862	500	820	898	899
Companies Covered in Index (%)	94%	96%	93%	54%	87%	94%	94%

MARKET CAPITALISATION	2015	2014	2013	2012	2011	2010	2009
All Public Listed Companies (RM billion)	1,718	1,683	1,484	1,420	1,250	1,243	977
Top 100 in Corporate Governance Score (RM billion)	1,161	1,304	1,041	766	858	589	570
Top 100 in Corporate Governance Score (%)	68%	77%	70%	54%	69%	47%	58%

2. CORPORATE GOVERNANCE STATISTICS

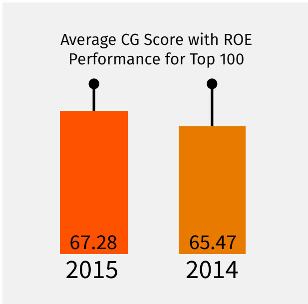
CORPORATE GOVERNANCE (CG) SCORE[2]	2015	2014	2013	2012	2011	2010	2009
No. of Companies Covered	*870*	*873*	*862*	*500*	*820*	*898*	*899*
Average Base Score for all Companies	62.98	60.23	61.59	56.70	57.50	55.60	52.00
Average Base Score for Top 100	80.41	76.82	75.99	68.20	66.90	66.00	66.40
Average CG Score with ROE Performance for Top 100	67.28	65.47					

3. SUMMARY OF FINDINGS FOR THE TOP 100 COMPANIES

KEY BOARD STATISTICS	2015	2014	2013	2012
Average board size (intentionally did not round up)	8.1	8.6	8.5	8
Average no. of board meetings	7.9	7.6	7.2	6.7
Separation of Chairman & CEO	96%	95%	95%	94%
Independent Chairman	45%	45%	43%	40%
Board Balance: ≥50% INEDs	66%	51%	35%	33%
Board assessments carried out	95%	81%	77%	76%
Tenureship of INEDs > 9 years	44%	46%	38%	34%
Average INED tenureship (Year)	6	6	6	7
Existence of NC[3]	100%	100%	100%	98%
NC comprised majority of INEDs	96%	99%	94%	94%
Existence of RC[4]	99%	98%	94%	99%
RC comprised majority of INEDs	86%	86%	81%	87%

WOMEN ON BOARDS	2015	2014	2013	2012
Female EDs on boards	1.5%	1.7%	1.50%	4.8%*
Female NINEDs on boards	3.1%	3.0%	3.30%	
Female INEDs on boards	8.8%	7.0%	4.90%	4.20%
Total No. of Women on boards	13.4%	11.7%	9.7%	9%

**Total No. of Female EDs and NINEDs*



OTHER DISCLOSURES	2015	2014	2013	2012
Companies having Board Charter	97%	80%	70%	38%
Companies having Code of Ethics	77%	68%	57%	58%
Companies that published AGM Minutes	38%	26%	7%	1%
Companies that published M&A	28%	22%	11%	8%
Companies disclosing individual director remuneration	33%	35%	39%	34%
Companies with Dividend Policy	38%	35%	38%	34%
Companies with Whistle Blowing Policy	70%	51%	48%	42%
Companies having Separate Corporate Responsibilty or Sustainability Report/Section	93%	97%	94%	90%
Companies disclosing training attended by each Director	65%	59%	65%	56%
Annual Financial Report released within 4 months	99%	82%	81%	81%

Risk Management	2015	2014	2013	2012
Board review of material control & risk mgt systems	86%	63%	78%	38%
Disclosure of how key risks are managed	43%	62%	60%	58%
Establishment of board-level RMC	47%	35%	N/A	N/A

4. SUMMARY OF FINDINGS FOR ALL THE COMPANIES COVERED

KEY BOARD STATISTICS	2015	2014	2013	2012	2011	2010	2009
No. of Companies Surveyed	*870*	*873*	*862*	*500*	*820*	*898*	*899*
Average board size (intentionally did not round up)	7.14	7.34	7.15	7.64	7.31	7.27	7.29
Average no. of Board Meetings	5.67	5.75	5.6	5.8	5.5	5.4	5.4
Separation of Chairman & CEO	76%	79%	82%	85%	82%	83%	60%
Independent Chairman	46%	42%	40%	37%	35%	34%	30%
Board Balance: ≥50% INEDs	51%	43%	39%	27%	43%	40%	37%
Board assessments carried out	80%	54%	43%	42%	23%	24%	17%

Tenureship of INEDs > 9 years	54%	53%	47%	54%	-	-	-
Average INED tenureship (Year)	7	7	7	7	7	6	-
Existence of NC	99%	98%	95%	92%	92%	90%	89%
NC comprised majority of INEDs	98%	96%	93%	88%	82%	82%	80%
Existence of RC	96%	95%	94%	94%	93%	93%	91%
RC comprised majority of INEDs	83%	81%	80%	77%	51%	46%	48%

ACCOUNTABILITY AND AUDIT	2015	2014	2013	2012	2011	2010	2009
No. of Companies Surveyed	*870*	*873*	*862*	*500*	*820*	*898*	*899*
Disclosed cost incurred for IAF[5]	97%	96%	96%	92%	81%	75%	26%
Non-audit fees exceeded the audit fees	7%	5%	5%	7%	-	-	-

WOMEN ON BOARDS	2015	2014	2013	2012	2011	2010	2009
No. of Companies Surveyed	*870*	*873*	*862*	*500*	*820*	*898*	*899*
Total No. of directors on boards	*6,211*	*6,270*	*6,177*	*3,819*	*5,994*	*6,528*	*6,554*
Female EDs on boards	235	226	221	175			
Female NINEDs on boards	125	120	118	36			
Female INEDs on boards	253	225	195	117			
Total No. of Women on boards	613	571	534	328	504	535	492

OTHER DISCLOSURES	2015	2014	2013	2012	2011	2010	2009
No. of Companies Surveyed	*870*	*873*	*862*	*500*	*820*	*898*	*899*
Companies having Board Charter	74%	55%	41%	16%	-	-	-
Companies having Code of Ethics	48%	34%	26%	23%	6%	4%	4%
Companies that published AGM Minutes	5%	3%	1%	0.20%	-	-	-
Companies that published M&A	5%	3%	3%	2%			
Companies disclosing individual disclosure of remuneration	9%	8%	9%	15%	8%	6%	5%
Companies with Dividend Policy	10%	8%	8%	17%	8%	6%	5%
Companies with Whistle Blowing Policy	22%	13%	12%	13%	9%	6%	3%
Companies having Separate Corporate Responsibilty or Sustainability Report/Section	73%	67%	64%	75%	79%	51%	49%
Companies disclosing training attended by each director	60%	50%	50%	49%	-	-	-
Annual Financial Report released within 4 months	89%	88%	85%	81%	83%	28%	24%

AVERAGE ANNUAL REMUNERATION OF EXECUTIVE DIRECTORS (EDs) BY SECTOR[6]	2015	2014	2013	2012	2011	2010	2009
No. of Companies Surveyed	*870*	*873*	*862*	*500*	*820*	*898*	*899*
Construction	1,268,000	992,000	877,000	947,000	688,000	731,000	641,000
Consumer Products	920,000	831,000	893,000	1,308,000	676,000	578,000	550,000
Finance	3,445,000	3,085,000	2,801,000	2,618,000	2,050,000	1,648,000	1,937,000
Hotel	561,000	635,000	781,000	550,000	391,000	468,000	304,000
Industrial Products	841,000	922,000	908,000	1,105,000	622,000	566,000	567,000
Infrastructure	1,274,000	2,209,000	3,449,000	2,903,000	1,633,000	1,611,000	1,205,000
Mining	N/A	N/A	82,000	56,000	64,000	32,000	28,000
Plantation	2,465,000	1,818,000	1,497,000	1,373,000	1,325,000	995,000	1,111,000
Property	2,041,000	1,492,000	1,300,000	1,117,000	798,000	688,000	732,000
Technology	585,000	466,000	455,000	793,000	428,000	354,000	339,000
Trading/Service	1,989,000	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 SECTOR[6]	2015	2014	2013	2012	2011	2010	2009
No. of Companies Surveyed	*870*	*873*	*862*	*500*	*820*	*898*	*899*
Construction	89,000	71,000	65,000	85,000	67,000	81,000	57,000
Consumer Products	75,000	67,000	57,000	74,000	71,000	66,000	55,000
Finance	480,000	365,000	315,000	281,000	320,000	300,000	200,000
Hotel	53,000	41,000	46,000	46,000	80,000	72,000	57,000
Industrial Products	70,000	62,000	68,000	67,000	51,000	48,000	47,000
Infrastructure	102,000	88,000	69,000	64,000	67,000	67,000	61,000
Mining	50,000	49,000	41,000	49,000	44,000	43,000	38,000
Plantation	113,000	128,000	102,000	106,000	105,000	72,000	101,000
Property	92,000	81,000	98,000	98,000	82,000	60,000	73,000
Technology	59,000	42,000	39,000	55,000	37,000	33,400	30,000
Trading/Service	99,000	84,000	97,000	125,000	95,000	69,000	66,000

*Notes:

1 For 2009, 2010, 2011, 2013,2014 and 2015 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 2012-2015 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.

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