



**MALAYSIA-ASEAN  
CORPORATE  
GOVERNANCE REPORT  
2017**



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# OVERVIEW

**T**HE upward pressures and changing dynamics that boards are facing are diverse and significant as stakeholders expect more from their boards than ever before, and are increasingly willing to intervene when boards are not exercising their fiduciary duties in a responsible manner in the boardroom.

Internationally, there has been various efforts to raise the corporate governance (CG) yardstick.

On 5 December 2017, the Financial Reporting Council (“FRC”) released its proposals for revisions to the UK Corporate Governance Code (“UK Code”) and *Revised Guidance on Board Effectiveness* for consultation. Key proposed changes to the UK Code are focused on stakeholder engagement, responding to a significant vote against a resolution, board composition, diversity and remuneration.

Close to home, Thailand introduced mutual funds that limit its investment portfolio to stocks of companies with proven track records of high governance standards and established internal graft-prevention mechanisms. Some 11 asset management companies, controlling over 90% of the domestic market share, made a joint announcement in August 2017 that they will separately introduce the so-called corporate governance or “CG funds.” So far, 10 funds have been set up, raising over THB4 billion or US\$125 million from investors.<sup>1</sup>

Locally, a new Malaysian Code on Corporate Governance 2017 (“MCCG”) which took effect on 26 April 2017 was released by the Securities Commission (SC) to replace the 2012 code. The new MCCG deals with strengthening independence of the board; board diversity; transparency in directors’ remuneration; strengthening independence of audit committee; establishment of risk management committee, and participation at general meetings.

On 24 May 2017, the SC published an update to the *Guidelines on Unit Trust* funds, allowing asset managers operating unit trusts to now vote on director appointments without the need to obtain consent from their unitholders.

On 29 November 2017, Bursa Malaysia announced amendments to its Main Market Listing Requirements (MMLR). Those relating to CG include:

- ❑ Improving the quality of CG disclosures through the CG Overview Statement and CG Report,
- ❑ Promoting transparency over directors’ remuneration by requiring disclosure on a named basis, and
- ❑ Enhancing the audit committee’s oversight over the internal audit function.

On 14 December 2017, Bursa Malaysia released its third edition of the *Corporate Governance Guide* (“CG Guide”) to provide guidance for listed issuers to improve their CG practices and reporting in line with the new MCCG and the recently enhanced CG disclosure requirements in the MMLR.

<sup>1</sup> (<http://cctrends.cipe.org/cg-fund-new-investment-tool-to-boost-governance-standard/>)



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## METHODOLOGY EMPLOYED

**A**s a strong advocate of good corporate governance (CG), MSWG spearheads various initiatives to encourage good governance with the objective of raising shareholder value creation. One such measure is the ASEAN Corporate Governance Scorecard (scorecard), a landmark initiative by the ASEAN Capital Markets Forum and the Asian Development Bank to create a common tool for assessing and benchmarking the CG of public-listed companies (PLCs) in the ASEAN region. The participating countries include Malaysia, Indonesia, the Philippines, Singapore, Thailand and Vietnam.

The scorecard adopts the OECD Principles of Corporate Governance as its main benchmark given its global recognition. It has been crafted based on international best practices but at the same time, being cognisant of the intricacies of the ASEAN corporate landscape.

This is the sixth year that MSWG has implemented the scorecard methodology to gauge CG standards of PLCs. Companies also use the scorecard as a tool to assess their own CG quality and identify gaps and improvement areas. It also provides an important indicator on how a company ranks against its peers, thus can motivate companies to improve their governance. Additionally, the scorecards' assessment findings have also enabled regulators to assess the level of governance conformance in the market.

There are two levels of scoring which are designed to better capture the actual implementation of the substance of good CG. Level 1 comprises descriptors or items that are, in essence, indicative of the laws, rules, regulations, and requirements of each ASEAN member state and the basic expectations of the OECD principles as depicted in [Figure 1](#).

Level 2 consisted of bonus and penalty items with each item assigned different positive and negative points respectively. The bonus items were to recognise companies that went beyond items in Level 1 by adopting other emerging good practices. The penalty items were designed to downgrade companies based on evidence of actions and events that were indicative of poor governance.

In response to the new principles and recommendations of the G20/OECD Principles of Corporate Governance, the methodology and assessment of the scorecard in 2017 has been revised to take into consideration increased investor expectations, and developments in CG practices.

The revised scorecard includes new governance questions, additional weightage for certain questions, and streamlining of questions to place greater emphasis on practices which goes beyond box ticking. These revisions to the scorecards has strengthened the robustness of the assessments and provides greater insights on the substance of good CG. Further, to be accorded points, disclosures must be unambiguous and sufficiently comprehensive.

**FIGURE I: ASEAN Corporate Governance Scorecard Section**

SECTION	AREA	OECD PRINCIPLES OF CORPORATE GOVERNANCE
PART A	<b>Rights of Shareholders</b>	<p><b><i>Principle II – The rights of shareholders and key ownership functions</i></b></p> <p>The corporate governance framework should protect and facilitate the exercise of shareholder’s rights.</p>
PART B	<b>Equitable Treatment of Shareholders</b>	<p><b><i>Principle III – The equitable treatment of shareholders</i></b></p> <p>The corporate governance framework should ensure the equitable treatment of shareholders including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights.</p>
PART C	<b>Role of Stakeholders</b>	<p><b><i>Principle IV – the role of stakeholders in corporate governance</i></b></p> <p>The corporate governance framework should recognize that rights of stakeholders established by law or through mutual agreements and encourage active co-operation between corporations and stakeholders in creating wealth, jobs and the sustainability of financially sound enterprises.</p>
PART D	<b>Disclosure and Transparency</b>	<p><b><i>Principle V – disclosure and transparency</i></b></p> <p>The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership and governance of the company.</p>
PART E	<b>Responsibilities of the Board</b>	<p><b><i>Principle VI – the responsibilities of the board</i></b></p> <p>The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board’s accountability to the company and the shareholders.</p>

Some of the key changes include new bonus points for governance reporting and process for cyber and security issues and companies’ adoption of global reporting framework for sustainability. In respect of cyber issues given the technical and complex nature of cybersecurity, there is a necessity for positioning cybersecurity as a strategic board and governance issue.

The scorecard is based on disclosures in the annual reports and company websites. Other sources of information include announcements to Bursa Malaysia Securities (Bursa), circulars, constitutions, minutes of shareholders meetings, governance policies, codes of conduct, sustainability reports and any other publicly available information. For 2017, the assessment was conducted using annual reports published by 30 June 2017.



A hand holding a white marker is shown in the foreground, drawing white outlines of wind turbines and solar panels onto a landscape. The landscape features rolling green hills, a sunset sky with purple and orange clouds, and a sun with rays. The text "We're transforming the way we see energy" is written in white in the upper right quadrant.

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# HIGHLIGHTS OF FINDINGS

BASED on the assessment using the ASEAN Corporate Governance Scorecard of 880 companies undertaken in 2017, the overall Corporate Governance Score (CG Score) is 62.20 points. The overall CG Score has decreased in 2017 compared to 2016 (66.52 points) as the assessment has become increasingly stringent due to the factors mentioned under the methodology employed. However, we expect this to be a transient situation as companies become familiarised with the expectations of the new scorecard, and adopt and disclose CG practices accordingly.

**FIGURE 2: Five-year trend of CG Score**

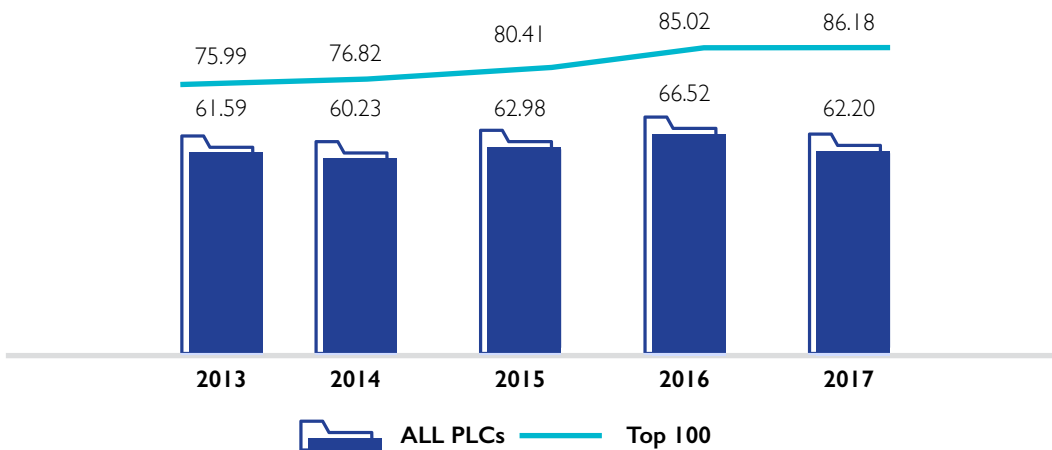


Figure 2 reports the five-year trend of CG Score for all PLCs and the top 100 companies with good disclosures ("Top 100"). As revealed by Figure 2, the CG Score of the Top 100 PLCs has increased despite the new stringent requirements of the scorecard compared with the CG Score of all companies.

A five-year trend of the Top 100 PLCs shows that the Average CG Score has consistently trended upward from 75.99 points in 2013 to 85.02 points in 2016 and has further risen to 86.18 points in 2017. This portrays the consistent and greater efforts by Top 100 PLCs in improving their CG practices, policies and disclosures as well as MSWG's unwavering advocacy efforts for companies to embrace the substance of CG.

Notable improvements include increase in the number of companies adopting integrated reporting or GRI G4/GRI G3 reporting while in terms of board diversity, there was an increase in the number of companies disclosing policies with measurable objectives and implementation progress in their annual reports and websites. Other impressive achievements include more companies separating the roles of Chairman and CEO, more companies with independent Chairman and a higher number of companies with majority independent boards.

The average score of each component of the scorecard for all PLCs is shown in Figure 3.

**FIGURE 3: Average score for all PLCs**

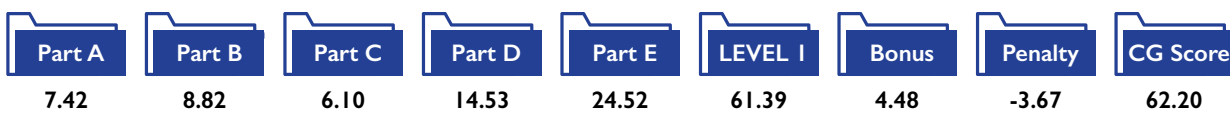
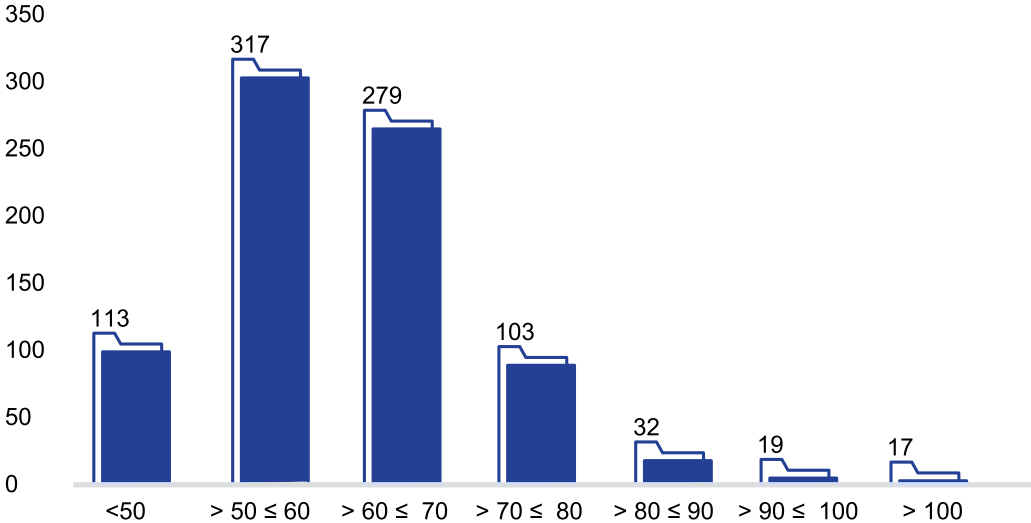


Figure 4 reports the distribution of the CG Score for all companies.

**FIGURE 4: Distribution of CG Score**



There were 17 companies that achieved CG Score of more than 100 points:

AMMB HOLDINGS BERHAD	TELEKOM MALAYSIA BERHAD
PETRONAS DAGANGAN BERHAD	IJM CORPORATION BERHAD
ASTRO MALAYSIA HOLDINGS BERHAD	TENAGA NASIONAL BERHAD
PETRONAS GAS BERHAD	LPI CAPITAL BERHAD
AXIATA GROUP BERHAD	TOP GLOVE CORPORATION BERHAD
RHB BANK BERHAD	MALAYAN BANKING BERHAD
BURSA MALAYSIA BERHAD	UMW HOLDINGS BERHAD
SIME DARBY BERHAD	PETRONAS CHEMICALS GROUP BERHAD
CIMB GROUP HOLDINGS BERHAD	

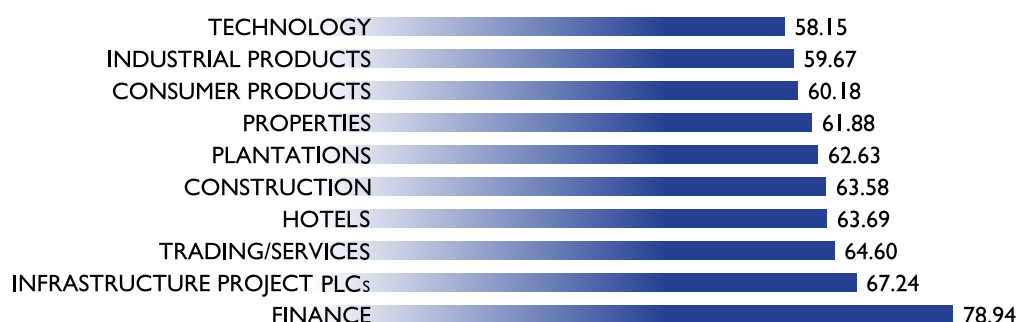
Out of these 17 companies, 12 companies were government-linked companies (GLCs) which is commendable as these companies displayed exemplary practices. It is hoped that non-GLCs will emulate their GLC peers by taking steps to move up the CG ladder through investing in resources to implement good CG practices as recommended by the scorecard.

Nevertheless, as shown in Figure 4, it is worrisome to note that out of the 880 companies evaluated, 113 companies (13%) scored less than 50 points in their CG Score. A strategy of focused engagement and education on good governance may be needed to bring these companies to the next level.



The leading sectors where the sectoral CG Score was higher than the overall CG Score of 62.20 points, as shown in **Figure 5**, were Finance (78.94 points), Infrastructure Project PLCs (67.24 points), Trading/Services (64.60 points), Hotels (63.69 points), Construction (63.58 points) and Plantations (62.63 points).

**FIGURE 5: Average CG Score by sector on Bursa**



The sectors posting CG Score below the overall CG Score were Properties (61.88 points), Consumer Products (60.18 points), Industrial Products (59.67 points) and Technology (58.15 points).

## PART A: RIGHTS OF SHAREHOLDERS

**T**HE first section of the CG Scorecard has 21 items that contributed to 10% of the Level 1 score. Out of the 21 items, 12 items were default items which means that the companies were assumed to have adopted the policy/practices mandated by law, regulations or listing rules unless there was evidence to the contrary.

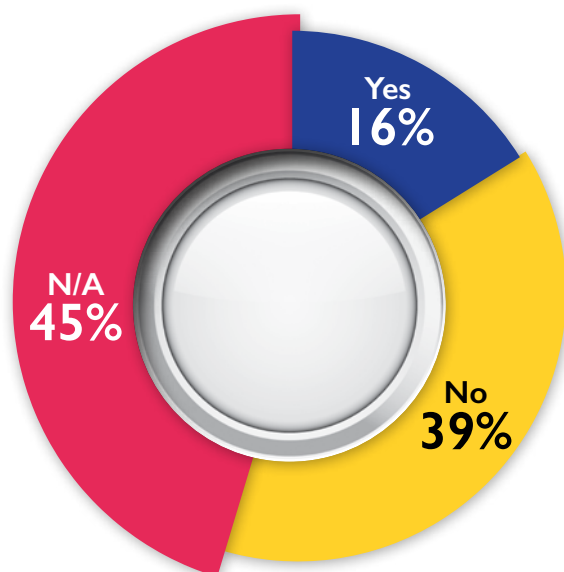
Based on the evaluation of 880 companies, the minimum, maximum and average scores for this section were 4.58 points, 10.00 points and 7.42 points respectively.

### BASIC SHAREHOLDER RIGHTS VIA EQUITABLE AND TIMELY DIVIDEND

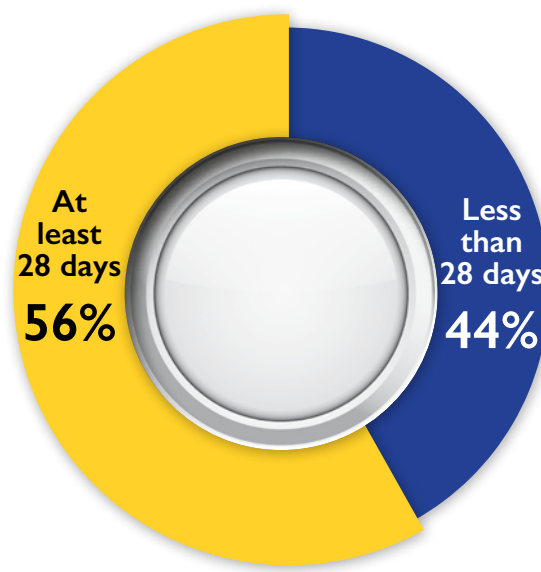
Given the concentrated ownership structure of typical companies on Bursa, it is important that payment of dividends (interim and/or final) were done in an equitable and timely manner for the benefit of all shareholders. In the case of cash dividends, the distribution should be concluded within 30 days after being (i) declared for interim dividends; and (ii) approved by shareholders at general meetings for final dividends. As for dividend reinvestment scheme, the distribution should be concluded within 60 days after being approved by shareholders.

**Figure 6** reveals that out of 880 companies assessed, 45% (n=399) did not pay any dividend during the period under review. Out of the remaining companies that paid dividends during the year of assessment, more than one-tenth (n=142; 16%) had complied with the expectation of concluding the payment within 30 days or 60 days for cash dividends and reinvested dividends, respectively. There is, however, a concern that a large number of 339 companies (39%) took longer than the expected period to affect the payment of dividends.

**FIGURE 6: Equitable payment of dividends**



**FIGURE 7: AGM notice period**



In terms of the notice period for annual general meeting (AGM), Para. 7.15 of the MMLR requires at least 21 days for an AGM.

In an OECD Survey of Corporate Governance Frameworks in Asia, Malaysia was ahead of its ASEAN counterparts in respect of the minimum notice period in advance to convene a shareholder meeting. Indonesia requires 15 days, Singapore and Thailand (14 days), and Vietnam (10 days).<sup>2</sup>

From **Figure 7**, it is encouraging to note that 56% of our PLCs had an AGM notice period of at least 28 days which is in line with international best practice. One PLC had an AGM notice period of less than 21 days which was clearly in breach of Section 316(2)(a) of the Companies Act 2016.

Analysis of the AGM notices revealed that slightly more than two-third (n=731; 83%) companies provided the rationale and explanation for each agenda item that required shareholders' approval in the AGM notice and/or the accompanying statement.

***Thai companies generally have very comprehensive notices with detailed enclosures, amongst others on the following:***

- ❑ Advance submission of questions by shareholders for AGM;***
- ❑ Criteria for minority shareholders to propose agenda(s) and the person(s) to be nominated as director;***
- ❑ The company's Articles of Association relating to shareholders meetings; and***
- ❑ Profiles of auditors.***

<sup>2</sup> (<http://www.oecd.org/daf/ca/OECD-Survey-Corporate-Governance-Frameworks-Asia.pdf>)

Among the agenda items that require shareholders' approval, the matter of director remuneration is one of those matters that normally attracts active discussion by shareholders. The current study found that more than half of the companies (n=479; 54%) accorded shareholders the opportunity evidenced by an agenda item to approve remuneration (fees, allowances, benefits-in-kind and other emoluments) or any increase in remuneration for the non-executive directors. It is also worth noting that Section 230(1) of the Companies Act 2016 introduced the requirement for all fees of directors and any benefits payable to directors (including any compensation for loss of employment) of a public company (listed or otherwise) to be approved by the shareholders at a general meeting.

***In Australia, under Section 300A of the Corporations Act 2001, companies are required to draw up a concise report on remuneration which is subject to an advisory vote at the AGM. The report should contain, amongst others, the relative proportion of fixed and variable remuneration, how total remuneration contributes to the long-term performance of the company, and how the performance criteria were applied and the use of the possibility to reclaim variable remuneration.***

***Also, shareholders have to vote on whether to spill all board positions if 25% or more votes cast are not in favour of adopting the remuneration report at two successive AGMs (first strike). A spill resolution must then be put to a vote at the second AGM and if passed with 50% or more of eligible votes cast, requires a spill meeting within 90 days to elect directors (second strike).***

***In 2017, five companies in the S&P ASX 200 received a "first strike" and one company a second strike.***

## RIGHT TO PARTICIPATE IN AND VOTE IN GENERAL SHAREHOLDERS MEETINGS

AGM is the platform for board of directors of companies to demonstrate its accountability to shareholders as well as for shareholders to exercise their statutory rights to engage directly with the board of directors (MSWG 2015: Publication on *AGM Practices by Malaysian Companies*). In essence, AGM provides shareholders with the opportunity to have a broad overview of the company's strategic direction, financial health and objectives.

Assessment of the published AGM minutes revealed that 283 companies (32%) granted opportunities for shareholders to ask questions or raise issues and published the recorded questions and answers. This is encouraging and MSWG recommends that all companies emulate such good practices so that shareholders – especially the retail minority shareholders – feel empowered to attend and participate at AGMs.

Given the significance of AGMs, it is important for all directors to be present at AGM. However, the current assessment found that only 163 companies (19%) disclosed the list of board members who attended the most recent AGM. It was further found that in terms of attendance of directors and CEO (if he is not a board member) at the most recent AGM, 128 companies (15%) disclosed full attendance of board members and CEO (if he is not a board member).

It is encouraging to find that almost all of the 880 companies (n=835; 95%) disclosed the voting procedures used before the start of the AGM.

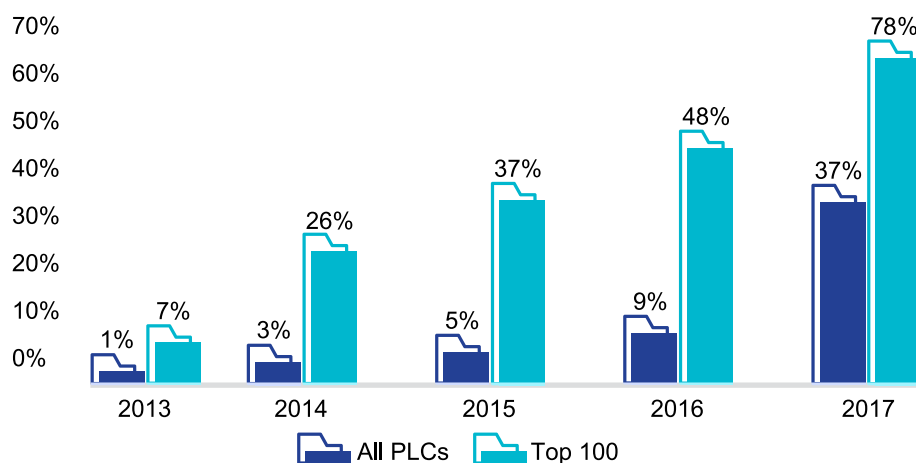
The small number of remaining 45 companies should adopt this good practice to inform shareholders attending the AGM, hence ensuring a smooth voting process.



### Box 1: AGM minutes

As shown in **Figure 8** below, the incidence of companies publishing the AGM minutes has increased over the past five years. Whilst the increase in minutes prepared and published on companies' website may be attributable to Bursa's Para. 9.21(2) of the MMLR that PLCs publish a summary of key matters discussed at AGMs, companies must ensure that the minutes are clear and include all relevant questions raised as well as their board's responses and the list of board members (including the CEO) who attended the AGM.

**FIGURE 8: Publication of AGM minutes**



Almost all companies (n=878) disclosed the voting results that showed the approving and dissenting votes for each agenda item for the most recent AGM.

***With respect to shareholder voting in the UK, Provision 6 of the revised code proposes that where more than 20% of votes have been cast against a resolution, the company should explain the steps it intends to take to consult shareholders in order to understand the reasons behind the result. As an interim step, no later than six months after the vote, an update should be published. As the final step, in the annual report or in the explanatory notes to resolutions at the next meeting, the board should explain how it has responded to the feedback received. According to the FRC, these actions are aimed at “ensuring the company fully understands the reasons for shareholders voting against a resolution and that it can enter into dialogue with shareholders to discuss these matters further.”<sup>3</sup>***

<sup>3</sup> (<https://www.minterellison.com/articles/frc-consultation-on-the-uk-corporate-governance-code>)

## EXERCISE OF OWNERSHIP RIGHTS BY SHAREHOLDERS

Engagements with shareholders can offer many important benefits to boards, including enhanced opportunities to get to know their shareholders. They will also enable shareholders to provide the board with useful inputs on strategy and performance.

One-quarter of companies (n=222; 25%) were found to have disclosed the policy or practice to encourage shareholders to engage with the company beyond AGM. It is recommended that more companies take steps to develop policies and practices to encourage shareholders engagement.

## PART B: EQUITABLE TREATMENT OF SHAREHOLDERS

**T**HIS is the second section of CG Scorecard which had 15 items that contribute 10% to the Level 1 score. Out of these 15 items, seven items were default items.

Based on the evaluation of 880 companies, the minimum, maximum and average scores for this section were 7.78 points, 10 points and 8.82 points, respectively.

### SHARES AND VOTING RIGHTS

Out of the 880 companies evaluated, 852 companies (97%) have only one class of shares. As for the remaining companies that appeared to have more than one class of shares, 3% (n=24) adopted the practice of publicising the voting rights attached to each class of shares while four companies did not publicise such voting rights.

### NOTICE OF ANNUAL GENERAL MEETING

As an important communication tool between the company and its shareholders, the notice of AGM must provide sufficient information that will advise the shareholders of what is to be considered at the meeting. In this respect, companies were assessed on various aspects that reflected the quality of the information in the notice.

Based on the assessment of the notices and the accompanying documents of 880 companies, it was found that nearly all assessed companies did not practice the bundling of resolutions in their most recent AGMs. Except for six companies, each proposed resolution (or agenda item) dealt with only one item. Combined resolution relating to re-election of directors and retention of independent director who has served more than nine years is also deemed as bundling of resolutions.

All companies assessed:

- Had the notice of the most recent AGM and relevant circulars available in English; and
- Had the proxy appointing document made easily available through appending it to the notice of AGM.

***Australia practices direct voting which is a form of voting that allows shareholders to cast their vote, either online or by completing a voting form, on resolutions of a general meeting without having to attend the meeting in person or appoint a proxy or corporate representative to vote on their behalf. By enabling direct voting at general meetings, shareholders are able to have full control over their votes and can promptly and securely vote without the need to physically attend. The convenience of direct voting may also encourage greater shareholder engagement and participation.***<sup>4</sup>

In other aspects of the quality of notice of AGM, the evaluation found that:

- ❑ More than half of the companies (n=473; 54%) had included in the notice, the profile of directors (at least age, academic qualification, date of first appointment, experience and directorships in other listed companies) seeking for election or re-election; and
- ❑ The AGM notice of almost all companies (n=854; 97%) clearly disclosed the auditors seeking appointment or re-appointment.

## PROTECTING MINORITY SHAREHOLDERS INTEREST IN RELATED PARTY TRANSACTIONS

Abusive RPTs are a common way for related parties to expropriate minorities. Instances include selling assets at below market prices, buying assets at inflated prices from connected persons, providing financial assistance to related parties at terms not at arm's length or normal commercial terms, etc.

Based on the analysis of 880 companies it was found only 143 companies (16%) clearly disclosed that RPTs were conducted in such a way to ensure they were fair and at arm's length. Another 722 (82%) of companies did not disclose clearly such policy with most of the companies disclosed that their RPTs were conducted on a "negotiated" basis.

Such disclosure lacks transparency and clarity and does not equate to fair and arm's length policy.

## PART C: ROLE OF STAKEHOLDERS

**T**HE third section of CG Scorecard had 13 items that contributed to 15% of the Level 1 score. There were no default items under this section.

Based on the evaluation of 880 companies, the minimum, maximum and average scores for this section was 0 point, 15 points and 6.10 points, respectively.

<sup>4</sup> (<http://www.cdandco.com.au/blog/online-voting>)

*In the Measuring Sustainability Disclosures: Ranking the World's Stock Exchanges 2017 report, Corporate Knights analysed the disclosure quality of 6,441 large companies listed on 55 stock exchanges. As far as listing rules are concerned, all the ASEAN stock exchanges except that of Indonesia and the Philippines require environmental, social and governance (ESG) reporting from all their listed companies and provide ESG guidance notes and training support.*

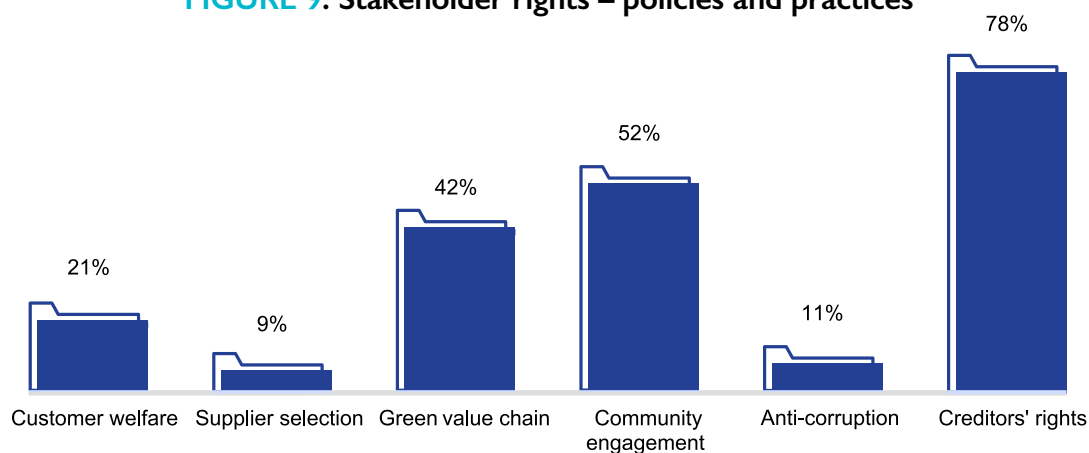
Bursa Malaysia had in October 2015 launched a sustainability framework as well as a sustainability reporting guide and toolkit which mandated all listed companies to publish sustainability reports in stages over a three-year period. The sustainability statement refers to the management of material economic, environmental and social (EES) risks and opportunities of their business and replaced the existing statement on corporate social responsibility.

Our assessment revealed that 603 companies (69%) had a separate report/section that discusses their efforts on environment/economy and social issues.

In 2017, only 51 companies produced a stand-alone sustainability report compared to 140 companies in 2016. This could be attributable to cost factors and other resource-related issues in producing a separate report (hence, companies tend to incorporate their sustainability report in their annual report).

Under the revised scorecard, both sustainability policies and practices were embedded in the same criteria unlike previously where it was separately assessed.

**FIGURE 9: Stakeholder rights – policies and practices**



As can be seen in **Figure 9**, more than half of the 880 companies assessed (n=460; 52%) had some form of community engagement policies and practices. A total of 371 companies (42%) described their policies and practices in dealing with environmentally-friendly or sustainable value chain.

A smaller number of companies appeared to be dealing with the other three of the identified criteria, namely their efforts to address customers' welfare, supplier/contractor selection process, and the company's anti-corruption programmes and procedures. Directors need to take steps to address and put in place policies and procedures to deal with these critical factors in sustainable development.

Elsewhere, 687 companies (78%) had put in practice the appropriate policies to safeguard creditors' rights.

As demands for quality disclosure becomes increasingly important, companies need to ensure that they have up-to-date and efficient systems in place for all the key criteria to collect, analyse and disclose the necessary sustainability information in a transparent and concise manner.

## FACILITATION OF RIGHTS OF STAKEHOLDERS

In cases where interests of stakeholders are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights. In this respect, each company was assessed whether it provided contact details via its website or annual report which stakeholders (e.g. customers, suppliers and general public) could use to voice their concerns and/or to complain about possible violation of their rights.

The current evaluation found that half of the companies (n=443; 50%) had facilitated by providing the contact information. It is recommended that all companies provide the details on their website or annual report to enable stakeholders to seek relief for any violation of rights.

## EMPLOYEES' WELFARE

Employees are crucial to companies and are the most vital stakeholder group given high employee engagement generally leads to higher customer satisfaction which is critical for business sustainability. Hence, it is important for a company to put in place appropriate policies and practices to recognise the key role of employees.

The research found that :

- ❑ Slightly over a quarter of companies (n=238; 27%) explicitly disclosed the health, safety and welfare policy as well as published relevant information of their employees;
- ❑ 183 companies (21%) had training and development programmes for their employees and published relevant information. It is expected that there is at least one paragraph describing the company's training and development programmes for its employees and some statistics on the training activities; and
- ❑ Less than one-quarter of companies (n=200; 23%) had in place reward compensation policy that accounted for the performance of the companies beyond short term financial measures.

To prevent the occurrence of illegal or unethical practices, it is advantageous for a company to put in place a mechanism for employees and other stakeholders to communicate their concerns with a condition that the reporting of employee's rights should not be undermined. In this regard, the current study found that nearly one-half of companies, 402 companies (46%) and 392 companies (45%) respectively, had:

- ❑ Procedures for complaints by employees/other stakeholders concerning illegal (including corruption) and unethical behaviour; and
- ❑ Policies or procedures to protect an employee/person who revealed illegal and/or unethical behaviour from retaliation.



## PART D: DISCLOSURE AND TRANSPARENCY

**T**HE next and fourth section of CG Scorecard had 32 items that contributed to 25% to the Level 1 score. There were no default items under this section. It is a section of the scorecard that assessed a company's policies and practices in relation to disclosure and transparency of various aspects.

Based on the evaluation of 880 companies, the minimum, maximum and average scores for this section were 8.55 points, 23.75 points and 14.53 points, respectively.

### TRANSPARENT OWNERSHIP STRUCTURE

Senior management as distinct from the board, are individuals in the position to significantly influence the integrity, strategic direction and operation of the company and its performance.

Only a handful of companies (n=11; 1%) disclosed the direct and indirect (deemed) shareholding of senior management which is defined as C-level officers of a company. Whilst kudos to these 11 companies out of which four are GLCs for being transparent, the remaining companies have not been forthcoming in the disclosure of their ownership structure.

*In a recent review, it was noted that Hong Kong companies disclose shareholdings of senior management and likewise, Thai companies, too, disclose the securities holdings of all executives in their annual reports.*

### QUALITY OF ANNUAL REPORT

Aside from reflecting accountability, annual report is undeniably an important communication tool with stakeholders.

Our assessment using the CG scorecard revealed that all companies disclosed in their annual reports attendance details with regard to their board of directors' meetings held during the year.

Less than one-half of companies disclosed in their annual reports:

- ❑ Corporate objectives which include performance targets or long-term goals (n=314; 36%);
- ❑ Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors (n=372; 42%); and
- ❑ More than one-tenth of companies disclosed in their annual reports non-financial performance indicators (n=136; 15%), dividend policy (n=116; 13%), and details of remuneration of each member of the board of directors (n=99; 11%). Reporting of individual remuneration has now become mandatory with the 2017 amendments to the MMLR.

Directors' remuneration is very important in recruiting and retaining highly qualified directors. It is also an important representation of the company's attitude towards good governance.

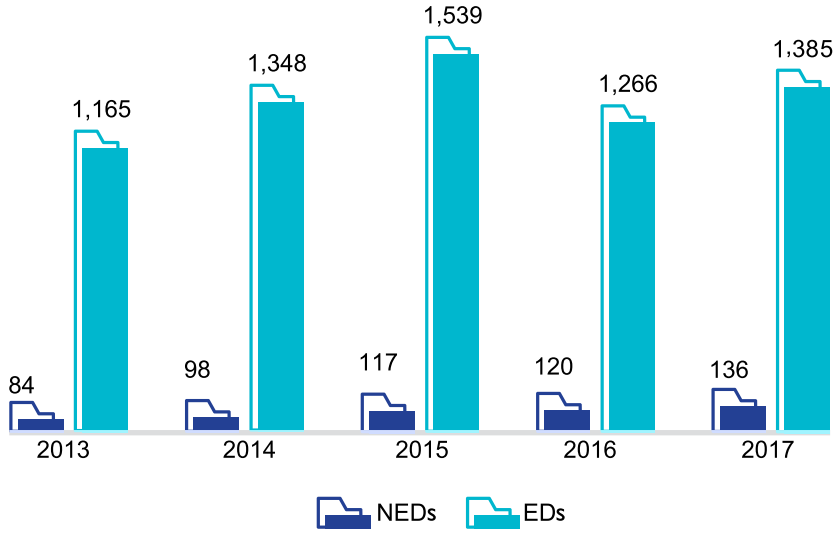
Practice 6.1 of the MCGG states that it is incumbent upon the board to put in place policies and procedures to determine the remuneration of directors and senior management, and such policies and procedures to be made available on the PLCs' website.

Companies are also required to disclose the detailed remuneration of each member of senior management by the respective components.

**Box 2: Directors' Remuneration**

Between 2016 and 2017, there has been an increase in the average remuneration for the executive directors (EDs) and non-executive directors (NEDs) due to greater responsibilities and challenges as well as market expectations which come with board positions.

**FIGURE 10: Directors' Remuneration (RM'000)**



The average annual remuneration of the EDs and NEDs analysed per sector is shown below:

SECTORS	AVERAGE ANNUAL REMUNERATION OF EXECUTIVE DIRECTORS BY SECTOR (RM)	AVERAGE ANNUAL REMUNERATION OF NON- EXECUTIVE DIRECTORS BY SECTOR (RM)
CONSTRUCTION	1,145,000	202,000
CONSUMER PRODUCTS	1,269,000	85,000
FINANCE	4,580,000	612,000
HOTELS	564,000	135,000
INDUSTRIAL PRODUCTS	1,137,000	73,000
INFRASTRUCTURE PROJECT PLCs	1,992,000	113,000
MINING	65,000	53,000
PLANTATIONS	1,629,000	155,000
PROPERTIES	2,053,000	94,000
TECHNOLOGY	667,000	66,000
TRADING/SERVICES	2,235,000	125,000

## CORPORATE GOVERNANCE COMPLIANCE STATEMENT

Even though Para. 15.25(1) of the MMLR requires a board of directors of a company to provide the Corporate Governance Statement, it is encouraging to note that more than half of the companies (n=481; 55%) moved beyond and provided a statement confirming the full compliance with the CG code and where there were non-compliances, these companies identified and explained reasons for each non-compliance.

## DISCLOSURE OF RELATED PARTY TRANSACTIONS AND TRADING OF SHARES BY INSIDERS

All companies disclosed the policy covering the review and approval of material or significant RPTs whereas in 2016 it was a significant majority (n=778; 90%). The MMLR provides that audit committees must review related party transactions, thus ensuring that the transactions are carried out in normal commercial terms and are not detrimental to shareholders.

For 2017, the RPT criteria was merged whereby companies will get a point only if they have disclosed name, relationship, nature and value of RPT. In 2017, less than one-half of companies (n=374; 43%) disclosed the name, nature and value of the related party and relationship for each of the material or significant RPT.

In respect of the disclosure of trading in the company's shares by insiders such as C-suite officers, major shareholders and connected persons, only nine companies (1%) disclosed such information. These companies should be commended for their transparent disclosure.

## EXTERNAL AUDITORS AND AUDIT FEES

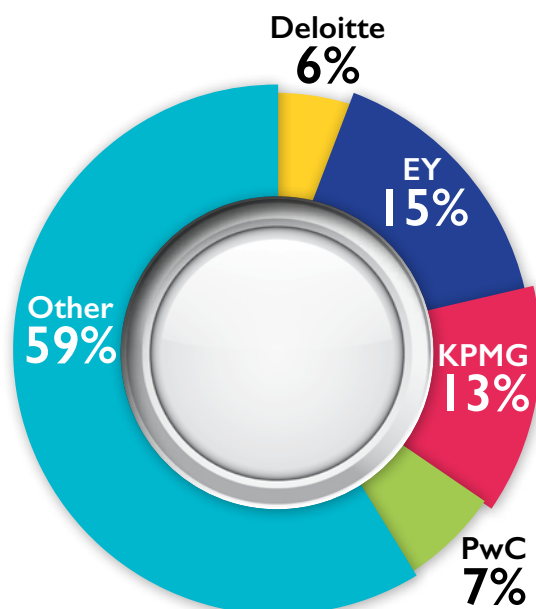
The current study found that 52 companies (6%) had non-audit fees which exceeded their audit fees. It is hoped that the independence of these audit firms has not been compromised due to their reliance on fees from non-audit services.

***Under EU Audit Legislation, a fee cap for permissible non-audit services is set at the maximum of 70% of the average of the fees paid in the last three consecutive financial years for the statutory audit(s) of the audited entity.***

### Box 3: External audit firms

For the year of assessment, the Big-4 had a 41% market share of external audit services engagement as shown in **Figure 11**. However, in terms of audit fees, the Big-4's market share was 75%, of which PwC's market share of audit fees was 31%.

**FIGURE 11: Market Share of External Audit Firms**



## MEDIUM OF COMMUNICATION

Due to the requirement of the MMLR, all companies posted their quarterly reports on their website.

*It is interesting to note that in the UK, the Financial Conduct Authority had removed the requirement for interim management statements in November 2014, following the Kay Review to deter short-termism in investment decisions.<sup>5</sup>*

It is encouraging to note that all companies have corporate websites although the websites of the larger companies provide more comprehensive information and are easier to navigate compared to those of the medium and small-cap companies.

Out of the 880 companies assessed, less than one fifth of companies (n=159; 18%) used analysts' briefings as an additional mode of communication. Even lesser number of companies (n=72; 8%) – usually the larger companies – used media briefings or press conferences to improve the market's understanding of their companies. This could be partly attributable to the tendency of analysts and the media to focus on companies that already generated a lot of buzz in view of their size, high profile or recent earnings "momentum."

<sup>5</sup> (<https://www.adviserpointsofview.com/2017/10/an-end-to-quarterly-reporting/>)

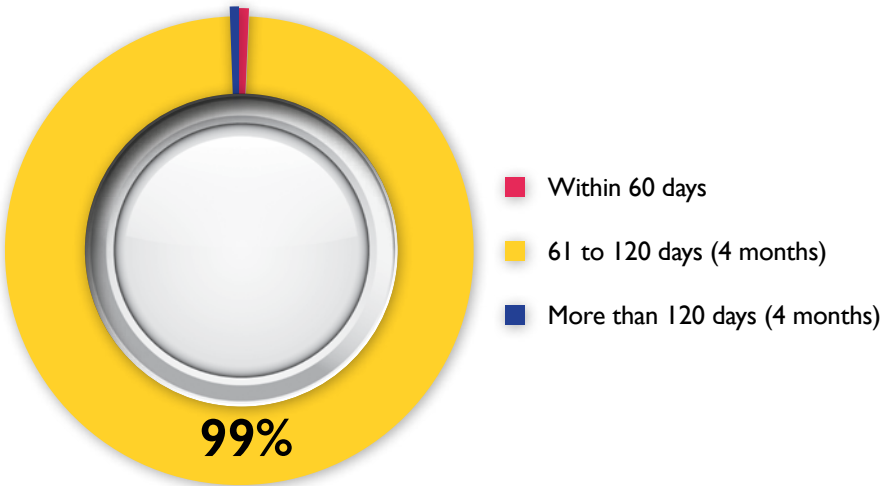


The MMLR mandates listed companies to issue their annual reports which include annual audited financial statements within four months of their financial year end (FYE). The current assessment found that nearly all companies released their annual reports within 120 days from their financial year end (869 companies; 99%).

**Box 4: Timeliness of annual report**

The average time taken to release an annual report was 115 days for the year of assessment. Except for five PLCs, all companies released their annual reports within 120 days or four months after their FYE. Only six companies released their annual reports within 60 days after their FYE, namely Rohas Tecnic Berhad, Bina Darulaman Berhad, KLCC Property Holdings Berhad, United Plantations Berhad, LPI Capital Berhad and Bursa Malaysia Berhad. At the other end of the divide, Perak Corporation Berhad took 157 days.

**FIGURE 12: Timeliness of annual report**



**COMPANY WEBSITE**

A strategically developed website and online presence is a major communication channel that a company can utilise to facilitate effective engagement with shareholders and other key stakeholders. Hence, the current evaluation found that nearly all companies disclosed up-to-date information on the following:

- ❑ Downloadable annual report (n=845; 96%) and financial statements (current and prior years) (n=840; 95%); notice of AGM and/or EGM (n=835; 95%);
- ❑ Slightly more than one-tenth of companies (n=103; 12%) disclosed materials provided in briefings to analysts and media; and
- ❑ A further 37% of companies (n=322) disclosed minutes of AGM and/or EGM, while one-tenth of companies (n= 86;10%) posted their constitution (such as company’s by-laws, memorandum and articles of association) on their websites.

## MEDIUM OF COMMUNICATION

It is a good practice that a company not only have an officer responsible for investor relations but also to disclose the said officer's contact details such as telephone number, facsimile number and/or e-mail address to facilitate the communication between shareholders and the company. However, the current assessment found only slightly more than half of companies (n=486; 55%) disclosed such details.

## PART E: RESPONSIBILITIES OF THE BOARD

**T**HE fifth and final section of the Level 1 CG Scorecard had 65 items that contributed to 40% to the Level 1 score. Out of these 65 items, nine items were default items.

Based on the evaluation of 880 companies, the minimum, maximum and average scores for this section was 13.51 points, 39.46 points and 24.52 points respectively.

## BOARD DUTIES AND RESPONSIBILITIES

### Clearly defined board responsibilities and corporate governance policy

One of the cornerstones of good corporate governance is clarity in terms of the roles, duties, responsibilities and authority of the board, including delegation to management. The disclosure level was commendable which revealed the following:

- Disclosing of the company's board charter (n=756; 86%);
- Clearly stating the roles and responsibilities of the board of directors (n=854; 97%); and
- Disclosing the types of decisions requiring approval by the board of directors (n=705; 80%).

It is recommended that a board charter be treated as a living document, closely aligned with the company's strategic direction and to be updated regularly and to be used as an induction tool for new directors.

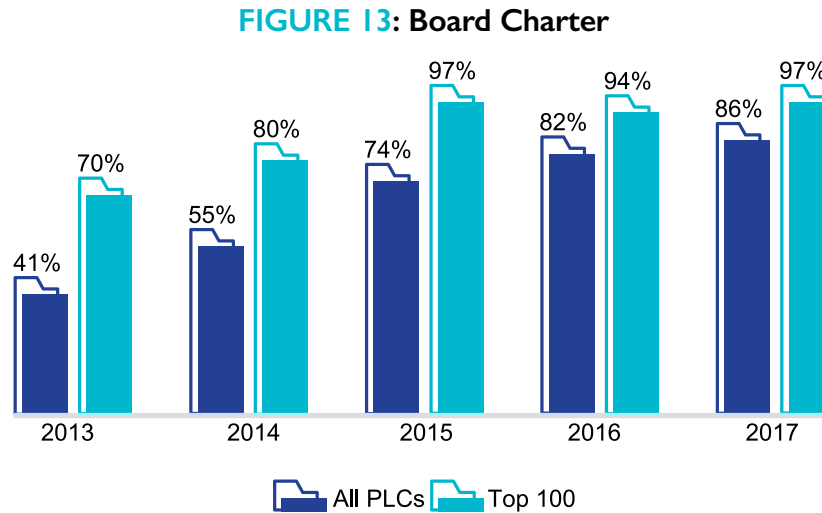
### Corporate vision and mission

A vision and mission are standard and critical elements of a company's strategic direction and serve as a guide in ascertaining the company's objectives. Nearly half of the companies' boards (n=432; 49%) appeared to have an updated vision and mission while an impressive 764 companies (87%) had the boards playing a leading role in the process of developing and reviewing their company strategies.

Nearly half of the companies (n=384; 44%) stated that the process of implementing their corporate strategies had been reviewed, monitored and overseen by their boards.

### Box 5: Board charter

Figure 13 reveals the trend of more companies disclosing their board charter. However, it is a concern that there were a handful of Top 100 companies which still did not disclose their board charter.



## BOARD STRUCTURE

### Code of ethics

A code of ethics promotes integrity and prescribes the minimum standards of behaviour across a company by providing guidance on how decisions are made.

Based on the current assessment, more than half of the companies (n=528; 60%) appeared to have a code of ethics and had disclosed details of such code.

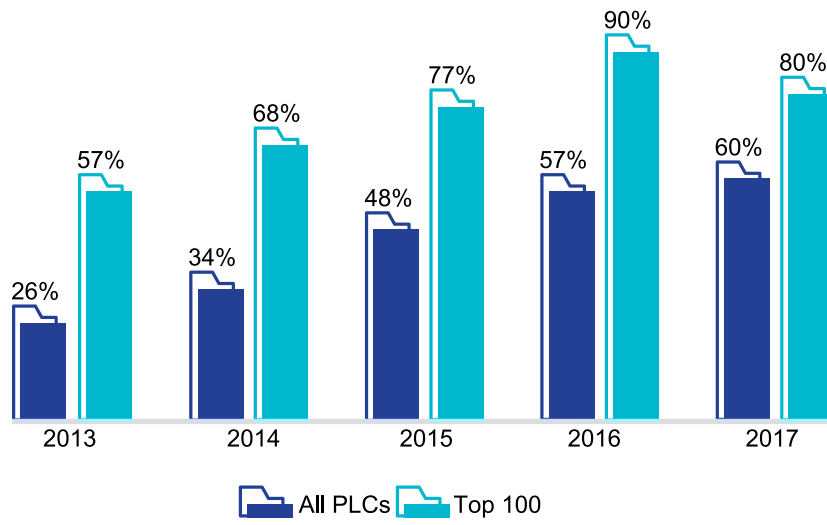
It is pertinent that a company either has a single code of ethics applicable to all directors and employees or separate codes for directors and employees, and that the said code of ethics is implemented and its compliance is monitored. In fact, companies are expected to develop code of ethics which is applicable to their specific operations and nature of business for their directors instead of just adopting the code of ethics issued by the Companies Commission of Malaysia.

In this regard, the assessment revealed that:

- All directors, senior management and employees were required to comply with the code (n=312; 35%); and
- How the company implemented the code of ethics and how the compliance with the code of ethics was monitored (n=228; 26%).

**Box 6: Code of ethics**

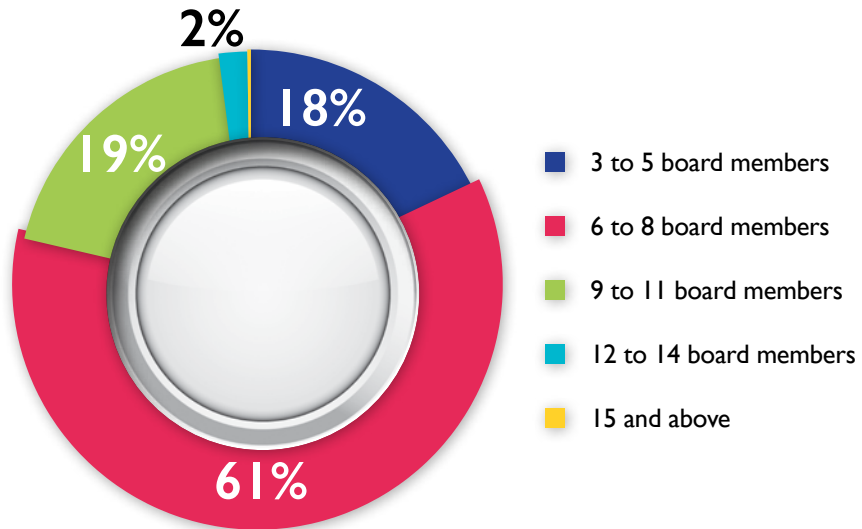
**FIGURE 14: Code of ethics**



**Box 7: Board composition and Independent directors (INEDs)**

A typical board comprised seven directors. The smallest and largest in terms of board size comprised three directors (Pan Malaysia Holdings Berhad) and 16 directors (Wang-Zheng Berhad), respectively. **Figure 15** shows that more than 50% of companies had board size of between six and nine directors.

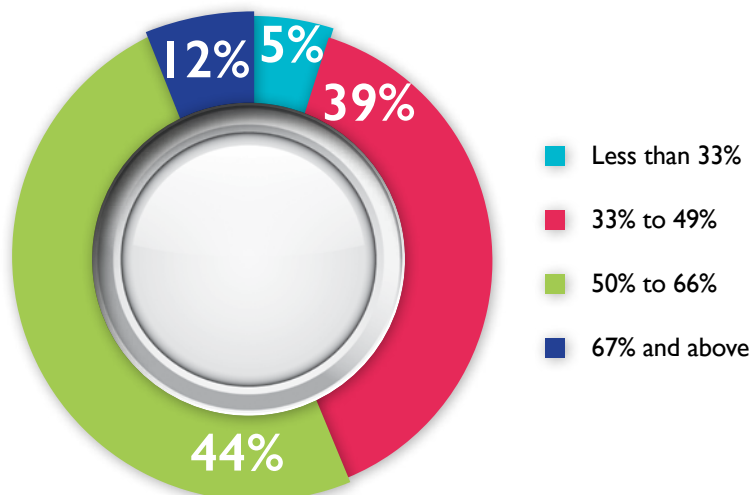
**FIGURE 15: Board Size**



The MMLR prescribes independent directors to comprise one-third of a board. **Figure 16** reveals that there were 43 companies that had boards with less than one-third INEDs. Para.15.02(3) of the MMLR states that in the event of any vacancy in the board of directors, a listed issuer must fill the vacancy within three months. The MMLR also allows that if the number of directors of the listed issuer is not three or a multiple of three, then the number nearest to one-third can be used. Two companies had boards made up entirely of INEDs. A typical company had INEDs comprising about 49% of the board and a typical INED had served about seven years in the board of a company.

Slightly more than one-half of the companies (n=493; 56%) had independent directors making up at least 50% of their board of directors.

**FIGURE 16: Proportion of independent directors**



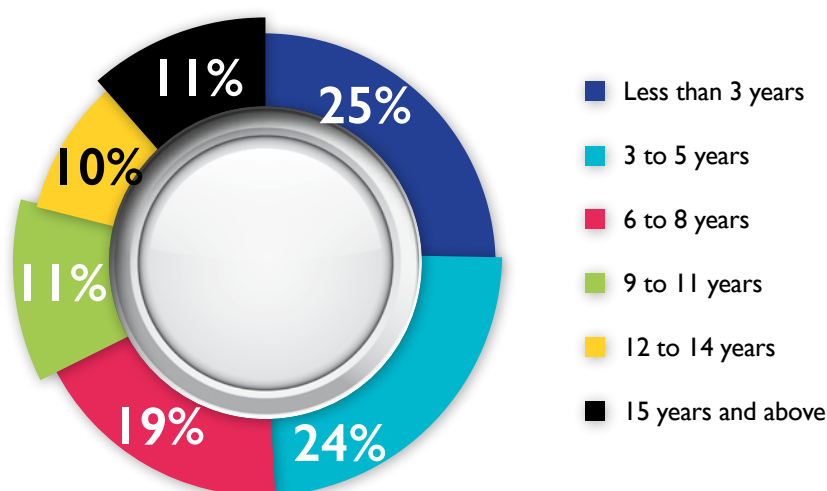


### Box 8: Independent director's length of service (years)

Overall, there were 6,292 director positions during the period under review. About 48% of these appointments were for the position of INEDs. In terms of length of service of INEDs, the shortest was less than one year and the longest length of service was 46 years. A typical INED's length of service was seven years.

Figure 17 shows that slightly more than 32% of INED positions were occupied by INEDs who had served more than nine years.

FIGURE 17: INED length of service (Year)



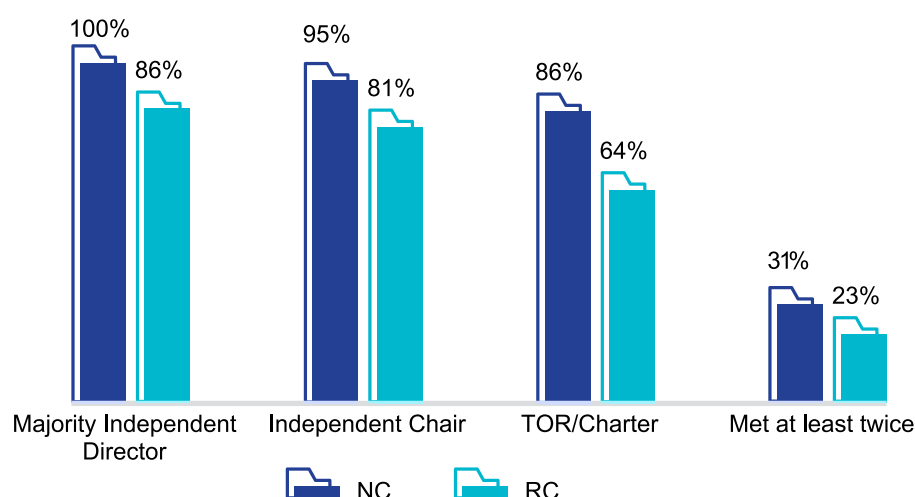
Finally, it was found that there were 18 companies, albeit a small number, that had executive directors who served on more than two boards of listed companies outside of their group of companies. This can give rise to potential conflicts of interest and commitment issues.

Whilst the Nomination Committee is one of the two board committees mandated by the MMLR since 1 June 2013, the Remuneration Committee remained a voluntary practice. In this regard, the MCCG encourages the board to establish a Remuneration Committee. In the case where the Remuneration Committee and Nomination Committee are combined, the board must ensure that the committee provides dedicated attention to discuss matters relating to remuneration of directors and senior management.

In many instances, companies tended to combine the functions of Nomination Committee and Remuneration Committee into a single Nomination and Remuneration Committee. This explains why the proportion of Remuneration Committee mirrored closely with that of Nomination Committee. For example, it was found that all companies had established Nomination Committee in 2017, while 97% of companies had Remuneration Committee.

A review of Figure 18 reveals that in all instances, the proportion of Nomination Committee adopting identified good practices was higher than that of Remuneration Committee. There were a couple of matters where further improvement could take place. That is, only about 31% of Nomination Committee (n=274) and 23% of Remuneration Committee (n=199) met at least twice during the year and disclosed meeting attendance of members of the respective committees.

**FIGURE 18: Characteristics of NC and RC**



### Audit committee

Audit committees of the 862 companies (98%) met at least four times during 2017; and nearly all companies (n=852; 97%) had at least one independent director with accounting expertise (that is accounting qualification or experience); and three-quarter of the companies' audit committees (n=659; 75%) had the primary responsibility for recommending the appointment and removal of the external auditors.

## BOARD PROCESSES

### Board meetings and attendance

Slightly more than one-third of companies (n=295; 34%) scheduled the board of directors' meeting before the start of financial year and had their board of directors (n=326; 37%) convening at least six meetings during the financial year; nearly three-quarter of companies (n=663; 75%) had their directors attended at least 75% of all board meetings held during the year; and only 32 companies disclosed that they have set a policy that requires at least two-third quorum for board attendance to make decision at board meetings.

58 companies disclosed that their non-executive directors met separately at least once during the year without the presence of any executives. Out of these 58 companies, 31 have only non-executive directors on their boards, and thus considered to have complied with the good practice of having at least one meeting during the year without the presence of any executives.

### Access to information

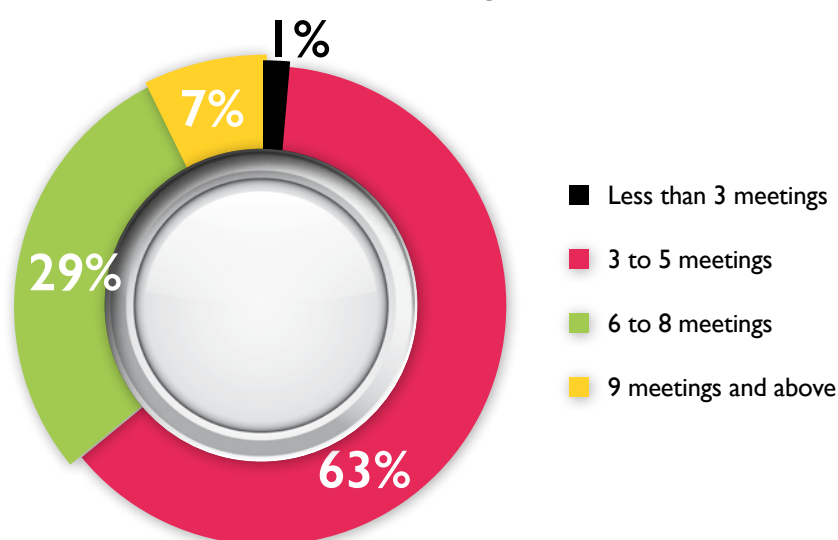
The agenda and board papers set the structure for board meetings and should be sent to the directors well in advance of the board meetings so that each director is able to review the board papers in detail and participate effectively in the discussion at the board meetings. The current assessment found that about one-third of companies (n=272; 31%) claimed that board papers for board of directors' meetings were provided to the directors at least five business days in advance. Although all company secretaries were presented as qualified, not all companies (n=793; 90%) declared that their company secretaries played a significant role in supporting the boards in discharging their responsibilities.

### Box 9: Board meetings

In terms of frequency of board meetings, over one-third of the PLCs disclosed that they had convened at least six board meetings during the year of assessment. Two companies did not convene any board meeting during the year (HLT Global Berhad and LKL International Berhad) as they claimed all resolutions were passed by way of circular resolutions. Three companies (GFM Services Berhad, Mintye Berhad and Rhone Ma Holdings Berhad) had only one board meeting during the year of assessment.

Further analysis of **Figure 19** reveals that the highest number of board meetings was 20 by the boards of Malaysia Building Society Berhad, Public Bank Berhad, Tenaga Nasional Berhad and Nexgram Holdings Berhad. A typical company convened six board meetings during the year.

**FIGURE 19: Board Meetings**



### Board appointment and re-election

It is interesting to note that almost three-quarter of companies (n=647; 74%) disclosed the criteria used in selecting new directors. However, only less than one-third of companies (n=240; 27%) disclosed the process of appointing new directors.

Companies are encouraged to provide greater transparency of the criteria and processes which the board adopts in searching for and selecting new directors for the board. Such reporting should include amongst others, a board skills matrix used to identify potential 'gaps' in the skills; the process by which candidates are identified and selected including whether recruitment consultants or shareholders bodies are used to identify candidates; and the factors taken into account in the selection and nomination process.

### Remuneration matters

Directors' remuneration has always been a sensitive and potentially controversial matter.

The current assessment found the following:

- 57 companies (6%) disclosed remuneration policy especially in relation to the use of short-term and long-term incentives, and performance measures for their executive directors and CEO; and
- 91 companies (10%) disclosed the fee structure for non-executive directors.

It was also found that nearly all companies (n=821; 93%) adopted the best practice of disclosing that the remuneration of executive director and/or senior management to be approved by the board of directors.

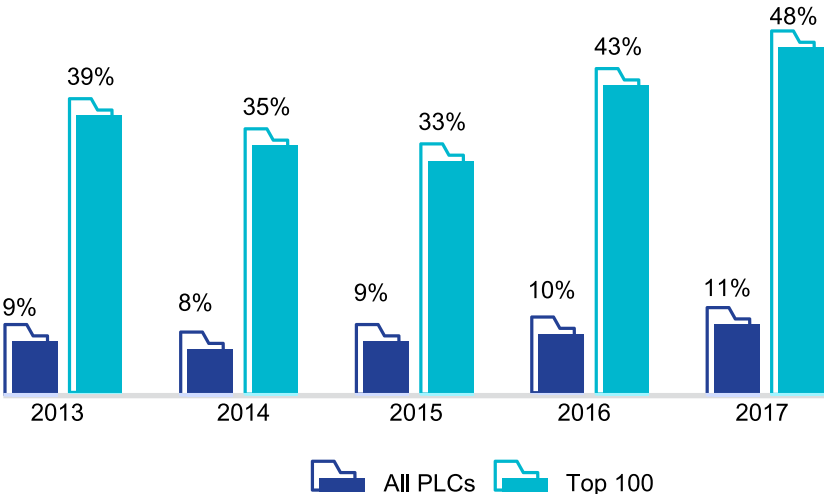
The scorecard introduced a new criteria whereby it was revealed that seven companies (1%) have measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interests of the company such as claw back provisions and deferred bonuses.

The companies which had such provisions are Alliance Financial Group Berhad, AMMB Holdings Berhad, CIMB Group Holdings Berhad, IJM Corporation Berhad, Malayan Banking Berhad, Sime Darby Berhad and Public Bank Berhad. Kudos to these companies. It is hoped that other companies will follow suit by introducing such claw back provisions to enable companies to gain restitution should issues be uncovered in the future.

### Box 10: Disclosure of directors' remuneration

Figure 20 reveals that although the incidence of disclosing individual director's remuneration has increased among the larger companies (Top 100), the practice among all companies remained unchanged over the years. Nevertheless, this trend would likely change with further improvement from 2018 onwards as this is a recommended practice under the MCCG.

FIGURE 20: Disclosure of individual director's remuneration



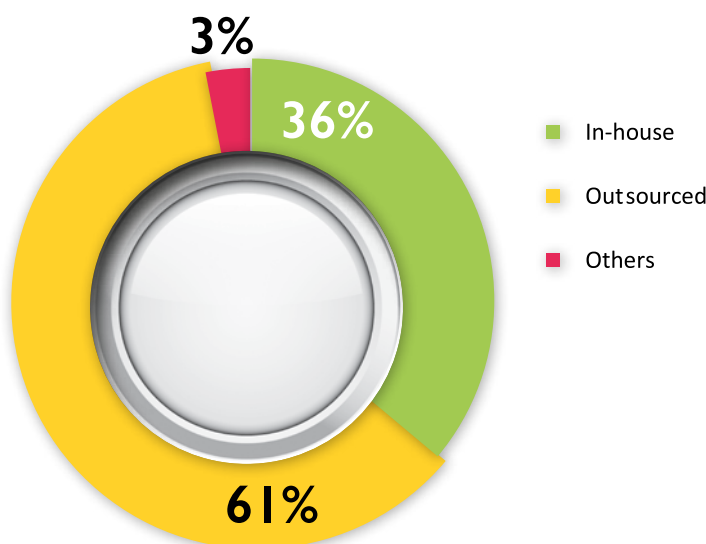
### Internal audit

All companies appeared to have a separate internal audit function (IAF) with more than half of the companies outsourced their internal audit functions (see Figure 20). However, less than half of the companies (n=360; 41%) disclosed the identity of the head of IAF or if outsourced, the name of the external firm engaged to undertake the internal audit function.

### Box 11: Internal audit fees

In terms of the cost incurred for the IAF, the average cost of in-house and outsourced IAF was RM1,841,578 and RM112,887 respectively. It was also found that 366 companies reported their IAF cost to be less than RM50,000 during the year of assessment. Of these, 21 companies reported their IAF cost to be less than RM10,000. The lowest in-house and outsourced IAF cost was RM8,400 and RM 2,756 respectively. The quality of the internal audit service maybe questionable with such a low internal audit fee.

FIGURE 21: Type of IAF set-up



Whilst more than half of companies (n=478; 54%) maintained that the appointment and removal of the internal auditor required approval of the audit committee, it was not apparent who had the authority to appoint or to remove internal auditor for the remaining 402 companies.

### Risk oversight

All 880 companies assessed disclosed the internal control procedures or risk management systems that were in place and almost all companies disclosed that the board of directors had conducted a review of the company's materials controls (including operational, financial and compliance controls) as well as risk management systems (n=808; 92%). However, only 530 companies (60%) had in their annual reports a statement from the board of directors or audit committee commenting on the adequacy of the company's internal controls and risk management systems.

An aspect that needed attention from the board of directors is the disclosure of key risks the company is materially exposed to. Only 319 companies (36%) were found to have disclosed its key risks.

*In a recent review, it was found that there was comprehensive disclosure by Thai companies of the risk factors affecting the market, companies and the mitigation strategies.*



Companies must clearly disclose all the factors that may have an adverse effect on their results and operations given this serves as a very useful disclosure for shareholders to understand the risks that companies face apart from reflecting good governance.

**PEOPLE ON THE BOARD**

**Board Chairman**

The Chairman of a board of directors facilitates good board leadership and governance as well as setting the tone for board meetings. It was found that:

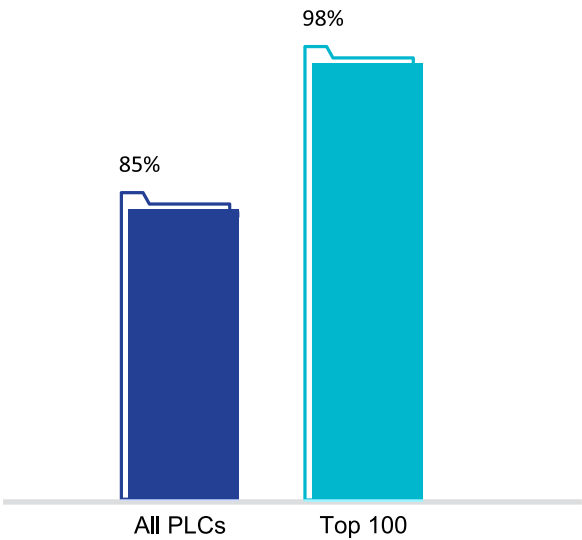
- More than three-quarter of companies (n=751; 85%) had different individuals assuming the roles of Chairman and CEO. Companies with Executive Chairman were deemed not to have practiced separation of roles;
- Only 427 companies (49%) had Chairman of the board of directors who were also independent directors;
- A handful of companies (n=8; 1%) had in their board of directors, a former CEO of the company in the past two years; and
- More than three-quarter of companies (n=679; 77%) disclosed the roles and responsibilities of the Chairman.

It is pertinent that companies establish and disclose clearly the Chairman’s roles and responsibilities.

**Box 12: Chairman of board**

Figure 22 shows that larger companies had a higher incidence of separating positions of Chairman of the board and CEO.

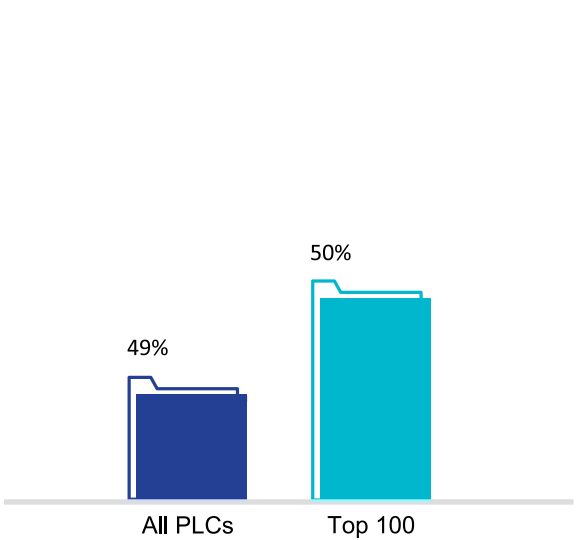
**FIGURE 22: Separate Chair & CEO**



**Box 13: Independent Chair**

It appeared that the practice of having an independent Chairman was nearly similar for Top 100 PLCs and all listed companies.

**FIGURE 23: Independent Chair**



## Senior Independent director

Companies which do not have an independent Chairman are expected to appoint a Senior Independent Director and define clearly his/her role. About one-tenth of companies (n=93; 11%) had appointed a Senior Independent Director with a clearly defined role.

***Australia's good corporate governance practice recommends that, where the chair is not an independent director, it may be beneficial to consider the appointment of a lead independent director. This person can act as a conduit for any material issues that independent directors on the board may wish to raise with the CEO or executive management team.***<sup>6</sup>

## Skills and Competencies

In terms of skills and competencies of the board of directors, 77% of companies (n=675) had at least one non-executive director who possessed prior working experience in the major sector that the companies were operating in.

## BOARD PERFORMANCE

### Directors' development

The purpose of board orientation is to provide important information about the company and about the board's roles and responsibilities. With regard to directors' development, the current assessment found:

- ❑ Nearly one-quarter of companies (n=233; 26%) disclosed that they have orientation programmes for new directors appointed during the year; and
- ❑ More than half of companies (n=575; 65%) had a policy that encouraged directors to attend on-going or continuous professional education programmes as well as able to provide evidence that all directors had attended training.

### Succession Planning for CEO & Key Management/CEO Performance Assessment

It is imperative for boards to put in place orderly succession planning for CEO and key management to minimise business disruption in the event of a departure or dismissal.

Performance assessment of the CEO is an important process for the board to gauge the effectiveness of the CEO in discharging his/her responsibilities and meeting his/her KPIs.

<sup>6</sup> ([https://aicd.companydirectors.com.au/~media/cd2/resources/director-resources/director-tools/pdf/05446-3-13-mem-director-gr-role-of-the-chair\\_a4-web.ashx](https://aicd.companydirectors.com.au/~media/cd2/resources/director-resources/director-tools/pdf/05446-3-13-mem-director-gr-role-of-the-chair_a4-web.ashx))

It was found that about one-tenth of companies:

- ❑ Disclosed how the board of directors planned for the succession of the CEO and key management (n=89; 10%); and
- ❑ Conducted an annual performance assessment of the CEO (n=83; 9%).

### Appraisal of the board, directors and board committees

Board appraisal is a crucial structural tool for assessing the effectiveness and efficiency in terms of appraising the performance of the board, directors and board committees. The study found that about one-third companies had an annual performance assessment conducted with the criteria and process disclosed of the board of directors (n=285; 32%); of individual directors (n=268; 30%) and of the board committees (n=218; 25%).

The credibility of any performance assessment would very much depend on the processes adhered to in conducting the assessments as well as the criteria used in such assessments.

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# BONUS

**T**HE aim of this section of the scorecard was to recognise the exemplary efforts of companies which adopted governance practices that were above and beyond those identified in Level 1. There were in total 13 bonus items with a maximum attainable score of 30 bonus points.

## Rights of shareholders

None of the companies were considered to have allowed the use of secure electronic voting in absentia at the general meetings of shareholders.

## Equitable treatment of shareholders

More than half of the companies (n=495; 56%) released their notice of AGM (with detailed agenda and explanation circulars) as announced to Bursa, at least 28 days prior to the date of the meeting.

## Roles of stakeholders

With respect to companies which adopted an internationally-recognised reporting framework for sustainability, i.e. Integrated Reporting (IR), Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), the results were as follows:

- ❑ 39 companies (4%) adopted IR, GRI G4 or SASB Conceptual Framework for sustainability reporting; and
- ❑ One company adopted GRI G3 framework for sustainability reporting and was awarded partial bonus points.

## Disclosure and transparency

Seven companies were exemplary in releasing their audited financial statements within 60 days from their financial year end. These companies were Bursa Malaysia Berhad, KLCC Property Holdings Berhad, LPI Capital Berhad, Petronas Dagangan Berhad, United Plantations Berhad, Rohas Tecnic Berhad and Bina Darulaman Berhad.

The other bonus item under this category was the disclosure of details on CEO's remuneration. It was found that 102 companies (12%) disclosed such details.

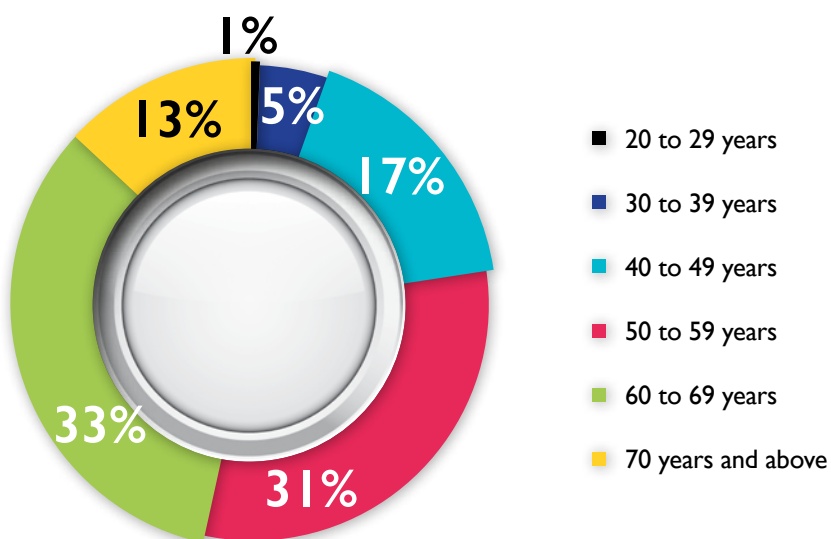
## Responsibilities of the board

Having at least one female independent director is a commendable practice. Out of the 880 companies reviewed, about one-quarter of them (n=210; 24%) had at least one female independent director on their board of directors while 49 companies (6%) had two or more female independent directors.

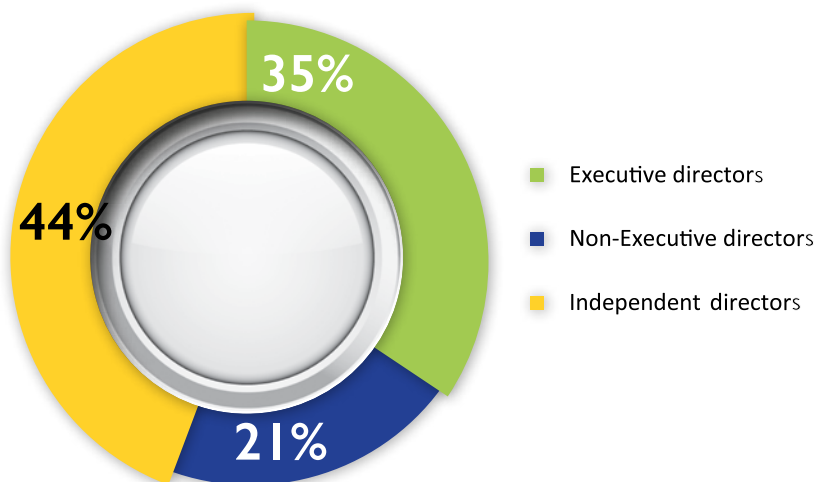
In terms of promoting board diversity, there are 71 companies (8%) that have established clear policies. Another 11 companies (1%) disclosed policies as well as measurable objectives such as gender diversity targets, while 14 companies (2%) had policies, measurable objectives and reporting of the progress in their annual reports. These findings indicate that many more companies need to take urgent measures to appoint female directors pursuant to the government’s agenda to have more women on the boards of PLCs.

**Box 16: Board Diversity**

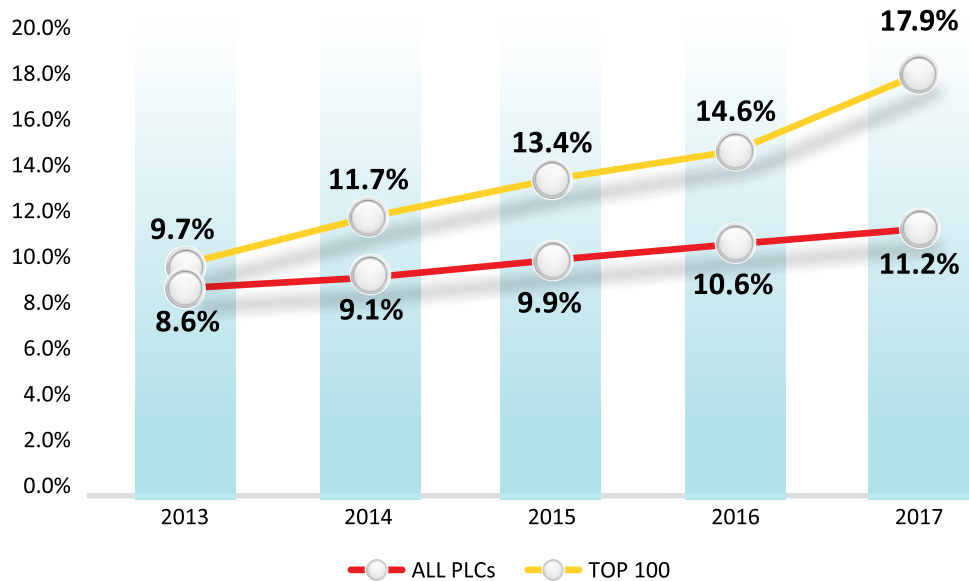
**FIGURE 24: Age of director (years)**



**FIGURE 25: Breakdown of women director appointments**



**FIGURE 26: Women on Board**



With respect to the government's agenda to have at least 30% women in leadership positions in the corporate sector by 2020, **Figure 26** indicates that for the year of assessment in 2017, the larger companies are slightly more than half way to achieving the 30% target whereas all companies are slightly more than one third to the 30% target.

In terms of bonus points for exemplary practices of nominating committee, more than half of the companies (60%) had nominating committees comprised entirely independent directors. However, less than one-tenth of the companies (n=60; 7%) disclosed that their nominating committees undertook the process of identifying the quality of directors aligned with their companies' strategic directions.

Companies are encouraged to use various channels to source potential candidates for directorships. The current evaluation found 34 companies (4%) disclosed their policy of using professional search firms or other external sources of candidates (such as director database set up by director or shareholder bodies) when searching for candidates to the board of directors. However, only three companies disclosed their practice of actually having used the external sources when searching for candidates.

Companies that had independent directors as the majority on their boards alongside an independent Chairman were given bonus points. Out of the 880 companies, at least one-fifth of them (n=180; 20%) had independent directors making up more than 50% of the board of directors with an independent Chairman.

One of the greatest concerns is whether companies have a crisis management and response plan to mitigate any risks that may result from a cyberattack incident. For 2017, a new assessment criteria on companies' governance process around IT issues was included. Only 62 companies (7%) had disclosed that an IT policy has been established and effectively implemented.

The final bonus point was the establishment of a separate board level risk committee. It was found that 111 companies (13%) had such risk committee in the year under review. As for the Top 100 companies, 41 companies (41%) had the board-level risk committee. All financial institutions had adopted this best practice.



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# PENALTY

THE penalty items were designed to downgrade companies based on evidence of actions and events that were indicative of weak governance. There were in total 25 penalty items with maximum penalty points of -60 points.

## Rights of shareholders

None of the 880 companies demonstrated the following poor governance practices:

- Failed or neglected to offer equal treatment for share repurchases to all shareholders;
- Inclusion of any additional and unannounced agenda item into the notice of AGM/EGM;
- Evidence of barriers that prevented shareholders from communicating or consulting with other shareholders; and
- Failure to disclose existence of shareholders agreement or voting cap or multiple voting rights.

It is imperative that the Chairman of the board, the audit committee Chairman and the CEO attend the AGM. However, 154 companies (18%) did not have either of these key persons attending their most recent AGM. Failure to disclose the attendance of the directors and CEO at the AGM would be deemed as non-attendance.

Two companies had an apparent pyramid ownership structure or cross-holding structure. The companies were Inch Kenneth Kajang Rubber Public Ltd Co and Concrete Engineering Products Berhad.

## Equitable treatment of shareholders

During the period under review:

- None of the companies' directors, management and employees had been convicted for insider trading in the past three years; and
- There has not been any cases of non-compliance with the laws, rules and regulations pertaining to material RPTs in the past three years.

There were 38 companies (4%) that had RPTs that can be classified as financial assistance (i.e. not conducted at arm's length) to companies other than wholly owned subsidiary companies.

## Role of stakeholders

In terms of dealing with stakeholders, there were cases of poor governance practices whereby three companies were found to have violated laws pertaining to labour, employment, consumer, insolvency, commercial, competition and/or environmental issues.

It is commendable that no companies were reported to have faced sanctions by regulators for failure to make announcements within the requisite time for material events.

## Disclosure and transparency

Incidences of an audit opinion other than an unqualified opinion by external auditors on financial statements are recognised as indicative of poor governance. The following were found in the current assessment:

- ❑ 10 companies received a qualified external audit opinion;
- ❑ None of the 880 companies received an adverse external audit opinion;
- ❑ 11 companies received a disclaimer external audit opinion; and
- ❑ One company in the past year revised its financial statement for reasons other than changes in accounting policies.

## Responsibilities of the board

The following penalty items are under the ambit of responsibilities of the board. The current evaluation found the following:

- ❑ Four companies appeared to have not complied with certain provisions of the MMLR, other than disclosure requirements, over the past year;
- ❑ No company had the situation where non-executive directors had resigned and raised any issues of governance-related concerns;
- ❑ 192 companies (22%) had on their boards one independent director who had served for more than nine years in the same capacity and 290 companies (33%) had two or more independent directors who had served more than nine years;
- ❑ Two companies were found to have members of the board of directors or senior management who were former employees or partners of the current external audit firm in the past two years; and
- ❑ Slightly more than one-tenth of the companies (n=114; 13%) had Chairman of the board who was the company's CEO in the past three years.

A very small number of companies (n=32) adopted an arguably controversial practice of granting options, performance shares or bonus to independent non-executive directors.

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## CONCLUDING REMARKS

**M**SWG will continue to lead in its efforts to drive for improvements in corporate transparency and accountability by advocating the use of corporate governance tools such as this CG assessment which will ultimately lead to greater protection and promotion of shareholder rights, duties and responsibilities. An overall emphasis on better governance practices will help the Malaysian market to better integrate with other markets in the region and around the world, thus improving our competitive edge.

Although the scorecard used for the 2017 assessment had overall stricter criteria with greater emphasis on disclosure of actual practices and inclusion of emerging CG developments, it is heartening to note that the Top 100 companies had actually improved their CG scores. MSWG looks forward to other listed companies emulating the Top 100 companies on disclosure and practices.

With respect to some of the identified gaps, improvements recommended include the disclosure of more information on ESG policies and activities, especially those linking to companies' sustainability and strategy; more comprehensive information on the remuneration policies of the directors and key management personnel; the use of electronic voting to facilitate more efficient conduct of poll voting; disclosure of the board's succession planning process for key management which is essential as it provides a framework to align leadership with strategic needs of the organisation; clear disclosure of director's directorships in both listed and non-listed public companies and adoption of a transparent ownership structure with respect to disclosure of shareholding of senior management.

Encouraging practices noted include more companies disclosing board charters; publishing minutes of general meetings and constitutions; having comprehensive websites, as well as undertaking measures to have greater women representation on boards.

Some of the commendable practices of our ASEAN counterparts which companies can emulate include:

- Comprehensive board's opinion provided for each agenda item in the notice of AGM;
- Sustainability committee established at board level;
- Qualifications of chief internal auditor clearly disclosed;
- Separate report from Chairmen of the respective board committees in the annual report;
- Comprehensive explanation of risk factors and risk mitigation strategies;
- Self-assessment of board committees against approved committees' charter; and
- Remuneration policy clearly linked to corporate strategy and performance.





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# GLOSSARY

<b>AGM</b>	Annual General Meeting
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>Bursa</b>	Bursa Malaysia Securities
<b>CG Guide</b>	Corporate Governance Guide
<b>EGM</b>	Extraordinary General Meeting
<b>ESG</b>	Environmental, Social and Governance
<b>EU</b>	European Union
<b>FRC</b>	Financial Reporting Council
<b>FYE</b>	Financial Year End
<b>GLCs</b>	Government linked companies
<b>GRI</b>	Global Reporting Initiative
<b>IAF</b>	Internal Audit Function
<b>IR</b>	Integrated Reporting
<b>MMLR</b>	Main Market Listing Requirements
<b>MCCG</b>	Malaysian Code on Corporate Governance 2017
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PLCs</b>	Public Listed Companies
<b>RPT</b>	Related Party Transactions
<b>SASB</b>	Sustainability Accounting Standards Board

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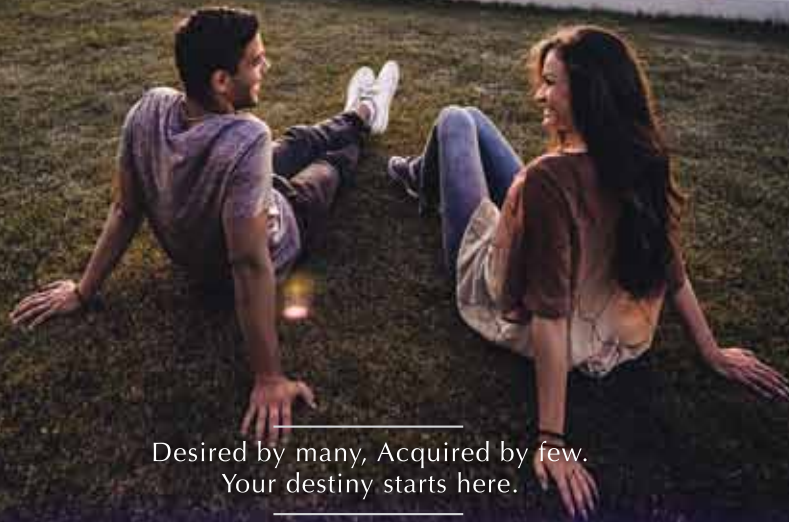
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# APPENDIX 1: METHODOLOGY / ASEAN CG SCORECARD

**T**HE Malaysia-ASEAN Corporate Governance Report (CGR) 2017 is based on the latest publicly available information concerning listed companies (till end-June 2017). The assessment is mainly based on disclosures in annual reports and company websites. Other sources of information include filings and/or announcements to Bursa Malaysia Securities (the Exchange), circulars, articles of association, minutes of shareholders' meeting, corporate governance policies, codes of conduct, sustainability reports and any other publicly available information which is easily accessible.

Since the Malaysia-ASEAN CG assessment is an unsolicited initiative, all publicly listed companies are – in principle – eligible for consideration. As of end-April 2017, there were 900 companies listed on the Exchange. However, 20 companies had to be excluded for various reasons including being newly listed companies in 2016/2017, delisted in 2016/2017 or subject to PN17/GN3 classification. Hence, the companies were subjected to the rigorous evaluation process using the ASEAN CG Scorecard.

Based on the OECD Principles of Corporate Governance as the main benchmark, the ASEAN CG Scorecard covered five areas of the OECD Principles while adopting two levels of scoring to better capture the actual implementation of the substance of good corporate governance.

Level 1 comprised items that were, in essence, indicative of the laws, rules, regulations, requirements and expectations of both the country and OECD Principles. Each part carried different weights based on the relative importance of the area. The table below shows the number of items as well as weightage accorded to each part.

## ASEAN CORPORATE GOVERNANCE SCORECARD

	Part A	Part B	Part C	Part D	Part E	LEVEL I
Total No. Of Questions/ Maximum Attainable Points per Section	21/26	15/20	13/16	32/40	65/75	146/177
Weightage (%)	10	10	15	25	40	100

For each item in Level 1, score of “1” was given if the company has substantially complied to the items in the scorecard and disclosed such compliance accordingly. If an item did not deserve a point, it was marked as “0”. There were also several items that provide for a “Not Applicable” option. In addition, where a policy or a practice was mandated by laws, regulations or listing rules, the company was assumed to have adopted the policy or practice unless there was evidence to the contrary. These items were referred to as “default response items”.

Level 2 consisted of bonus and penalty items with each item assigned with different number of positive and negative points, respectively. The bonus items were to recognise companies which went beyond items in Level 1 by adopting other emerging good practices. The penalty items were designed to downgrade companies based on evidence of actions and events that were indicative of poor governance.

The total bonus and penalty points were added to or subtracted from the Level 1 score to give the final Corporate Governance Score (CGS) for the company.



## A. RIGHTS OF SHAREHOLDERS

## A.1 BASIC SHAREHOLDER RIGHTS

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? In the case that the company has offered Scrip dividend, did it pay the dividend within 60 days?	<b>G20/OECD (2015) Principle II: The rights and equitable treatment of shareholders and key ownership functions</b> (A) Basic shareholder rights should include the right to: (6) share in the profit of the corporation.	Dividend announcement / Annual CG Report / Minutes of AGM / Company website / Exchange website
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## 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?	<b>G20/OECD (2015) Principle II</b> (B) Shareholders should be sufficiently informed about, and have the right to approve or participate in, 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?	<b>G20/OECD (2015) Principle II (B):</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?	<b>G20/OECD (2015) Principle II (B):</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?	<b>G20/OECD (2015) Principle II (C):</b> (4) 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, including through votes at shareholder meetings; on the remuneration of board members and/or key executives, as applicable. 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 / Company website / AGM Notice / Annual CG Report
A.3.4	Does the company disclose the voting procedures used before the start of meeting?	<b>G20/OECD (2015) Principle II (C):</b> 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

A.3.5	Do the minutes of the most recent AGM record that shareholders were given the opportunity to ask questions and the questions raised by shareholders and answers given recorded?	<b>G20/OECD (2015) Principle II (C):</b> (3) 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 / Company website
A.3.6	Does the company disclose the voting results including approving, dissenting, and abstaining votes for all resolutions/each agenda item for the most recent AGM?		
A.3.7	Does the company disclose the list of board members who attended the most recent AGM?	<b>G20/OECD (2015) Principle II (C); and ICGN (2014) 1.4:</b> The board of directors should meet regularly to discharge its duties and directors should allocate adequate time to meeting preparation and attendance. Board members should know the business, its operations and senior management well enough to contribute effectively to board discussions and decisions.	AGM Announcement / AGM Minutes / Articles of Association / Company website / AGM Notice
A.3.8	Does the company disclose that all board members and the CEO (if he is not a board member) attended the most recent AGM?		
A.3.9	Does the company allow voting in absentia?	<b>G20/OECD (2015) Principle II (C):</b> (5) 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 Minutes / Annual CG Report / Announcements / Company website
A.3.10	Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?	<b>G20/OECD (2015) Principle II (C)</b>	AGM Minutes / Annual CG Report / Notice of AGM / Announcements/ Company website
A.3.11	Does the company disclose that it has appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM?		Company announcement / Company website
A.3.12	Does the company make publicly available by the next working day the result of the votes taken during the most recent AGM/EGM for all resolutions?	<b>G20/OECD (2015) Principle II (C):</b> (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 announcements / Articles of Association / Annual Report / Company website
A.3.13	Does the company provide at least 21 days notice for all AGMs and EGMs?		Company announcements / Articles of Association / Annual Report / Company website / Notice of AGM
A.3.14	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?		Articles of Association / Company website / AGM Notice
A.3.15	Does the company provide opportunity for shareholder to place item/s on the agenda of AGM?	<b>G20/OECD (2015) Principle II (C):</b> (3) Shareholders should have the opportunity to pose 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.	Merger announcement / Company Report on the merger / Exchange website
<b>A.4 MARKET'S FOR CORPORATE CONTROL SHOULD BE ALLOWED TO FUNCTION IN AN EFFICIENT AND TRANSPARENT MANNER</b>			
A.4.1	In cases of mergers, acquisitions and/or takeovers requiring shareholders' approval, does the board of directors/commissioners of the company appoint an independent party to evaluate the fairness of the transaction price?	<b>G20/OECD (2015) Principle II (H):</b> 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.	Annual Report / Company website / Exchange website
<b>A.5 THE EXERCISE OF OWNERSHIP RIGHTS BY ALL SHAREHOLDERS, INCLUDING INSTITUTIONAL INVESTORS, SHOULD BE FACILITATED</b>			
A.5.1	Does the company disclose its practices to encourage shareholders to engage with the company beyond AGM?	<b>G20/OECD (2015) Principle II (D):</b> 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 / Exchange website

## B. EQUITABLE TREATMENT OF SHAREHOLDERS

### B.1 SHARES AND VOTING RIGHTS

B.1.1	Does the company's ordinary or common shares have one vote for one share?	<b>OECD Principle II</b> <b>E. All shareholders of the same series of a class should be treated equally. Capital structures and arrangements that enable certain shareholders to obtain a degree of influence or control disproportionate to their equity ownership should be disclosed.</b> 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 economic or voting rights should be subject to approval by those classes of shares which are negatively affected.	Annual Report / Company website / Announcement 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)?	<b>ICGN Principle 9.1 Share classes</b> Sufficient information about the material attributes of all of the company's classes and series of shares should be disclosed on a timely basis. Ordinary or common shares should feature one vote for each share. Divergence from a 'one-share, one-vote' standard which gives certain shareholders power disproportionate to their economic interests should be disclosed and explained. Dual class share structures should be kept under review and should be accompanied by commensurate extra protections for minority shareholders, particularly in the event of a takeover bid.	

### 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?	<b>OECD Principle II</b> <b>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:</b> 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.	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?	2. Processes and procedures for general shareholder meetings should allow for equitable treatment of all shareholders. Company procedures should not make it unduly difficult or expensive to cast votes.	Notice of AGM
B.2.3	<b>Does the notice of AGM/circulars have the following details:</b> Are the profiles of directors/commissioners (at least age, academic qualification, date of appointment, experience, and directorships in other listed companies) who seek election/re-election included? Are the auditors seeking appointment/re-appointment clearly identified? Were the proxy documents made easily available?	4. Effective shareholder participation in key corporate governance decisions such as the nomination and election of board members should be facilitated. 5. Shareholders should be able to vote in person or in absentia. <b>ICGN Principle</b> <b>3.1 Composition (Board)</b> There should be a sufficient mix of individuals with relevant knowledge, independence, competence, industry experience and diversity of perspectives to generate effective challenge, discussion and objective decision-making. <b>3.4 Appointment process</b> The process for director nomination and election/re-election should be disclosed, along with information about board candidates which includes: a) board member identities and rationale for appointment; b) core competencies, qualifications, and professional background; c) recent and current board and management mandates at other companies, as well as significant roles on non-profit/charitable organisations; d) factors affecting independence, including relationship(s) with controlling shareholders, and e) length of tenure. <b>9.2 Major decisions</b> Shareholders should have the right to vote on major decisions which may change the nature of the company in which they have invested.	Notice of AGM / Annual Report
B.2.4			Notice of AGM
B.2.5			Notice of AGM



B.3 INSIDER TRADING AND ABUSIVE SELF-DEALING SHOULD BE PROHIBITED	
B.3.1	<p>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?</p> <p>Are the directors/commissioners required to report their dealings in company shares within three business days?</p>
	<p><b>OECD Principle III</b> E. Insider trading and market manipulation should be prohibited and the applicable rules enforced.</p> <p><b>ICGN Principle 4. Corporate Culture</b> <b>4.5 Employee share dealing</b> There should be clear rules regarding any trading by directors and employees in the company's own securities. Individuals should not benefit directly or indirectly from knowledge which is not generally available to the market.</p>
	<p>Annual Report / Company website / Announcement</p> <p>Annual Report / Company website / Announcement / Annual CG Report</p>
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 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?
	<p><b>OECD Principle II</b> <b>F. Related-party transactions should be approved and conducted in a manner that ensures proper management of conflict of interest and protects the interest of the company and its shareholders.</b> 1. Conflicts of interest inherent in related-party transactions should be addressed. 2. 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.</p> <p><b>ICGN Principle</b> <b>9.3 Conflicts of interest</b> Policies and procedures on conflicts of interest should be established, understood and implemented by directors, management, employees and other relevant parties. If a director has an interest in a matter under consideration by the board, then the director should promptly declare such an interest and be precluded from voting on the subject or exerting influence.</p> <p><b>9.4 Related party transactions</b> The process for reviewing and monitoring related party transactions should be disclosed. For significant transactions, a committee of independent directors should be established to vet and approve the transaction.</p>
	<p>Annual Report / Company website / Announcement</p> <p>Annual Report / Company website / Announcement / Annual CG Report</p> <p>Annual Report / Company website / Announcement</p> <p>Annual Report / Company website / Announcement</p>

**B.5 PROTECTING MINORITY SHAREHOLDERS FROM ABUSIVE ACTIONS**

<p>B.5.1</p>	<p>Does the company disclose that related party transactions (RPTs) are conducted in such a way to ensure that they are fair and at arms' length?</p>	<p><b>OECD Principle II</b>                      E. All shareholders of the same series of a class should be treated equally.                      F. Related party transactions should be approved and conducted in a manner that ensures proper management of conflict of interest and protects the interest of the company and its shareholders.                      G. 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. Abusive self-dealing should be prohibited.  <b>ICGN Principle</b>  <b>9.3 Conflicts of interest</b>                      Policies and procedures on conflicts of interest should be established, understood and implemented by directors, management, employees and other relevant parties. If a director has an interest in a matter under consideration by the board, then the director should promptly declare such an interest and be precluded from voting on the subject or exerting influence.  <b>9.4 Related party transactions</b>                      The process for reviewing and monitoring related party transactions should be disclosed. For significant transactions, a committee of independent directors should be established to vet and approve the transaction.  <b>ICGN Principle 9.5 Shareholder approval</b>                      Shareholders should have the right to approve significant related party transactions and this should be based on the approval of a majority of disinterested shareholders.  <b>ICGN Principle 9.10 Equality and redress</b>                      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.</p>	<p>Annual Report / Company website / Announcement</p>
<p>B.5.2</p>	<p>In case of related party transactions requiring shareholders' approval, is the decision made by disinterested shareholders?</p>	<p><b>OECD Principle II</b>                      G. 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. Abusive self-dealing should be prohibited.  <b>ICGN Principle 9.5 Shareholder approval</b>                      Shareholders should have the right to approve significant related party transactions and this should be based on the approval of a majority of disinterested shareholders.  <b>ICGN Principle 9.10 Equality and redress</b>                      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.</p>	<p>Minutes of AGM / Annual Report / AGM Circular</p>

**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 and practices that address:*

C.1.1	The existence and scope of the company's efforts to address customers' welfare?	<p><b>OECD Principle IV (A):</b> 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.</p> <p>Annual Report / Company website / Sustainability or Corporate Responsibility Report (CSR) / Annual CG Report</p>
C.1.2	Supplier/contractor selection procedures?	
C.1.3	The company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development?	
C.1.4	The company's efforts to interact with the communities in which they operate?	
C.1.5	The company's anti-corruption programmes and procedures?	
C.1.6	How creditors' rights are safeguarded?	
C.1.7	Does the company have a separate report/section that discusses its efforts on environment/economy and social issues?	

**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?	Company website / Annual Report
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**C.3 MECHANISMS FOR EMPLOYEE PARTICIPATION SHOULD BE PERMITTED TO DEVELOP**

C.3.1	Does the company explicitly disclose the policies and practices on health, safety and welfare for its employees?	<p><b>OECD Principle IV (C):</b> The degree to which employees participate in corporate governance depends on national laws and practices, and may vary from company to company as well. In the context of corporate governance, mechanisms for participation may benefit companies directly as well as indirectly through the readiness by employees to invest in firm specific skills. Examples of mechanisms for employee participation include: employee representation on boards; and governance processes such as work councils that consider employee viewpoints in certain key decisions. International conventions and national norms also recognise the rights of employees to information, consultation and negotiation.</p> <p>With respect to performance enhancing mechanisms, employee stock ownership plans or other profit sharing mechanisms are to be found in many countries. Pension commitments are also often an element of the relationship between the company and its past and present employees. Where such commitments involve establishing an independent fund, its trustees should be independent of the company's management and manage the fund for all beneficiaries.</p>
C.3.2	Does the company explicitly disclose the policies and practices on training and development programmes for its employees?	
C.3.3	Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?	

**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 a whistle blowing policy which includes procedures for complaints by employees and other stakeholders concerning alleged illegal and unethical behaviour and provide contact details via the company's website or annual report?	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 alleged illegal/unethical behaviour from retaliation?	Annual Report / Company website / Annual CG Report

**OECD Principle IV (E):**  
Unethical and illegal practices by corporate officers may not only violate the rights of stakeholders but also be to the detriment of the company and its shareholders in terms of reputation effects and an increasing risk of future financial liabilities. It is therefore to the advantage of the company and its shareholders to establish procedures and safe-harbours for complaints by employees, either personally or through their representative bodies, and others outside the company, concerning illegal and unethical behaviour.

**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?	Annual Report / Annual CG Report / Announcements / Company website
D.1.2	Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?	Annual Report / Annual CG Report / Announcements / Company website
D.1.3	Does the company disclose the direct and indirect (deemed) shareholdings of directors (commissioners)?	Annual Report / Annual CG Report / Announcements / Company website
D.1.4	Does the company disclose the direct and indirect (deemed) shareholdings of senior management?	Annual Report / Annual CG Report / Announcements / Company website
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 / Announcements / Company website

**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.

**D.2 QUALITY OF ANNUAL REPORT**

D.2.1	Does the company's Annual Report disclose the following items: Corporate objectives	Annual Report
D.2.2	Financial performance indicators	Annual Report
D.2.3	Non-financial performance indicators	Annual Report
D.2.4	Dividend policy	Annual Report
D.2.5	Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of all directors/commissioners	Annual Report
D.2.6	Attendance details of each director/commissioner in all directors/commissioners meetings held during the year	Annual Report
D.2.7	Total remuneration of each member of the board of directors/commissioners	Annual Report

**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**  
(f) CG rules and practices  
(19) Disclose the exact remuneration of individual directors.

Annual Report	<p><b>OECD PRINCIPLE V (A) (8)</b>  <b>UK CODE (JUNE 2010): Listing Rules</b>  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:</p> <ul style="list-style-type: none"> <li>(i) those provisions, if any, it has not complied with;</li> <li>(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</li> <li>(iii) the company's reasons for non-compliance.</li> </ul> <p><b>ASX CODE:</b>  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.</p>
D.2.8	<p><b>Corporate Governance Confirmation Statement</b>  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?</p>
<b>D.3 DISCLOSURE OF RELATED PARTY TRANSACTIONS (RPT)</b>	<p><b>OECD Principle V: Disclosure and Transparency</b>  (A) Disclosure should include, but not limited to, material information on:  (5) Related party transactions  <b>ICGN 2.11.1 Related party transactions</b>  The company should disclose details of all material related party transactions in its Annual Report.</p>
D.3.1	<p>Does the company disclose its policy covering the review and approval of material RPTs?</p>
D.3.2	<p>Does the company disclose the name, relationship, nature and value for each material RPTs?</p>
<b>D.4 DIRECTORS AND COMMISSIONERS DEALINGS IN SHARES OF THE COMPANY</b>	<p><b>OECD Principle V (A):</b>  (3) Major share ownership and voting rights  <b>ICGN 3.5 Employee share dealing</b>  Companies should have clear rules regarding any trading by directors and employees in the company's own securities.  <b>ICGN 5.5 Share ownership</b>  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.</p>
D.4.1	<p>Does the company disclose trading in the company's shares by insiders?</p>



D.5 EXTERNAL AUDITOR AND AUDITOR REPORT <i>Where the same audit firm is engaged for both audit and non-audit services</i>	
D.5.1	Are the audit and non-audit fees disclosed?
D.5.2	Does the non-audit fee exceed the audit fees?
	<p><b>OECD Principle V (C):</b> 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.</p> <p><b>OECD Principle V (D):</b> 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.</p> <p><b>ICGN 6.5 Ethical standards (Audit)</b> 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.</p>
	Annual Report Annual Report
D.6 MEDIUM OF COMMUNICATIONS <i>Does the company use the following modes of communication?</i>	
D.6.1	Quarterly reporting
D.6.2	Company website
D.6.3	Analyst's briefing
D.6.4	Media briefings/press conferences
	<p><b>OECD Principle V (E)</b> Channels for disseminating information should provide for equal, timely and cost-efficient access to relevant information by users.</p> <p><b>ICGN 7.1 Transparent and open communication</b> Every company should aspire to transparent and open communication about its aims, its challenges, its achievements and its failures.</p> <p><b>ICGN 7.2 Timely disclosure</b> 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.</p>
	Announcement / Company website Company website Annual Report / Announcement / Company website 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?
D.7.2	Is the annual report released within 120 days from the financial year end?
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?
	<p><b>OECD Principle V (C)</b> <b>OECD Principle V (E) OECD Principle V-(A).</b> <b>ICGN 7.2 Timely disclosure</b> <b>ICGN 7.3 Affirmation of financial statements</b> 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.</p>
	Announcement / Company website / Exchange website Annual Report / Company website Annual Report / Company website
D.8 COMPANY WEBSITE <i>Does the company have a website disclosing up-to-date information on the following:</i>	
D.8.1	Financial statements/reports (latest quarterly)
D.8.2	Materials provided in briefings to analysts and media
D.8.3	Downloadable annual report
D.8.4	Notice of AGM and/or EGM
D.8.5	Minutes of AGM and/or EGM
D.8.6	Company's constitution (company's by-laws, memorandum and articles of association)
	<p><b>OECD Principle V (A)</b> <b>OECD Principle V (E)</b> <b>ICGN 7.1 Transparent and open communication</b> <b>ICGN 7.2 Timely disclosure</b></p>
	Company website Company website Company website Company website Company website Company website

<b>D.9 INVESTOR RELATIONS</b>			
D.9.1	Does the company disclose the contact details (e.g. telephone, fax, and e-mail) of the officer/office responsible for investor relations?	<b>ICGN 7.1 Transparent and open communication</b>	Annual Report / Company website
<b>E. RESPONSIBILITIES OF THE BOARD</b>			
<b>E.1 BOARD DUTIES AND RESPONSIBILITIES</b> <i>Clearly defined board responsibilities and corporate governance policy</i>			
E.1.1	Does the company disclose its corporate governance policy/board charter?	<b>G20/OECD PRINCIPLE V: Disclosure and Transparency</b> <b>(A) Disclosure should include, but not be limited to, material information on:</b> 9. 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 / Company website / Annual CG Report
E.1.2	Are the types of decisions requiring board of directors/commissioners' approval disclosed?	<b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b> <b>(D) The board should fulfil certain key functions, including:</b>	Annual Report / Company website / Annual CG Report / Board Charter
E.1.3	Are the roles and responsibilities of the board of directors/commissioners clearly stated?	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 / Company website / Annual CG Report / Board Charter
<b>Corporate Vision/Mission</b>			
E.1.4	Does the company have an updated vision and mission statement?	<b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b> <b>ICGN (2014): 4.1 Codes of Conduct/Ethics</b> The board should adopt high standards of business ethics through codes of conduct/ethics (or similar instrument) and oversee a culture of integrity, notwithstanding differing ethical norms and legal standards in various countries. This should permeate all aspects of the company's operations, ensuring that its vision, mission and objectives are ethically sound and demonstrative of its values. Codes should be effectively communicated and integrated into the company's strategy and operations, including risk management systems and remuneration structures.	Annual Report / Company website / Annual CG Report
E.1.5	Does the board of directors play a leading role in the process of developing and reviewing the company's strategy at least annually?	<b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b> <b>D. The board should fulfil certain key functions, including:</b> Reviewing and guiding corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures.	Annual Report / Company website / Annual CG Report / CG Manual



E.1.6	Does the board of directors have a process to review, monitor and oversee the implementation of the corporate strategy?	<p><b>ICGN (2014): 4.1 Codes of Conduct/Ethics</b> The board should adopt high standards of business ethics through codes of conduct/ethics (or similar instrument) and oversee a culture of integrity, notwithstanding differing ethical norms and legal standards in various countries. This should permeate all aspects of the company's operations, ensuring that its vision, mission and objectives are ethically sound and demonstrative of its values. Codes should be effectively communicated and integrated into the company's strategy and operations, including risk management systems and remuneration structures.</p> <p><b>ICGN (2014): 1.2 Responsibilities</b> The board is accountable to shareholders and relevant stakeholders and is responsible for protecting and generating sustainable value over the long term. In fulfilling their role effectively, board members should:</p> <p>a) guide, review and approve corporate strategy and financial planning, including major capital expenditures, acquisitions and divestments</p>	Annual Report / Annual CG Report / Company website
<b>E.2 BOARD STRUCTURE</b> <b>Code of Ethics or Conduct</b>			
E.2.1	Are the details of the code of ethics or conduct disclosed?	<b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b>	Annual Report / Company website / Annual CG Report
E.2.2	Are all directors/commissioners, senior management and employees required to comply with the code/s?	<b>(C) The board should apply high ethical standards. It should take into account the interests of stakeholders.</b>	Annual Report / Company website / Annual CG Report
E.2.3	Does the company have a process to implement and monitor compliance with the code/s of ethics or conduct?	<p>The board has a key role in setting the ethical tone of a company, not only by its own actions, but also in appointing and overseeing key executives and consequently the management in general. High ethical standards are in the long term interests of the company as a means to make it credible and trustworthy, not only in day-to-day operations but also with respect to longer term commitments. To make the objectives of the board clear and operational, many companies have found it useful to develop company codes of conduct based on, inter alia, professional standards and sometimes broader codes of behaviour. The latter might include a voluntary commitment by the company (including its subsidiaries) to comply with the OECD Guidelines for Multinational Enterprises which reflect all four principles contained in the ILO Declaration on Fundamental Labour Rights.</p> <p>Company-wide codes serve as a standard for conduct by both the board and key executives, setting the framework for the exercise of judgement in dealing with varying and often conflicting constituencies. At a minimum, the ethical code should set clear limits on the pursuit of private interests, including dealings in the shares of the company. An overall framework for ethical conduct goes beyond compliance with the law, which should always be a fundamental requirement.</p>	Annual Report / Company website / Annual CG Report
<b>Board Structure &amp; Composition</b>			
E.2.4	Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?	<b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b>	Annual Report / Annual CG Report / Company website
E.2.5	Does the company have a term limit of nine years or less or two terms of five years* each for its independent directors/commissioners?  * The five years term must be required by legislation which pre-existed the introduction of the ASEAN Corporate Governance Scorecard in 2011	<p><b>(E) The board should be able to exercise objective independent judgement on corporate affairs.</b></p> <p><b>UK CODE (2016):</b> B.2.3 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.</p>	Annual Report / Company website / Annual CG Report

E.2.6	Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?	<p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b>  <b>(E) The board should be able to exercise objective independent judgement on corporate affairs.</b>  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. Some countries have limited the number of board positions that can be held. Specific limitations may be less important than ensuring that members of the board enjoy legitimacy and confidence in the eyes of shareholders. Disclosure about other board memberships to shareholders is therefore a key instrument to improve board nominations. 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.</p>	Annual Report / Company website / Annual CG Report
E.2.7	Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?		Annual Report / Company website / Annual CG Report
<b>Nominating Committee</b>			
E.2.8	Does the company have a Nominating Committee?	<p><b>G20/OECD PRINCIPLE II: The Rights and Equitable Treatment of Shareholders and Key Ownership Functions</b>  (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.</p>	Annual Report / Company website / Annual CG Report
E.2.9	Is the Nominating Committee comprised of a majority of independent directors/commissioners?		Annual Report / Company website / Annual CG Report
E.2.10	Is the Chairman of the Nominating Committee an independent director/commissioner?	<p>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. The recognition of Independent Party in the composition of the Nomination Committee can be counted as committee members. However, to score "Y", the Independent Party should meet the independence requirement and has fiduciary duties. Moreover, their profile must be disclosed and must be approved by its board.</p> <p><b>G20/OECD PRINCIPLE VI (E)</b>  1. Boards should consider assigning a sufficient number of nonexecutive 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.</p>	Annual Report / Company website / Annual CG Report
E.2.11	Does the company disclose the terms of reference/governance structure/charter of the Nominating Committee?	<p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b>  <b>(E) The board should be able to exercise objective independent judgement on corporate affairs.</b>  2. Boards should consider setting up specialised committees to support the full board in performing its functions, particularly in respect to audit, and, depending upon the company's size and risk profile, also in respect to risk management and remuneration. When committees of the board are established, their mandate, composition and working procedures should be well-defined and disclosed by the board.</p> <p>Where justified in terms of the size of the company and its board, the use of committees may improve the work of the board. In order to evaluate the merits of board committees it is important that the market receives a full and clear picture of their purpose, duties and composition. Such information is particularly important in the many jurisdictions where boards have established independent audit committees with powers to oversee the relationship with the external auditor and to act in many cases independently. Audit committees should also be able to oversee the effectiveness and integrity of the internal control system.</p>	Annual Report / Company website / Annual CG Report
E.2.12	Is the meeting attendance of the Nominating Committee disclosed and if so, did the Nominating Committee meet at least twice during the year?		Annual Report / Company website / Annual CG Report

	<p>Other such committees include those dealing with nomination, compensation, and risk. The establishment of additional committees can sometimes help avoid audit committee overload and to allow more board time to be dedicated to those issues. Nevertheless, the accountability of the rest of the board and the board as a whole should be clear. Disclosure need not extend to committees set up to deal with, for example, confidential commercial transactions.</p> <p>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.</p> <p><b>G20/OECD PRINCIPLE VI (E)</b></p> <p>2. Boards should consider setting up specialised committees to support the full board in performing its functions, particularly in respect to audit, and, depending upon the company's size and risk profile, also in respect to risk management and remuneration. When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.</p>	
	<p><b>Remuneration Committee/ Compensation Committee</b></p> <p>E.2.13 Does the company have a Remuneration Committee?</p> <p>E.2.14 Is the Remuneration Committee comprised of a majority of independent directors/commissioners?</p> <p>E.2.15 Is the Chairman of the Remuneration Committee an independent director/commissioner?</p>	<p>Annual Report / Company website / Annual CG Report</p> <p>Annual Report / Company website / Annual CG Report</p> <p>Annual Report / Company website / Annual CG Report</p>
	<p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b></p> <p><b>(D) The board should fulfil certain key functions, including:</b></p> <p>4. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.</p> <p>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.</p> <p>In some countries, policy also covers the payments to be made when hiring and/or terminating the contract of an executive. In large companies, it is considered good practice that remuneration policy and 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 and excluding executives that serve on each other's remuneration committees, which could lead to conflicts of interest. The introduction of malus and claw-back provisions is considered good practice. They grant the company the right to withhold and recover compensation from executives in cases of managerial fraud and other circumstances, for example when the company is required to restate its financial statements due to material noncompliance with financial reporting requirements.</p> <p>The recognition of Independent Party in the composition of the Remuneration Committee can be counted as committee members. However, to score "Y", the Independent Party should meet the independence requirement and has fiduciary duties. Moreover, their profile must be disclosed and must be approved by its board.</p>	

E.2.16	Does the company disclose the terms of reference/governance structure/charter of the Remuneration Committee (RC)?	<p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b></p> <p><b>(E) The board should be able to exercise objective independent judgement on corporate affairs.</b></p> <p>2. Boards should consider setting up specialised committees to support the full board in performing its functions, particularly in respect to audit, and, depending upon the company's size and risk profile, also in respect to risk management and remuneration. When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board. Where justified in terms of the size of the company and its board, the use of committees may improve the work of the board. In order to evaluate the merits of board committees it is important that the market receives a full and clear picture of their purpose, duties and composition. Such information is particularly important in the many jurisdictions where boards have established independent audit committees with powers to oversee the relationship with the external auditor and to act in many cases independently.</p> <p>Audit committees should also be able to oversee the effectiveness and integrity of the internal control system. Other such committees include those dealing with nomination, compensation, and risk. The establishment of additional committees can sometimes help avoid audit committee overload and to allow more board time to be dedicated to those issues. Nevertheless, the accountability of the rest of the board and the board as a whole should be clear. Disclosure need not extend to committees set up to deal with, for example, confidential commercial transactions.</p> <p>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.</p>	Annual Report / Company website / Annual CG Report
E.2.17	Is the meeting attendance of the Remuneration Committee disclosed and, if so, did the Remuneration Committee meet at least twice during the year?		Annual Report / Company website / Annual CG Report
E.2.18	<p><b>Audit Committee</b></p> <p>Does the company have an Audit Committee?</p>	<p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b></p> <p><b>(E) The board should be able to exercise objective independent judgement on corporate affairs.</b></p> <p>(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.</p>	Annual Report / Company website / Annual CG Report
E.2.19	Is the Audit Committee comprised entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?		Annual Report / Company website / Annual CG Report
E.2.20	Is the chairman of the Audit Committee an independent director/commissioner?		Annual Report / Company website / Annual CG Report
E.2.21	Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?	<p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b></p> <p><b>(E) The board should be able to exercise objective independent judgement on corporate affairs.</b></p> <p>2. Boards should consider setting up specialised committees to support the full board in performing its functions, particularly in respect to audit, and, depending upon the company's size and risk profile, also in respect to risk management and remuneration. When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board. Where justified in terms of the size of the company and its board, the use of committees may improve the work of the board. In order to evaluate the merits of board committees it is important that the market receives a full and clear picture of their purpose, duties and composition.</p> <p>Such information is particularly important in the many jurisdictions where boards have established independent audit committees with powers to oversee the relationship with the external auditor and to act in many cases independently. Audit committees should also be able to oversee the effectiveness and integrity of the internal control system. Other such committees include those dealing with nomination, compensation, and risk. The establishment of additional committees can sometimes help avoid audit committee overload and to allow more board time to be dedicated to those issues. Nevertheless, the accountability of the rest of the board and the board as a whole should be clear.</p> <p>Disclosure need not extend to committees set up to deal with, for example, confidential commercial transactions. The recognition of Independent Party in the composition of the Remuneration Committee can be counted as committee members. However, to score "Y", the Independent Party should meet the independence requirement and has fiduciary duties. Moreover, their profile must be disclosed and must be approved by its board.</p>	Annual Report / Company website / Annual CG Report



E.2.22	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	<b>UK CODE (2016)</b> 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 / Company website / Annual CG Report
E.2.23	Is the meeting attendance of the Audit Committee disclosed and, if so, did the Audit Committee meet at least four times during the year?		Annual Report / Company website / Annual CG Report
E.2.24	Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?	<b>UK CODE (2016)</b> 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 / Company website / Annual CG Report
<b>E.3 BOARD PROCESSES</b>			
<b>Board meetings and attendance</b>			
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 / Company website / Annual CG Report
E.3.2	Does the board of directors/commissioners meet at least six times during the year?	<b>WORLDBANK PRINCIPLE 6 (VI.1.24) Does the board meet at least six times per year?</b>	Annual Report / Company 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?	<b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b> <b>(E) The board should be able to exercise objective independent judgement on corporate affairs.</b> 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 / Company website / Annual CG Report
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	<b>WORLDBANK PRINCIPLE 6 (VI.1.28) Is there a minimum quorum of at least 2/3 for board decisions to be valid?</b>	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?	<b>WORLDBANK PRINCIPLE 6 (VI.E.1.6) Does the corporate governance framework requires or encourages boards to conduct executive sessions?</b> <b>G20/OECD PRINCIPLE VI (E)</b> Independent board members can contribute significantly to the decision making of the board. They can bring an objective view to the evaluation of the performance of the board and management. In addition, they can play an important role in areas where the interests of management, the company and its shareholders may diverge such as executive remuneration, succession planning, changes of corporate control, take-over defences, large acquisitions and the audit function. In order for them to play this key role, it is desirable that boards declare who they consider to be independent and the criterion for this judgement. Some jurisdictions also require separate meetings of independent directors on a periodic basis.	Annual Report / Company website / Annual CG Report

<b>Access to information</b>		Annual Report / Company website / Annual CG Report
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?	<p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b>  <b>(F) In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information.</b></p> <p>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 the company secretary, the internal auditor, and the head of risk management or chief risk officer, 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. Where companies rely on complex risk management models, board members should be made aware of the possible shortcomings of such models.</p> <p><b>WORLDBANK PRINCIPLE 6</b>  <b>(VI.F.2) Does such information need to be provided to the board at least five business days in advance of the board meeting?</b></p> <p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b>  <b>(F) In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information.</b></p> <p><b>ICSA Guidance on the Corporate Governance Role of the Company Secretary</b>  <b>WORLDBANK PRINCIPLE 6</b>  <b>(VI.D.2.12) Do company boards have a professional and qualified company secretary?</b></p>
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	Annual Report / Company website / Annual CG Report
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices and has kept abreast on relevant developments?	Annual Report / Company website / Annual CG Report
<b>Board Appointments and Re-Election</b>		
E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?	Annual Report / Company website / Annual CG Report
E.3.10	Did the company describe the process followed in appointing new directors/commissioners?	Annual Report / Company website / Annual CG Report
		<p><b>G20/OECD PRINCIPLE II (C) (4):</b>  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.</p> <p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b>  <b>(D) The board should fulfil certain key functions, including:</b></p> <p>5. Ensuring a formal and transparent board nomination and election process.</p> <p>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 defining the general or individual profile of board members that the company may need at any given time, considering the appropriate knowledge, competencies and expertise to complement the existing skills of the board. Third, the board or nomination committee has the responsibility to identify potential candidates to meet desired profiles and propose them to shareholders, and/or consider those candidates advanced by shareholders with the right to make nominations. There are increasing calls for open search processes extending to a broad range of people.</p>



E.3.11	<p>Are all directors/commissioners subject to re-election every three years, or five years for listed companies in countries whose legislation prescribes a term of five years* each?</p> <p>*The five-year term must be required by legislation which pre-existed the introduction of the ASEAN Corporate Governance Scorecard in 2011</p>	<p><b>ICGN (2014): 3.6 Elections</b>  Board members should be conscious of their accountability to shareholders. Accountability mechanisms may require directors to stand for election on an annual basis or to stand for election at least once every three years. Shareholders should have a separate vote on the election of each director, with each candidate approved by a simple majority of shares voted.</p> <p><b>WORLD BANK PRINCIPLE 6</b>  (VI.1.18) 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.)</p>	Annual Report / Company website / Annual CG Report
<b>Remuneration Matters</b>			
E.3.12	<p>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?</p>	<p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b>  <b>(D) The board should fulfil certain key functions, including:</b></p> <p>4. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.</p> <p>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 hiring and/or terminating the contract of an executive.</p>	Annual Report / Company website / Annual CG Report
E.3.13	<p>Is there disclosure of the fee structure for non-executive directors/commissioners?</p>	<p><b>UK CODE (2016)</b>  D.1.3 Levels of remuneration for non-executive directors should reflect the time commitment and responsibilities of the role.</p> <p>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.</p>	Annual Report / Company website / Annual CG Report
E.3.14	<p>Do the shareholders or the board of directors approve the remuneration of the executive directors and/or the senior executives?</p>	<p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b>  <b>(D) The board should fulfil certain key functions, including:</b></p> <p>4. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.</p> <p><b>ICGN (2014): 6.1 Alignment</b>  Remuneration should be designed to effectively align the interests of the CEO and senior management with those of the company and its shareholders. Remuneration should be reasonable and equitable, and the quantum should be determined within the context of the company as a whole.</p>	Annual Report / Notice to AGM / Company website / Annual CG Report

E.3.15	Does the company have measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interests of the company such as claw back provision and deferred bonuses?	<p><b>ASX CODE (2016)</b>  Recommendation 8.2: A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p> <p>The disclosures regarding the remuneration of executive directors and other senior executives should include a summary of the entity's policies and practices regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of performance-based remuneration in the event of serious misconduct or a material misstatement in the entity's financial statements.</p> <p><b>G20/OECD PRINCIPLE VI (D)</b>  4. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders. 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.</p>	Annual Report / Company website / Annual CG Report
<b>Internal Audit</b>			
E.3.16	Does the company have a separate internal audit function?	<p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b>  <b>(D) The board should fulfil certain key functions, including:</b>  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.</p>	Annual Report
E.3.17	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	<p>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, an 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.</p>	Annual Report / Annual CG Report
E.3.18	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	<p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b>  <b>(D) The board should fulfil certain key functions, including:</b>  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.</p> <p>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.</p> <p><b>WORLDBANK PRINCIPLE 6</b>  (V.I.D.7.9) Does the internal auditors have direct and unfettered access to the board of directors and its independent Audit Committee?</p> <p><b>ASX (2016)</b>  <b>Principle 4: Safeguard integrity in corporate reporting</b>  <b>Recommendation 4.1</b>  Commentary: If the entity has an internal audit function:</p> <ul style="list-style-type: none"> <li>• The appointment or removal of the head of internal audit;</li> <li>• The scope and adequacy of the internal audit work plan, and</li> <li>• The objectivity and performance of the internal audit function.</li> </ul>	Annual Report

<b>Risk Oversight</b>		Annual Report / Company website
E.3.19	Does the company establish a sound internal control procedures/risk management framework and periodically review the effectiveness of that framework?	<p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b>  <b>(D) The board should fulfil certain key functions, including:</b></p> <p>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.</p> <p><b>G20/OECD PRINCIPLE VI (D)</b></p> <p>1. An area of increasing importance for boards and which is closely related to corporate strategy is oversight of the company's risk management. Such risk management oversight will involve oversight of the accountabilities and responsibilities for managing risks, specifying the types and degree of risk that a company is willing to accept in pursuit of its goals, and how it will manage the risks it creates through its operations and relationships.</p> <p><b>UK CODE (2016)</b></p> <p>C.2.3 The board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness, and report on that review in the annual report.</p> <p>14. The monitoring and review should cover all material controls, including financial, operational and compliance controls.</p>
E.3.20	Does the Annual Report/Annual CG 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?	<p><b>G20/OECD PRINCIPLE V: Disclosure and Transparency</b>  <b>(A) Disclosure should include, but not be limited to, material information on:</b></p> <p>7. Foreseeable risk factors</p> <p>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.</p> <p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b>  <b>(D) The board should fulfil certain key functions, including:</b></p> <p>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.</p> <p>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.</p>
E.3.21	Does the company disclose the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic)?	Annual Report / Company website
E.3.22	Does the Annual Report/Annual CG 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?	Annual Report / Annual CG Report

**E.4 PEOPLE ON THE BOARD**

**Board Chairman**

E.4.1	Do different persons assume the roles of Chairman and CEO?	<b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b>	Annual Report / Company website / Annual CG Report
E.4.2	Is the Chairman an independent director/commissioner?	<b>(E) The board should be able to exercise objective independent judgement on corporate affairs.</b>	Annual Report / Company website / Annual CG Report
E.4.3	Is any of the directors a former CEO of the company in the past two years?	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. <b>UK Code (2016)</b> 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. <b>ASX (2016)</b> <b>Recommendation 2.5</b> The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity. <b>ICGN (2014): Leadership and Independence</b>	Annual Report / Company website / Annual CG Report
E.4.4	Are the roles and responsibilities of the Chairman disclosed?		Annual Report / Company website / Annual CG Report / Board Charter
E.4.5	<b>Lead Independent Director</b> If the Chairman is not independent, has the board appointed a lead/senior independent director and has his/her role been defined?	<b>King Code 2009</b> <b>2. Boards and directors</b> Role and function of the board – The board should elect a Chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfill the role of the Chairman of the board. 2.16.3 A lead independent director should be appointed in the case where an executive Chairman is appointed or where the Chairman is not independent or conflicted. <b>ICGN (2014): 2.2 Lead independent director</b> The chair should be independent on the date of appointment. If the chair is not independent, the company should adopt an appropriate structure to mitigate any potential challenges arising from this, such as the appointment of a lead independent director. The board should explain the reasons why this leadership structure is appropriate and keep the structure under review. A lead independent director also provides shareholders and directors with a valuable channel of communication should they wish to discuss concerns relating to the chair.	Annual Report / Company website / Annual CG Report
E.4.6	<b>Skills and Competencies</b> Does at least one non-executive director/commissioner have prior working experience in the major sector that the company is operating in?	<b>ICGN (2014): 3.1 Composition</b> The board should comprise a majority of non-executive directors, the majority of whom are independent, noting that practice may legitimately vary from this standard in controlled companies where a critical mass of the board is preferred to be independent. There should be a sufficient mix of individuals with relevant knowledge, independence, competence, industry experience and diversity of perspectives to generate effective challenge, discussion and objective decision-making.	Annual Report / Annual CG Report

**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 / Company website
E.5.2	Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programmes?	<p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b> <b>(E) The board should be able to exercise objective independent judgement on corporate affairs.</b></p> <p>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.</p>	Annual Report / Company website
<b>CEO/Executive Management Appointments and Performance</b>			
E.5.3	Does the company disclose the process on how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?	<p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b> <b>(D) The board should fulfil certain key functions, including:</b></p> <p>3. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.</p> <p>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.</p>	Annual Report / Company website / Annual CG Report
E.5.4	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/managing director/president?	<p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b> <b>(D) The board should fulfil certain key functions, including:</b></p> <p>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.</p>	Annual Report / Company website / Annual CG Report
<b>Board Appraisal</b>			
E.5.5	Did the company conduct an annual performance assessment of the board of directors/commissioners and disclose the criteria and process followed for the assessment?	<p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b> <b>(D) The board should fulfil certain key functions, including:</b></p> <p>2. Monitoring the effectiveness of the company's governance practices and making changes as needed.</p> <p><b>G20/OECD PRINCIPLE VI (E)</b></p> <p>4. Boards should regularly carry out evaluations to appraise their performance and assess whether they possess the right mix of background and competences. In order to improve board practices and the performance of its members, an increasing number of jurisdictions now encourage companies to engage in board training and voluntary board evaluation that meet the needs of the individual company.</p>	Annual Report / Company website / Annual CG Report
<b>Director Appraisal</b>			
E.5.6	Did the company conduct an annual performance assessment of the individual directors/commissioners and disclose the criteria and process followed for the assessment?	<p><b>G20/OECD PRINCIPLE VI: Responsibilities of the Board</b> <b>(D) The board should fulfil certain key functions, including:</b></p> <p>2. Monitoring the effectiveness of the company's governance practices and making changes as needed.</p> <p><b>G20/OECD PRINCIPLE VI (E)</b></p> <p>4. Boards should regularly carry out evaluations to appraise their performance and assess whether they possess the right mix of background and competences. In order to improve board practices and the performance of its members, an increasing number of jurisdictions now encourage companies to engage in board training and voluntary board evaluation that meet the needs of the individual company.</p>	Annual Report / Company website / Annual CG Report



<b>Committee Appraisal</b>			
E.5.7	Did the company conduct an annual performance assessment of the board committees and disclose the criteria and process followed for the assessment?	<b>UK CODE (2016)</b> 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 / Company website / Annual CG Report
<b>LEVEL 2 - BONUS ITEMS</b>			
<b>(B)A. RIGHTS OF SHAREHOLDERS</b>			
<b>(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>			
(B)A.1.1	Does the company practice secure electronic voting in absentia at the general meetings of shareholders?	<b>OECD Principle II (C)</b> (5) The objective of facilitating shareholder participation suggests that jurisdictions and/or companies promote the enlarged use of information technology in voting, including secure electronic voting in all listed companies. The principles recommend that voting by proxy be generally accepted. Indeed, it is important to the promotion and protection of shareholders rights that investors can place reliance upon directed proxy voting.	Annual Report / Company website / Articles of Association / Announcement of AGM / Minutes of Meeting
<b>(B)B. EQUITABLE TREATMENT OF SHAREHOLDERS</b>			
<b>(B)B.1 Notice of AGM</b>			
(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?	<b>OECD Principle II (C)</b> (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. <b>OECD Principle III (A)</b> <b>ICGN 8.3.2 Shareholder participation in governance</b> 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 as well as the right to appoint external auditors. <b>ICGN 8.4.1 Shareholder ownership rights</b> 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. <b>CLSA-ACGA (2010) CG Watch 2010 - Appendix 2</b> <b>(I) CG rules and practices</b> (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>(B)C. ROLES OF STAKEHOLDERS</b>			
<b>(B)C.1 The rights of stakeholders that are established by law or through mutual agreements are to be respected</b>			
(B)C.1.1	Does the company adopt an internationally recognised reporting framework for sustainability (i.e. GRI, Integrated Reporting or SASB)?	<b>OECD - IV. The role of Stakeholders</b>	Annual report / Company website



<b>(B). DISCLOSURE AND TRANSPARENCY</b>	
<b>(B).1</b>	<b>Quality of Annual Report</b>
(B).1.1	<p>Are the audited annual financial report/statement released within 60 days from the financial year end?</p> <p><b>OECD Principle V (A)</b>            (1) The financial and operating results of the company. Audited financial statements showing the financial performance and the financial situation of the company (most typically including the balance sheet, the profit and loss statement, the cash flow statement and notes to the financial statements) are the most widely used source of information on companies.</p> <p><b>OECD Principle V (E)</b>  <b>ICGN 7.2 Timely disclosure</b>  <b>ICGN 7.3 Affirmation of financial statements</b>            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.</p> <p><b>OECD Principle V (A)</b>            (4) Disclosure on an individual basis (including termination and retirement provisions) is increasingly regarded as good practice and is now mandated in many countries. In these cases, some jurisdictions call for remuneration of a certain number of the highest paid executives to be disclosed, while in others, it is confined to specified positions.</p>
(B).1.2	<p>Does the company disclose details of remuneration of the CEO?</p> <p><b>OECD Principle V (A)</b>            (4) Disclosure on an individual basis (including termination and retirement provisions) is increasingly regarded as good practice and is now mandated in many countries. In these cases, some jurisdictions call for remuneration of a certain number of the highest paid executives to be disclosed, while in others, it is confined to specified positions.</p>
<b>(B).2. RESPONSIBILITIES OF THE BOARD</b>	
<b>(B).2.1 Board Competencies and Diversity</b>	
(B).2.1.1	<p>Does the company have at least one female independent director/commissioner?</p> <p><b>OECD Principle VI (E)</b>            (4) Countries may wish to consider measures such as voluntary targets, disclosure requirements, boardroom quotas, and private initiatives that enhance gender diversity on boards and in senior management.</p>
(B).2.1.2	<p>Does the company have a policy and disclose measurable objectives for implementing its board diversity and report on progress in achieving its objectives?</p> <p><b>OECD Principle VI (E)</b>            (4) Countries may wish to consider measures such as voluntary targets, disclosure requirements, boardroom quotas, and private initiatives that enhance gender diversity on boards and in senior management.</p>
<b>(B).2.2 Board Structure</b>	
(B).2.2.1	<p>Is the Nominating Committee comprise entirely of independent directors/commissioners?</p> <p><b>ICGN 2.4.4 Composition of board committees</b>            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.</p> <p><b>OECD Principle VI</b>            (5) Ensuring a formal and transparent board nomination and election process. 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. The board or nominating committee has a key role in (but not limited to): (i) Defining the general or individual profile of board members that the company may need at any given time; (ii) Considering the appropriate knowledge, competencies and expertise to complement the existing skills of the board; (iii) Identifying potential candidates to meet desired profiles and proposing them to shareholders, and/or (iv) Considering those candidates advanced by shareholders with the right to make nominations.</p>
(B).2.2.2	<p>Does the Nominating Committee undertake the process of identifying the quality of directors aligned with the company's strategic directions?</p> <p><b>OECD Principle VI</b>            (5) Ensuring a formal and transparent board nomination and election process. 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. The board or nominating committee has a key role in (but not limited to): (i) Defining the general or individual profile of board members that the company may need at any given time; (ii) Considering the appropriate knowledge, competencies and expertise to complement the existing skills of the board; (iii) Identifying potential candidates to meet desired profiles and proposing them to shareholders, and/or (iv) Considering those candidates advanced by shareholders with the right to make nominations.</p>

<b>(B)E.3 Board Appointments and Re-Election</b>				Annual Report / Company website / Annual CG Report
(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?	<b>OECD Principle VI (D)</b> (5) The board or nomination committee has the responsibility to identify potential candidates to meet desired profiles and propose them to shareholders, and/or consider those candidates advanced by shareholders with the right to make nominations. There are increasing calls for open search processes extending to a broad range of people. <b>WORLDBANK PRINCIPLE 6</b> (VI.1.21) Are boards known to hire professional search firms when proposing candidates to the board?		Annual Report / Company website / Annual CG Report
<b>(B)E.4 Board Structure &amp; Composition</b>				Annual Report / Annual CG Report
(B)E.4.1	Do independent non-executive directors/commissioners make up more than 50% of the board of directors/commissioners for a company with independent chairman?	<b>OECD Principle VI (E)</b> (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.		Annual Report / Annual CG Report
<b>(B)E.5 Risk Oversight</b>				Annual Report / Annual CG Report
(B)E.5.1	Does the board describe its governance process around IT issues including disruption, cybersecurity and disaster recovery, to ensure that all key risks are identified, managed and reported to the board?	<b>King Code 2009</b> <b>5. The governance of information technology</b> The board should be responsible for information technology (IT) governance 5.1.1. The board should assume the responsibility for the governance of IT and place it on the board agenda. 5.1.2. The board should ensure that an IT charter and policies are established and implemented.		Annual Report / Annual CG Report
<b>(B)E.6 Board Performance</b>				Annual Report / Company website / Annual CG Report
(B)E.6.1	Does the company have a separate board level Risk Committee?	<b>ICGN 5.5 Risk Committee</b> While ultimate responsibility for a company's risk management approach rests with the full board, having a Risk Committee (be it a stand-alone risk committee, a combined risk committee with nomination and governance, strategy, audit or others) can be an effective mechanism to bring the transparency, focus and independent judgement needed to oversee the company's risk management approach.		Annual Report / Company website / Annual CG Report
<b>LEVEL 2 - PENALTY</b>				
<b>(P)A. RIGHTS OF SHAREHOLDERS</b>				
<b>(P)A.1 Basic shareholder rights</b>				
(P)A.1.1	Did the company fail or neglect to offer equal treatment for share repurchases to all shareholders?	<b>OECD Principle II (A)</b>		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 prevent abuse.	<b>OECD Principle II (G)</b> 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.	<b>OECD Principle II (C) 2</b>		Minutes of Meeting / Meeting results notice
(P)A.3.1	Did the company include any additional and unannounced agenda item into the notice of AGM/EGM?			
(P)A.3.2	Did the Chairman of the Board, Audit Committee Chairman and CEO attend the most recent AGM?	<b>OECD Principle II (C) and ICGN 2.4.2 Time Commitment</b> All directors need to be able to allocate their time effectively and attend AGMs to meet and directly communicate with shareholders.		AGM minutes

<b>(P)A.4</b> Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed. <i>Did the company fail to disclose the existence of:</i>			
(P)A.4.1	Shareholders agreement?	<b>OECD Principle II (D)</b>	Annual Report / Company website / Articles of association / Company announcement / Media
(P)A.4.2	Voting cap?		
(P)A.4.3	Multiple voting rights?		
<b>(P)A.5</b>	Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.	<b>OECD Principle II (D):</b> 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 non-controlling shareholders to influence corporate policy.	To check for the existence of pyramid & cross holding structure(s): Disclosure in Annual Report / company website. 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.
(P)A.5.1	Is a pyramid ownership structure and/ or cross holding structure apparent?		
<b>(P)B. EQUITABLE TREATMENT OF SHAREHOLDERS</b>			
<b>(P)B.1</b>	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?	<b>OECD Principle III: The Equitable Treatment of Shareholders</b> (B) Insider trading and abusive dealing should be prohibited. <b>ICGN 3.5 Employee share dealing</b> Companies should have clear rules regarding any trading by directors and employees in the company's own securities. Among other issues, they must seek to ensure individuals do not benefit from knowledge which is not generally available to the market. <b>ICGN 8.5 Shareholder rights of action</b> ... Minority shareholders should be afforded protection and remedies against abusive or oppressive conduct.	Annual Report / Company website / Announcement / Media
<b>(P)B.2</b>	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 material related party transactions in the past three years?	<b>OECD Principle III</b> (B) Insider trading and abusive dealing should be prohibited. <b>ICGN 2.11.1 Related party transactions</b> 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. <b>ICGN 2.11.2 Director's conflicts of interest</b> 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. <b>ICGN 8.5 Shareholder rights of action</b> 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

(P)B.2.2	Were there any related party transactions (RPTs) that can be classified as financial assistance (i.e not conducted at arms length) to entities other than wholly-owned subsidiary companies?	<p><b>OECD Principle III (G)</b> 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. Abusive self-dealing should be prohibited.</p>	Annual Report / Company website / Announcement / Media
<b>(P)C. ROLE OF STAKEHOLDERS</b>			
<b>(P)C.1 The rights of stakeholders that are established by law or through mutual agreements are to be respected.</b>			
(P)C.1.1	Have there been any violations of any laws pertaining to labour/employment/consumer/insolvency/ commercial/competition or environmental issues?	<p><b>OECD Principle IV</b> (A) The rights of stakeholders that are established by law or through mutual agreements are to be respected. OECD Principle IV (D) (7) Companies are also well advised to establish and ensure the effectiveness of internal controls, ethics, and compliance programmes or measures to comply with applicable laws, regulations, and standards, including statutes criminalising the bribery of foreign public officials, as required under the OECD Anti-Bribery Convention, and 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.</p> <p><b>OECD Principle IV</b> (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.</p>	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><b>OECD Principle IV</b> (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.</p>	Sanction(s) from Regulator(s) / Media / Company announcement / Annual Report / Company website
<b>(P)D. DISCLOSURE AND TRANSPARENCY</b>			
<b>(P)D.1 Sanctions from regulator on financial reports</b>			
(P)D.1.1	Did the company receive a "qualified opinion" in its external audit report?	<p><b>OECD Principle V: Disclosure and Transparency</b> (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. <b>ICGN 6.2 Annual audit</b> 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. <b>ICGN 7.3 Affirmation of financial statements</b> 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. <b>International Auditing Standard (ISA) No. 705 "Modifications to the Opinion in the Independent Auditor's Report" (2009).</b> 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.</p>	Annual Report – see Independent Auditor's Report accompanying the company's financial statements
(P)D.1.2	Did the company receive an "adverse opinion" in its external audit report?		Media / Announcement
(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?		

<b>(P.E.) RESPONSIBILITIES OF THE BOARD</b>	
<b>(P.E.1)</b>	<b>Compliance with listing rules, regulations and applicable laws</b>
(P.E.1.1)	<p>Is there any evidence that the company has not complied with any listing rules and regulations over the past year apart from disclosure rules?</p> <p><b>OECD Principle VI (D)</b> (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.</p> <p><b>UK CODE (JUNE 2010)</b> 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.</p>
(P.E.1.2)	<p>Have there been any instances where non-executive directors/commissioner have resigned and raised any issues of governance-related concerns?</p> <p><b>UK CODE (JUNE 2010)</b> 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.</p>
<b>(P.E.2)</b>	<b>Board structure</b>
(P.E.2.1)	<p>Does the company have any independent directors/commissioners who have served for more than nine years or two terms of five years each (whichever is higher) in the same capacity?*</p> <p>* The five-year term must be required by legislation which pre-existed before the introduction of the ASEAN Corporate Governance Scorecard in 2011</p> <p>Did the company fail to identify who are the independent director(s)/ commissioner(s)?</p> <p><b>ICGN 3.3 Tenure</b> Non-executive directors should serve for an appropriate length of time to properly serve the board without compromising the independence of the board. The length of tenure of each director should be reviewed regularly by the nomination committee to allow for board refreshment and diversity.</p>
(P.E.2.2)	<p>Does the company have any independent directors/non-executive/commissioners who serve on a total of more than five boards of publicly-listed companies?</p> <p><b>ICGN 2.5 Independence</b> Annual Report</p>
(P.E.2.3)	<p>Does the company have any independent directors/non-executive/commissioners who serve on a total of more than five boards of publicly-listed companies?</p> <p><b>OECD PRINCIPLE VI (E)</b> (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.</p> <p>Annual Report / Annual CG Report</p>
<b>(P.E.3)</b>	<b>External Audit</b>
(P.E.3.1)	<p>Is there any director or senior management personnel who was a former employee or partner of the current external auditor (in the past two years)?</p> <p><b>OECD Principle V</b> (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.</p> <p>Annual Report</p>



<b>(P)E.4 Board structure and composition</b>		<b>Annual report</b>
<b>(P)E.4.1</b>	Has the chairman been the company CEO in the last three years?	<p><b>OECD Principle VI (E)</b> The board should be able to exercise objective independent judgement on corporate affairs. In countries with single tier board system, the objectivity of the board and its independence from management may be strengthened by the separation of the role of chief executive and Chairman. Separation of the two posts is generally regarded as good practice as it can help to achieve an appropriate balance of power, increase accountability and improve the board's capability for decision making independent management. The presence of a recent CEO as Chairman may unduly influence the views of the board.</p>
<b>(P)E.4.2</b>	Do independent non-executive directors/commissioners receive options, performance shares or bonuses?	<p><b>UK CODE (JUNE 2010)</b> (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).</p> <p><b>ASX CODE</b> <b>Box 8.2: Guidelines for non-executive director remuneration</b> Companies may find it useful to consider the following when considering non-executive director's remuneration:</p> <ol style="list-style-type: none"> <li>1. Non-executive directors should normally be remunerated by way of fees, in the form of cash, non-cash benefits, superannuation contributions or salary sacrifice into equity; they should not normally participate in schemes designed for the remuneration of executives.</li> <li>2. Non-executive directors should not receive options or bonus payments.</li> <li>3. Non-executive directors should not be provided with retirement benefits other than superannuation.</li> </ol>



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## APPENDIX 2: 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.3.1** 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?

**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.3.9** Does the company allow voting in absentia?

**A.3.10** Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?

**A.3.11** Does the company disclose that it has appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM?

**A.3.12** Does the company make publicly available by the next working day the result of the votes taken during the most recent AGM/EGM for all resolutions?

**A.3.15** Does the company give the opportunity for shareholder to place item/s on the agenda of AGM?

### 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 company appoint an independent party to evaluate the fairness of the transaction price?

### B.1 Shares and voting rights

**B.1.1** Does 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 three 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 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?

**E.2** *Board Structure & Composition*

- E.2.6** Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?

**E.2** *Nominating Committee*

- E.2.8** Does the company have a Nominating Committee?

**E.2** *Audit Committee*

- E.2.18** Does the company have an Audit Committee?
- E.2.19** Is the Audit Committee comprised entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?
- E.2.20** Is the Chairman of the Audit Committee an independent director/commissioner?
- E.2.21** Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?

**E.3** *Access to information*

- E.3.8** Is the company secretary trained in legal, accountancy or company secretarial practices and has kept abreast on relevant developments?

**E.3** *Board Appointments and Re-Election*

- E.3.11** Are all directors/commissioners subject to re-election every three years; or five years for listed companies in countries whose legislation prescribes a term of five years each? \*

*\* The five-year term is required by legislation which pre-existed the introduction of the ASEAN Corporate Governance Scorecard in 2011*

**E.3** *Internal Audit*

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

# SUSTAINING GROWTH THROUGH STRONG GOVERNANCE



Paramount Corporation Berhad is committed to maintaining high standards of corporate governance, integrity and accountability, underpinned by robust management of risk and internal controls to ensure long-term sustainability of our business, and to safeguard the interests of all our stakeholders.

We will continue to review the ways in which Paramount Corporation Berhad and our subsidiaries institute corporate governance practices in our daily business activities.

Integrity is one of our five core values. We define integrity as doing what is right, and not only what is allowed. We expect honesty and strong ethical and moral behaviour from our employees and all who do business with us.

Paramount Corporation Berhad was awarded the Excellence Award for Overall Corporate Governance & Performance in the category of companies with a market capitalisation of between RM300 million to RM1 billion by MSWG in 2017.

We commit to continuously maintain our high standards of good corporate governance in our business processes and dialogue with our stakeholders.

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**PARAMOUNT**

## APPENDIX 3: MEMBERS OF ADJUDICATION COMMITTEE

1. Puan Lya Rahman  
Chairperson  
Minority Shareholders Watch Group
2. Datin Paduka Kartini Binti Haji Abdul Manaf  
Permodalan Nasional Berhad
3. Professor Mak Yuen Teen  
NUS Business School Singapore
4. En Salleh Hassan  
Securities Industry Development Corporation
5. Mr Gerald Ambrose  
Aberdeen Islamic Asset Management Sdn Bhd
6. Ms Vilashini Ganespathy  
Association of Chartered Certified Accountant, Malaysia
7. Mr Chew Sing Guan  
Association of Stockbroking Companies
8. Mr Alan Chang Kong Chong  
The Institute of Internal Auditors Malaysia
9. En Ismail Zakaria  
Kumpulan Wang Persaraan (Diperbadankan)

### Secretariat

Ms Rebecca Yap  
Minority Shareholders Watch Group







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- |                             |  |                                     |  |                                     |  |
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| Dental Services             | Cosmetic and Reconstructive Services   | Obstetrics and Gynaecology Services | Oncology, Chemotherapy and Radiotherapy Services | Neurology and Neurosurgery Services | IVF / Reproductive Medicine            |
|                             | Weight Management Services             | Paediatric and Neonatal Services    |  |                                     |  |

## **KPJ HEALTHCARE BERHAD**

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**[www.kpjhealth.com.my](http://www.kpjhealth.com.my)**



## APPENDIX 4: LIST OF TOP 100 COMPANIES WITH GOOD DISCLOSURES (BY RANK)

1.	BURSA MALAYSIA BERHAD	51.	MALAYSIAN RESOURCES CORPORATION BERHAD
2.	AXIATA GROUP BERHAD	52.	AMWAY (MALAYSIA) HOLDINGS BERHAD
3.	TELEKOM MALAYSIA BERHAD	53.	IOI PROPERTIES BERHAD
4.	PETRONAS DAGANGAN BERHAD	54.	HEINEKEN MALAYSIA BERHAD
5.	MALAYAN BANKING BERHAD	55.	POS MALAYSIA BERHAD
6.	RHB BANK BERHAD	56.	SYARIKAT TAKAFUL MALAYSIA BERHAD
7.	SIME DARBY BERHAD	57.	WESTPORTS HOLDINGS BERHAD
8.	CIMB GROUP HOLDINGS BERHAD	58.	DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BERHAD
9.	PETRONAS GAS BERHAD	59.	TIEN WAH PRESS HOLDINGS BERHAD
10.	TENAGA NASIONAL BERHAD	60.	ORIENTAL HOLDINGS BERHAD
11.	ASTRO MALAYSIA HOLDINGS BERHAD	61.	BARAKAH OFFSHORE PETROLEUM BERHAD
12.	AMMB HOLDINGS BERHAD	62.	UNITED PLANTATIONS BERHAD
13.	PETRONAS CHEMICALS GROUP BERHAD	63.	MISC BERHAD
14.	TOP GLOVE CORPORATION BERHAD	64.	BINTULU PORT HOLDINGS BERHAD
15.	LPI CAPITAL BERHAD	65.	GD EXPRESS CARRIER BERHAD
16.	IJM CORPORATION BERHAD	66.	QL RESOURCES BERHAD
17.	PUBLIC BANK BERHAD	67.	FRASER & NEAVE HOLDINGS BERHAD
18.	MALAYSIA AIRPORTS HOLDINGS BERHAD	68.	GADANG HOLDINGS BERHAD
19.	DIGI.COM BERHAD	69.	KUMPULAN PERANGSANG SELANGOR BERHAD
20.	BIMB HOLDINGS BERHAD	70.	EVERGREEN FIBREBOARD BERHAD
21.	ALLIANZ MALAYSIA BERHAD	71.	KUALA LUMPUR KEPONG BERHAD
22.	MAXIS BERHAD	72.	GAS MALAYSIA BERHAD
23.	BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD	73.	GENTING MALAYSIA BERHAD
24.	ALLIANCE BANK MALAYSIA BERHAD	74.	YINSON HOLDINGS BERHAD
25.	SUNWAY BERHAD	75.	AFFIN HOLDINGS BERHAD
26.	S P SETIA BERHAD	76.	HONG LEONG BANK BERHAD
27.	UEM SUNRISE BERHAD	77.	HAI-O ENTERPRISE BERHAD
28.	SUNWAY CONSTRUCTION GROUP BERHAD	78.	PRG HOLDINGS BERHAD
29.	UEM EDGENTA BERHAD	79.	TA ENTERPRISE BERHAD
30.	NESTLE (MALAYSIA) BERHAD	80.	MEDIA CHINESE INTERNATIONAL LIMITED
31.	KLCC PROPERTY HOLDINGS BERHAD	81.	SCIENTEX BERHAD
32.	IOI CORPORATION BERHAD	82.	TA GLOBAL BERHAD
33.	KPJ HEALTHCARE BERHAD	83.	C.I.HOLDINGS BERHAD
34.	CAHYA MATA SARAWAK BERHAD	84.	MBM RESOURCES BERHAD
35.	IJM PLANTATIONS BERHAD	85.	STAR MEDIA GROUP BERHAD
36.	MEDIA PRIMA BERHAD	86.	WCT HOLDINGS BERHAD
37.	PARAMOUNT CORPORATION BERHAD	87.	MANULIFE HOLDINGS BERHAD
38.	GAMUDA BERHAD	88.	VITROX CORPORATION BERHAD
39.	DELEUM BERHAD	89.	GLOBETRONICS TECHNOLOGY BERHAD
40.	CCM DUOPHARMA BIOTECH BERHAD	90.	DESTINI BERHAD
41.	MSM MALAYSIA HOLDINGS BERHAD	91.	MALAYAN FLOUR MILLS BERHAD
42.	KUB MALAYSIA BERHAD	92.	AEON CREDIT SERVICE (M) BERHAD
43.	MALAKOFF CORPORATION BERHAD	93.	CARING PHARMACY GROUP BERHAD
44.	LAFARGE MALAYSIA BERHAD	94.	MIKRO MSC BERHAD
45.	TALIWORKS CORPORATION BERHAD	95.	RGB INTERNATIONAL BERHAD
46.	TUNE PROTECT GROUP BERHAD	96.	DAGANG NEXCHANGE BERHAD
47.	MALAYSIA BUILDING SOCIETY BERHAD	97.	HONG LEONG FINANCIAL GROUP BERHAD
48.	PRESTARIANG BERHAD	98.	WCE HOLDINGS BERHAD
49.	OSK HOLDINGS BERHAD	99.	MPHB CAPITAL BERHAD
50.	IHH HEALTHCARE BERHAD	100.	MATRIX CONCEPTS HOLDINGS BERHAD



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## APPENDIX 5: LIST OF TOP 100 COMPANIES OVERALL CG & PERFORMANCE (BY RANK)

1.	BURSA MALAYSIA BERHAD	51.	VITROX CORPORATION BERHAD
2.	PETRONAS DAGANGAN BERHAD	52.	PRESTARIANG BERHAD
3.	LPI CAPITAL BERHAD	53.	QL RESOURCES BERHAD
4.	TELEKOM MALAYSIA BERHAD	54.	MIKRO MSC BERHAD
5.	MALAYAN BANKING BERHAD	55.	DAGANG NEXCHANGE BERHAD
6.	TOP GLOVE CORPORATION BERHAD	56.	HAI-O ENTERPRISE BERHAD
7.	ASTRO MALAYSIA HOLDINGS BERHAD	57.	UCHI TECHNOLOGIES BERHAD
8.	TENAGA NASIONAL BERHAD	58.	BERMAZ AUTO BERHAD
9.	AXIATA GROUP BERHAD	59.	OSK HOLDINGS BERHAD
10.	PETRONAS GAS BERHAD	60.	AEON CREDIT SERVICE (MALAYSIA) BERHAD
11.	PETRONAS CHEMICALS GROUP BERHAD	61.	PADINI HOLDINGS BERHAD
12.	SUNWAY CONSTRUCTION GROUP BERHAD	62.	MATRIX CONCEPTS HOLDINGS BERHAD
13.	NESTLE (MALAYSIA) BERHAD	63.	MALAYSIA BUILDING SOCIETY BERHAD
14.	SIME DARBY BERHAD	64.	IJM PLANTATIONS BERHAD
15.	PUBLIC BANK BERHAD	65.	GLOBETRONICS TECHNOLOGY BERHAD
16.	RHB BANK BERHAD	66.	MEDIA PRIMA BERHAD
17.	AMMB HOLDINGS BERHAD	67.	MALAYSIAN RESOURCES CORPORATION BERHAD
18.	DIGI.COM BERHAD	68.	POS MALAYSIA BERHAD
19.	CIMB GROUP HOLDINGS BERHAD	69.	TIEN WAH PRESS HOLDINGS BERHAD
20.	BIMB HOLDINGS BERHAD	70.	RGB INTERNATIONAL BERHAD
21.	MAXIS BERHAD	71.	YINSON HOLDINGS BERHAD
22.	BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD	72.	IHH HEALTHCARE BERHAD
23.	SUNWAY BERHAD	73.	UNITED PLANTATIONS BERHAD
24.	IJM CORPORATION BERHAD	74.	MALAKOFF CORPORATION BERHAD
25.	ALLIANZ MALAYSIA BERHAD	75.	LAFARGE MALAYSIA BERHAD
26.	TALIWORKS CORPORATION BERHAD	76.	EVERGREEN FIBREBOARD BERHAD
27.	S P SETIA BERHAD	77.	C.I.HOLDINGS BERHAD
28.	ALLIANCE BANK MALAYSIA BERHAD	78.	KIMLUN CORP BERHAD
29.	KPJ HEALTHCARE BERHAD	79.	HONG LEONG BANK BERHAD
30.	MALAYSIA AIRPORTS HOLDINGS BERHAD	80.	IOI PROPERTIES GROUP BERHAD
31.	HEINEKEN MALAYSIA BERHAD	81.	MISC BERHAD
32.	SYARIKAT TAKAFUL MALAYSIA BERHAD	82.	BARAKAH OFFSHORE PETROLEUM BERHAD
33.	UEM EDGENTA BERHAD	83.	KUB MALAYSIA BERHAD
34.	WESTPORTS HOLDINGS BERHAD	84.	KUALA LUMPUR KEPONG BERHAD
35.	CAHYA MATA SARAWAK BERHAD	85.	GENTING MALAYSIA BERHAD
36.	KLCC PROPERTY HOLDINGS BERHAD	86.	BINTULU PORT HOLDINGS BERHAD
37.	PARAMOUNT CORPORATION BERHAD	87.	PETRON MALAYSIA REFINING & MARKETING BERHAD
38.	DELEUM BERHAD	88.	SASBADI HOLDINGS BERHAD
39.	CCM DUOPHARMA BIOTECH BERHAD	89.	CHIN HIN GROUP BERHAD
40.	GD EXPRESS CARRIER BERHAD	90.	BP PLASTICS HOLDING BERHAD
41.	AMWAY (MALAYSIA) HOLDINGS BERHAD	91.	GAS MALAYSIA BERHAD
42.	FRASER & NEAVE HOLDINGS BERHAD	92.	MALAYAN FLOUR MILLS BERHAD
43.	GAMUDA BERHAD	93.	ORIENTAL HOLDINGS BERHAD
44.	GADANG HOLDINGS BERHAD	94.	PRG HOLDINGS BERHAD
45.	UEM SUNRISE BERHAD	95.	STAR MEDIA GROUP BERHAD
46.	MSM MALAYSIA HOLDINGS BERHAD	96.	KUMPULAN PERANGSANG SELANGOR BERHAD
47.	IOI CORPORATION BERHAD	97.	HONG LEONG FINANCIAL GROUP BERHAD
48.	TUNE PROTECT GROUP BERHAD	98.	MEDIA CHINESE INTERNATIONAL LTD
49.	SCIENTEX BERHAD	99.	LBS BINA GROUP BERHAD
50.	DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BERHAD	100.	AFFIN HOLDINGS BERHAD

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# APPENDIX 6: MSWG-ASEAN CG RECOGNITION 2017 AWARD WINNERS

## EXCELLENCE AWARD FOR OVERALL CG & PERFORMANCE – BY RANK

Bursa Malaysia Berhad  
Petronas Dagangan Berhad  
LPI Capital Berhad  
Telekom Malaysia Berhad  
Malayan Banking Berhad

## CHAIRMAN OF THE YEAR AWARD

Tan Sri Datuk Wira Azman Hj. Mokhtar  
(Axiata Group Berhad)

## CEO OF THE YEAR AWARD

Datuk Seri Tajuddin Atan  
(Bursa Malaysia Berhad)

## REGIONAL CG RECOGNITION AWARD

Mr Jamie Allen  
(The Asian Corporate Governance Association (ACGA))

## BEST INSTITUTIONAL INVESTOR AWARD

Kumpulan Wang Persaraan (Diperbadankan) (KWAP)

## EXCELLENCE AWARD FOR OVERALL CG & PERFORMANCE (SPECIAL CATEGORY) – BY RANK

### Market Cap between RM300 million and RM1 billion

Paramount Corporation Berhad  
Deleum Berhad  
CCM Duopharma Biotech Berhad

### Market Cap less than RM300 million

Mikro MSC Berhad

## EXCELLENCE AWARD FOR CG DISCLOSURE (BY RANK)

Bursa Malaysia Berhad  
Axiata Group Berhad  
Telekom Malaysia Berhad  
Petronas Dagangan Berhad  
Malayan Banking Berhad  
RHB Bank Berhad  
Sime Darby Berhad  
CIMB Group Holdings Berhad  
Petronas Gas Berhad  
Tenaga Nasional Berhad  
Astro Malaysia Holdings Berhad  
AMMB Holdings Berhad  
Petronas Chemicals Group Berhad

## INDUSTRY EXCELLENCE AWARD

**Plantation** – Sime Darby Berhad  
**Financial** – LPI Capital Berhad  
**Property & Construction** – Sunway Construction Group Berhad  
**Oil & Gas** – Petronas Dagangan Berhad  
**Food & Beverage** – Nestle (Malaysia) Berhad  
**Manufacturing** – Top Glove Corporation Berhad  
**Consumer Goods** – British American Tobacco (Malaysia) Berhad  
**Consumer Services** – Tenaga Nasional Berhad  
**Healthcare** – KPJ Healthcare Berhad  
**Telecommunications & Media** – Telekom Malaysia Berhad

## EXCELLENCE AWARD FOR LONG-TERM VALUE CREATION

Bursa Malaysia Berhad  
LPI Capital Berhad  
Nestle (Malaysia) Berhad

## EXCELLENCE AWARD FOR SUSTAINABILITY PRACTICES

CIMB Group Holdings Berhad  
Sime Darby Berhad  
Telekom Malaysia Berhad

## MERIT AWARD FOR MOST IMPROVED CG DISCLOSURE

RHB Bank Berhad  
Top Glove Corporation Berhad  
UEM Edgenta Berhad

## MERIT AWARD FOR BOARD DIVERSITY

Axiata Group Berhad  
RHB Bank Berhad  
Telekom Malaysia Berhad

## MERIT AWARD FOR BEST AGM (OVERALL CATEGORY)

AMMB Holdings Berhad  
Bursa Malaysia Berhad  
Petronas Gas Berhad

## MERIT AWARD FOR BEST AGM (MARKET CAP LESS THAN RM1 BILLION)

Daibochi Plastic and Packaging Industry Berhad

**1** (From left) Lonpac Insurance Bhd CEO Looi Kong Meng; Petronas Dagangan Bhd company secretary Hasnizaini Mohd Zain; Bursa Malaysia Bhd CEO Datuk Seri Tajuddin Atan; MSWG Chairman Tan Sri Dr Sulaiman Mahbob; former Deputy Finance Minister I Datuk Othman Aziz; MSWG general manager Lya Rahman; Telekom Malaysia Bhd general manager (corporate finance & investor relations) Rohaila Mohamed Basir, and Malayan Banking group corporate secretarial head Fariz Abdul Aziz at the MSWG-ASEAN CG Recognition 2017 Night in Kuala Lumpur on Dec 6.



**1**

**2** Chairman of the Year Award – Tan Sri Azman Mokhtar (Axiata Group)

**3** CEO of the Year Award – Datuk Seri Tajuddin Atan (Bursa Malaysia Bhd)

**4** Best Institutional Investor Award – Kumpulan Wang Persaraan (Diperbadankan) KWAP

**5** Excellence Award For Overall CG & Performance (Special Category) – Deleum Bhd, CCM Duopharma Biotech Bhd, Mikro MSC Bhd and Paramount Corporation Bhd



**2**



**3**

**6** Excellence Award for CG Disclosure – Sime Darby Bhd, RHB Bank Bhd, Malayan Banking Bhd, Petronas Dagangan Bhd, Telekom Malaysia Bhd, Axiata Group Bhd, Bursa Malaysia Bhd, CIMB Group Holdings Bhd, Petronas Gas Bhd, Tenaga Nasional Bhd, Astro Malaysia Holdings Bhd, AMMB Holdings Bhd and Petronas Chemicals Group Bhd



**4**



**5**



**6**





7



8



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11



12



13

**7** Industry Excellence Award – Sime Darby Bhd, KPJ Healthcare Bhd, Tenaga Nasional Bhd, British American Tobacco (Malaysia) Bhd, Telekom Malaysia Bhd, Top Glove Corporation Bhd, Nestlé (Malaysia) Bhd, Petronas Dagangan Bhd, Sunway Construction Group Bhd and LPI Capital Bhd

**8** Excellence Award for Long-Term Value Creation – Nestlé (Malaysia) Bhd, LPI Capital Bhd and Bursa Malaysia Bhd

**9** Excellence Award for Sustainability Practices – Telekom Malaysia Bhd, Sime Darby Bhd and CIMB Group Holdings Bhd

**10** Merit Award for Most Improved CG Disclosure – UEM Edgenta Bhd, Top Glove Corporation Bhd and RHB Bank Bhd

**11** Merit Award for Board Diversity – Axiata Group Bhd, RHB Bank Bhd and Telekom Malaysia Bhd

**12** Merit Award for Best AGM – Petronas Gas Bhd, Bursa Malaysia Bhd and AMMB Holdings Bhd

**13** Merit Award for Best AGM (Market Cap less than RM1 billion) – Daibochi Plastic and Packaging Industry Bhd

ZOOM-ZOOM



# Mazda CX-9

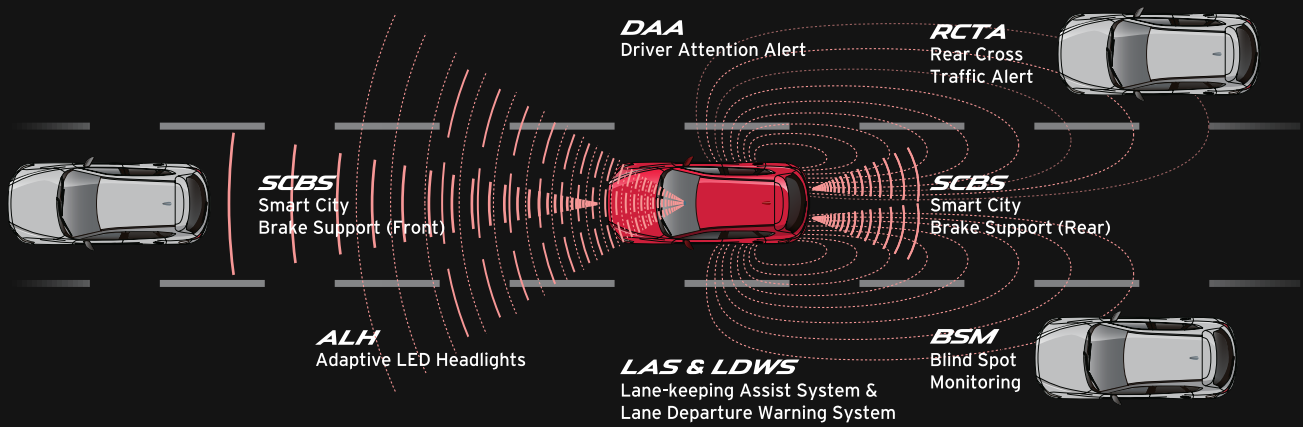
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# APPENDIX 7: KEY CORPORATE GOVERNANCE STATISTICS (2013-2017)

## KEY CORPORATE GOVERNANCE STATISTICS OF PUBLIC LISTED COMPANIES IN MALAYSIA Assessment by Minority Shareholders Watch Group (2013-2017)

### I. MACRO STATISTICS

PUBLIC LISTED COMPANIES	2017	2016	2015	2014	2013
Total No. of Listed Companies	918	920	927	906	930
No. of Companies Covered <sup>1</sup>	880	868	870	873	862
Companies Covered in Index (%)	96%	94%	94%	96%	93%
MARKET CAPITALISATION					
All Public Listed Companies (RM billion)	1,778	1,654	1,718	1,683	1,484
Top 100 in Corporate Governance Score (RM billion)	1,215	1,116	1,161	1,304	1,041
Top 100 in Corporate Governance Score (%)	68%	67%	68%	77%	70%

### 2. CORPORATE GOVERNANCE STATISTICS

CORPORATE GOVERNANCE BASE SCORE <sup>2</sup> <i>No. of Companies Covered</i>	2017	2016	2015	2014	2013
Average Base Score for all Companies	62.20	66.52	62.98	60.23	61.59
Average Base Score for Top 100	86.18	85.02	80.41	76.82	75.99

### 3. SUMMARY OF FINDINGS FOR THE TOP 100 COMPANIES

KEY BOARD STATISTICS	2017	2016	2015	2014	2013
Average board size (intentionally did not round up)	8.6	8.4	8.1	8.6	8.5
Average No. of board meetings	7.5	7.7	7.9	7.6	7.2
Separation of Chairman & CEO	98%	89%	96%	95%	95%
Independent Chairman	50%	41%	45%	45%	43%
Board Balance: ≥50% INEDs	64%	61%	66%	51%	35%
Board assessments carried out	71%	97%	95%	81%	77%
Tenureship of INEDs > 9 years	39%	37%	44%	46%	38%
Average INED tenureship (Year)	5	5	6	6	6
Existence of NC <sup>3</sup>	100%	100%	100%	100%	100%
NC comprised majority of INEDs	100%	100%	96%	99%	94%
Existence of RC <sup>4</sup>	100%	99%	99%	98%	94%
RC comprised majority of INEDs	92%	90%	86%	86%	81%

Women on Boards	2017	2016	2015	2014	2013
No. of Women on Boards					
Female EDs on boards	12	14	12	15	13
Female NINEDs on boards	36	28	25	26	28
Female INEDs on boards	106	81	71	60	41
<b>Total No. of Women on boards</b>	<b>154</b>	<b>123</b>	<b>108</b>	<b>101</b>	<b>82</b>
Women on Boards (%)					
Female EDs on boards	1.4%	1.7%	1.5%	1.7%	1.50%
Female NINEDs on boards	4.2%	3.3%	3.1%	3.0%	3.30%
Female INEDs on boards	12.4%	9.6%	8.8%	7.0%	4.90%
<b>Total No. of Women on boards</b>	<b>17.9%</b>	<b>14.6%</b>	<b>13.4%</b>	<b>11.7%</b>	<b>9.7%</b>

\* Total No. of Female EDs and NINEDs

OTHER DISCLOSURES	2017	2016	2015	2014	2013
Companies having Board Charter	97%	94%	97%	80%	70%
Companies having Code of Ethics	80%	90%	77%	68%	57%
Companies that published AGM Minutes	78%	48%	37%	26%	7%
Companies that published M&A	52%	41%	28%	22%	11%
Companies disclosing individual director remuneration	48%	43%	33%	35%	39%
Companies with Dividend Policy	41%	41%	38%	35%	38%
Companies with Whistle Blowing Policy	84%	86%	70%	51%	48%
Companies with Corporate Responsibility Policy	98%	94%	93%	97%	94%
Companies disclosing training attended by each Director	95%	80%	65%	59%	65%
Annual Financial Report released within four months	100%	99%	99%	82%	81%
Risk Management					
Board review of material control & risk management systems	100%	100%	86%	63%	78%
Establishment of board-level RMC	41%	36%	47%	35%	N/A

\* Notes:

- 1 For 2013, 2014, 2015, 2016 and 2017, all companies were covered. REITs, PN17, GN3, privatised and newly listed companies were excluded.
- 2 Methodology for 2013-2017 was by way of ASEAN Scorecard which did not include performance measures.
- 3 Abbreviation for Nomination Committee
- 4 Abbreviation for Remuneration Committee





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