

MINORITY SHAREHOLDER WATCHDOG GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia – Company No. 524989-M)

The Sun – Sun Biz – 4 April, 2013 (C)

Director for minority slate?

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PETALING JAYA: The Minority Shareholder Watchdog Group (MSWG) is looking at promoting the inclusion of a minority director nominated and voted in by minority shareholders, into the board composition of listed companies.

The minority director slate was conceptualised in Italy in the 1990s in a move to protect minority shareholders interests at the board of directors level.

Companies in Italy are required to reserve at least one board seat to minority candidates.

"Typically a shareholder holding less than between 0.5% and 4.5% depending on the size of the company or its market capitalisation, can submit their slate of director and only they can vote on the appointment. Majority shareholders can't vote," CEO Rita Benoy Bushon told *SunBiz* in an interview.

She said while the director would function as any other director in the board and prioritise the company's interests, the move strengthens the corporate governance image of a company and increases minority investors confidence.

Bushon said while minority shareholders do have a say in the appointment of directors now, their voice is more often than not crowded out by majority shareholders.

She said the minority slate has worked very well in Italy, with companies now looking to add more than the mandatory number of minority directors to its boards.

"We have a very similar kind of corporate governance regime, and (this should be considered) not only here but quite a number of Asian countries should look into it. I am just putting a thought there," Bushon said.

Many of the companies in Italy are family-owned, something the country has in common with Malaysia, where about 65% of companies are family owned.

"I would want (stakeholders to) buy in (to the idea), meaning a consultation process, a thought process, etc... it should evolve in that way, but the seed has to be planted first," said Bushon.