

MINORITY SHAREHOLDER WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
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MSWG expects dividend-paying PLCs could further decline in 2021

PLCs are either badly impacted by the pandemic or are more prudent in profit distribution to shareholders

by PRIYA VASU

THE number of publicly listed companies (PLCs) paying dividends has declined to 445 in 2020, from 460 in 2019, says The Minority Shareholders Watch Group (MSWG) based on its ninth corporate governance assessment.

In a statement recently, MSWG said considering the prolonged Covid-19 pandemic, this figure is expected to drop further in 2021 as PLCs are either badly impacted by the pandemic or are more prudent in profit distribution to shareholders.

The corporate governance assessment was undertaken on 851 public-listed companies (PLCs) in 2020, excluding companies listed on the Leading Entrepreneur Accelerator Platform Market, Practice Note 17 or Guidance Note 3 companies, using the Asean Corporate Governance (CG) Scorecard.

On gender diversity, the assessment further found that 220 of the PLCs assessed have no female board representation, while only one woman was appointed as director out of 370 PLCs assessed.

About 142 of the PLCs assessed have at least 30% women on their boards.

“On average, PLCs have 17% women directors on their board. The percentage has increased from 15% recorded in the 2019 assessment,” noted MSWG.

The assessment also found that the

number of PLCs adopting Integrated Reporting (IR) has increased from 22 in 2019 assessment to 33 in 2020 assessment.

“IR is an approach that enhances the way businesses think, plan and report to their stakeholders on how value is created within their organisation. MSWG hopes to see more PLCs adopt IR in our future assessment,” it added.

In the 2020 assessment, there were 274 PLCs conducted their AGM virtually due to the Covid-19 pandemic, while the number of PLCs that have established a tenure limit policy for their independent directors has increased to 80 in 2020 assessment from 52 in 2019.

The average score for all PLCs has improved from 74.84 points in 2019 to 79.28 points in 2020.

At the same time, the average score for the top 100 PLCs and bottom 100 PLCs (based on ranking) have also improved from 98.4 points in 2019 to 101.73 points in 2020, and from 58.75 points in 2019 to 63.17 points in 2020 respectively.

This assessment marks the ninth year that the Asean CG Scorecard was used in two levels of scoring to capture the implementation of the substance of good corporate governance.

In a statement, MSWG said level 1 scoring is based on the OECD Principles of CG which covers the five areas such as the rights of shareholders, equitable treatment of shareholders, role of stakeholders, disclosure and transparency and responsibilities of the Board.

While level 2 scoring consists of bonus items reflecting other emerging good practices and penalty items reflecting

actions and events that are indicative of poor governance.

“The assessment is based on publicly available and accessible information in annual reports, CG reports and sustainability reports. Other sources of information include corporate websites, announcements on Bursa Malaysia, as well as media and analysts’ reports,” noted MSWG.

For the 2020 assessment, it covered annual reports, CG reports and sustainability reports issued for the financial year ended 30 April 2019 to 31 March 2020. Meanwhile, the cut-off date for other relevant information and developments is the date of the Adjudication Committee meeting.

For 2020, 52 trophies were awarded to 38 PLCs in categories of Excellence Award for CG Disclosure, Excellence Award for CG Disclosure — Market Cap Below RM1 billion, Industry Excellence Award, Merit Award for Most Improved CG Disclosure and Merit Award for Newly Listed Company.

The winners are determined by the Adjudication Committee which comprise representatives from professional bodies, CG experts, academicians, investment professionals and those familiar with the Malaysian equity market.

Due to the current Covid-19 pandemic, there will be no physical award presentation ceremony. Instead, the trophies will be delivered to the winners.

“Notwithstanding the global Covid-19 pandemic that had impacted many local companies, MSWG is glad to see continuous improvement in the overall scores of Malaysian PLCs,” said MSWG.