

MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
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Public-listed companies' corporate governance improves in 2021

PETALING JAYA: The Minority Shareholders Watch Group's (MSWG) corporate governance (CG) 2021 assessment has found local public-listed companies (PLCs) CG levels improved despite the challenges presented by the Covid-19 pandemic.

The CG scorecard, which is based on the Asean CG Scorecard (ACGS), rose 5.4% to 83.58 points in 2021 from 79.28 points in 2020 out of a maximum attainable score of 130 points, the watchdog said.

The assessment is done on a sample of 864 companies and based on disclosures in the latest annual report, CG report and sustainability report for the financial year ended April 30, 2020 to March 31, 2021.

"Over the past five years, our PLCs have shown consistent and

"This steady improvement is indeed encouraging."

Devanesan Evanson

steady improvements in the CG Score from 62.2 points in 2017 to 83.58 points in 2021.

"The upward trend is also observed in the top 100 PLCs and ACE Market PLCs. This steady improvement is indeed encouraging, and is a testament that the ACGS is an effective tool for corporate governance reform," MSWG's chief executive officer Devanesan Evanson noted in a statement.

He added the consistent improvement in the average CG scores over the last five years suggested more companies are aligning their CG best practices with international and regional best practices, beyond the requirements of national legislation.

Some commendable improvements were noticed in 2021 by the MSWG assessment exercise, including a rise in the number of PLCs

which disclosed voting procedures before the start of AGMs to 769 companies in 2021 from 551 companies in 2020.

There was also a notable big increase in the implementation of electronic voting in absentia mechanism to 775 companies from 274 companies during 2020.

More companies have disclosed that related-party transactions were conducted in such a way to ensure that they were fair and at arm's length (from 111 companies in 2020 to 235 companies in 2021).

The watchdog group also found an increase in the number of companies which disclosed anti-corruption procedures to 806 companies from 676 companies in 2020.

There was a noted rise in the number of PLCs which adopted a

term limit of nine years for its independent directors to 148 companies in 2021 from 80 companies in 2020.

The MSWG exercise found 171 PLCs disclosed their nomination committee undertook the process of identifying the quality of directors aligned with the companies' strategic directions in 2021 as compared to 47 the year earlier.

A total of 427 PLCs had set up a separate board level risk committee in 2021 as compared to 262 companies in 2020, while the percentage of women directors inched up to 27% in 2021 from 26% in 2020 for the top 100 PLCs.

MSWG added for 2021, 44 trophies were awarded to 34 PLCs under the Excellence Award for CG Disclosure and Industry Excellence Award for CG Disclosure.