

MINORITY SHAREHOLDER WATCHDOG GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia – Company No. 524989-M)

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Report unveiled: Wan Kamaruzaman (right) launching the report. With him are IIC members (from left) group corporate and human capital development deputy president Datin Paduka Kartini Abdul Manaf, Khazanah Nasional Bhd executive director Jiv Sammanthan, Hermes Investment Management director Dr Hans-Christoph Hirt, Private Pension Administrator CEO Datuk Steve Ong, Rita and Aberdeen Islamic Asset Management Sdn Bhd CEO Gerald Ambrose.

Listed GLCs need to beef up leadership quality

They should also improve on accountability and transparency

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KUALA LUMPUR: State-owned and government-linked listed companies should look into improving the quality of their leadership, accountability and transparency.

They should also include a larger number of professional directors on their boards.

These were among the findings of a report launched yesterday by the Institutional Investor Council Malaysia (IIC), a body set up last year to represent the interests of institutional investors.

Speaking at the launch of the IIC's first report entitled *Investor Stewardship and Future Key Priorities*, the body's chairman Datuk Wan Kamaruzaman Wan Ahmad said: "The release of this inaugural report marks a significant milestone in IIC's journey towards enhancing governance and investor stewardship in Malaysia".

The report also outlined the current state of play of institutional stewardship in Malaysia, the level of engagement undertaken by its

member organisations and the observations on the corporate governance of the investee companies.

"Institutional investors, as major participants in the capital market as well as being emerging capital providers to the economy, are in a unique strategic position to influence the standard of corporate governance practices among their investee companies.

"Recognising this fact, it is imperative for institutional investors to step up the manner in which they discharge their stewardship objectives," Wan Kamaruzaman said.

He said active stewardship also required institutions to relook internally at their own governance processes and practices to ensure consistency with the stewardship objectives which they wished to achieve. "This has led to institutional investors being more transparent in their disclosures of stewardship policies and voting guidelines," he said.

As at Dec 31, 2015, Employees Provident Fund, Permodalan Nasional Bhd, Retirement Fund Inc (KWAP), Lembaga Tabung Haji, Khazanah Nasional Bhd, Social Security

Organisation or Socso and Aberdeen Asset Management were managing a total fund size of about RM1.32 trillion.

Of that, about RM524bil was invested in domestic market, which equivalent to 31% of Bursa Malaysia's market capitalisation of RM1.69 trillion.

"As the market moves towards greater self and market discipline, this industry-led effort bodes well for the capital market and reflects the strong commitment by the IIC to push the investor stewardship agenda forward by playing a leadership role," said Minority Shareholders Watchdog Group (MSWG) chief executive officer Rita Benoy Bushon.

She is also the council member and head of IIC Secretariat. "It's the responsibility of institutional investors to ensure that they play their role for their beneficiaries, such as pensioners.

"When institutional fund invest in companies, they need to ensure that those companies are sustainable in the long run because their investment is for long-term sustainable growth because their investors are retirees, for example," Rita said.