



MSWG-ASEAN CORPORATE GOVERNANCE TRANSPARENCY INDEX, FINDINGS AND RECOGNITION 2014 – THE MALAYSIAN CHAPTER

On 9 December 2014, the Minority Shareholder Watchdog Group (MSWG) unveiled the **MSWG-ASEAN CORPORATE GOVERNANCE TRANSPARENCY INDEX, FINDINGS AND RECOGNITION 2014 – THE MALAYSIAN CHAPTER** where the Deputy Prime Minister, Y.A.B. Tan Sri Dato' Haji Muhyiddin bin Haji Mohd. Yassin delivered the Keynote Address and presented the recognition awards.

MSWG recognised corporates which advocated transparency in their companies as well as individuals who championed good corporate governance. The MSWG-ASEAN Corporate Governance Transparency Index – The Malaysian Chapter identified the Top 100 Malaysian PLCs on disclosures from the 873 companies that were assessed this year based on the OECD Principles of Corporate Governance. In addition, the Top 100 PLCs were further subjected to the elimination criteria of Return on Equity (ROE) less than 3% for the last three years.

Over the years since 2009, through the yearly CG assessment, MSWG has collated six years of data for research on pertinent policy issues. In this regard, MSWG welcomes interested parties who can partner with MSWG to do such research.

PLCs cannot afford to be complacent nor take this exercise as box-ticking but to continuously strive to better themselves and embed best practices into their DNA. The top companies can be exemplary to the rest of the PLCs and thus MSWG showcased them through the annual recognition.

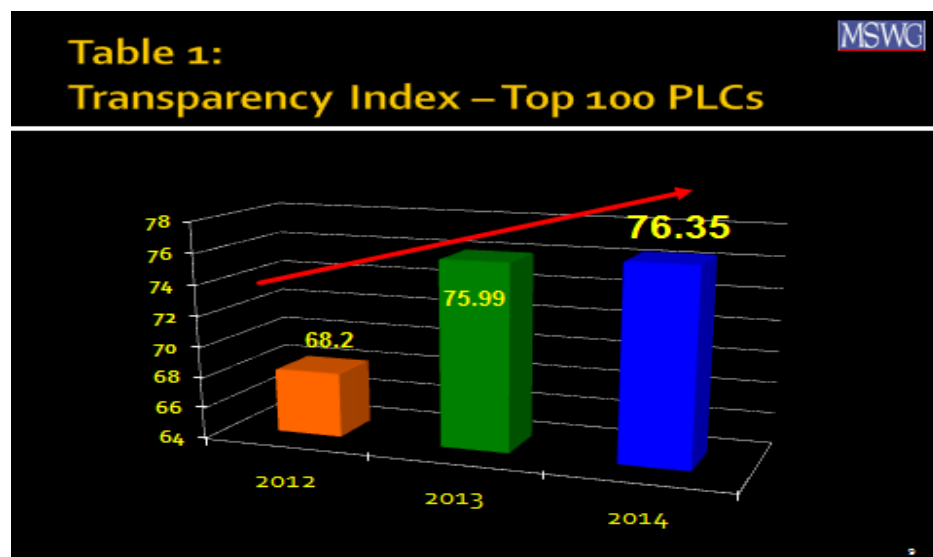
The research findings based on MSWG's assessment of Top 100 PLCs showed that there was a general improvement in terms of disclosures as the CG Transparency Index has increased from 75.99 in 2013 to 76.35 in 2014. The Top 50 companies according to ranking in terms of transparency using the ASEAN CG Scorecard methodology are shown in **Table 8**.

Table 8 : TOP 50 Companies According to Ranking
(Disclosures based on ASEAN CG Scorecard
Methodology)

	NAME OF PLCS
1	TELEKOM MALAYSIA BERHAD
2	BURSA MALAYSIA BERHAD
3	MALAYAN BANKING BERHAD
4	AXIATA GROUP BERHAD
5	CIMB GROUP HOLDINGS BERHAD
6	PUBLIC BANK BERHAD
7	UMW HOLDINGS BERHAD
8	LPI CAPITAL BERHAD
9	PETRONAS GAS BERHAD
10	IJM LAND BERHAD
11	MALAYSIA AIRPORT HOLDINGS BERHAD
12	ASTRO MALAYSIA HOLDINGS BERHAD
13	MAXIS BERHAD
14	BRITISH AMERICAN TOBACCO (M) BERHAD
15	DIGI.COM BERHAD
16	NESTLE (M) BERHAD
17	TENAGA NASIONAL BERHAD
18	RHB CAPITAL BERHAD
19	FELDA GLOBAL VENTURES HOLDINGS BERHAD
20	IJM PLANTATION BERHAD
21	IOI CORPORATION BERHAD
22	IJM CORPORATION BERHAD
23	ALLIANCE FINANCIAL GROUP BERHAD
24	MEDIA PRIMA BERHAD
25	SIME DARBY BERHAD
26	DRB HICOM BERHAD
27	UMW OIL & GAS CORPORATION BERHAD
28	PETRONAS CHEMICALS GROUP BERHAD
29	MALAYSIA BUILDING SOCIETY BERHAD
30	KUMPULAN PERANGSANG SELANGOR BERHAD
31	PETRONAS DAGANGAN BERHAD
32	KPJ HEALTHCARE BERHAD
33	UEM SUNRISE BERHAD
34	GENTING MALAYSIA BERHAD
35	ALLIANZ MALAYSIA BERHAD

	NAME OF PLCS
36	MALAYSIAN RESOURCES CORPORATION BERHAD
37	SUNWAY BERHAD
38	PRESTARIANG BERHAD
39	BIMB HOLDINGS BERHAD
40	POS MALAYSIA BERHAD
41	OSK HOLDINGS BERHAD
42	DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BERHAD
43	GENTING BERHAD
44	HONG LEONG FINANCIAL GROUP BERHAD
45	MALAYSIA MARINE AND HEAVY ENGINEERING BERHAD
46	AMMB HOLDINGS BERHAD
47	MSM MALAYSIA HOLDINGS BERHAD
48	TSH RESOURCES BERHAD
49	KULIM (MALAYSIA) BERHAD
50	FRASER & NEAVE HOLDINGS BERHAD

The salient findings for the Top 100 companies are shown in **Tables 1-3** below.



**Table 2:
Key CG Statistics – Top 100 PLCs**

Disclosures on:	2014	2013	2012
Separation of Chairman & CEO	95%	95%	94%
Independent Chairman	45%	43%	40%
≥ 50% INEDs	51%	35%	33%
Companies with INEDs ≥ 9 yrs	46%	38%	34%
AGM Minutes	26%	7%	1%
Women on Boards	12%	10%	9%
Corporate Responsibility Statement	97%	94%	90%



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**Table 3:
Key CG Statistics – Top 100 PLCs**

Disclosures on:	2014	2013	2012
Board Charter	76%	70%	38%
Code of Ethics	65%	57%	58%
Published Memorandum and Articles of Association	21%	--	--
Dividend Policy	35%	38%	34%
Whistle Blowing Policy	51%	48%	42%
Board assessments conducted	81%	77%	76%
Annual Financial Report released within 4 months	82%	81%	81%



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The AGM minutes disclosed by companies increased from 7 in 2013 to 28 companies this year. Disclosure of minutes voluntarily where there are no rules nor codes is about transparency which is the essence of corporate governance. We hope more companies will disclose the minutes of their AGM on their websites, disclosing salient points such as attendance of Board members, detailed results of voting and issues raised. The companies that disclosed their minutes on their websites are shown in **Table 4** below.

**Table 4:
Closing the Gap:
Disclosure of AGM Minutes**




LIST OF 28 COMPANIES WHICH DISCLOSED AGM MINUTES (IN ALPHABETICAL ORDER)		
PIONEER: 2013 & 2014	2014	
Axiata Group Bhd	AirAsia Bhd	Malaysian Resources Corp Bhd
Bursa Malaysia Bhd	Bina Darulaman Bhd	Master-Pack Group Bhd
CIMB Group Holdings Bhd	DiGi.COM Bhd	Media Prima Bhd
IJM Corporation Bhd	DRB-HICOM Bhd	Petronas Chemicals Group Bhd
IJM Land Bhd	Felda Global Ventures Holdings Bhd	Petronas Dagangan Bhd
IJM Plantations Bhd	IGB Corporation Bhd	Petronas Gas Bhd
Telekom Malaysia Bhd	KPJ Healthcare Bhd	Public Bank Bhd
	Kump Perangsang Selangor Bhd	RHB Capital Bhd
	LPI Capital Bhd	Top Glove Corporation Bhd
	Malayan Banking Bhd	UMW Holdings Bhd
	Malaysia Airports Holdings Bhd	

As far as the CSR disclosures are concerned, almost all the top 100 companies have provided some elements of disclosures according to the four pillars of sustainability i.e. Marketplace, Workplace, Community and Environment required in the Listing Requirements. The areas of disclosures that required further improvements in the Sustainability Reporting include areas such as cost-benefit elements and feedback on how companies responded to their stakeholders. We hope to see more substantive reporting in addition to independent assurance on this aspect. **Table 5** shows the gaps that need to be addressed.

Table 5: Closing the Gap: ESG Disclosures

MSWG

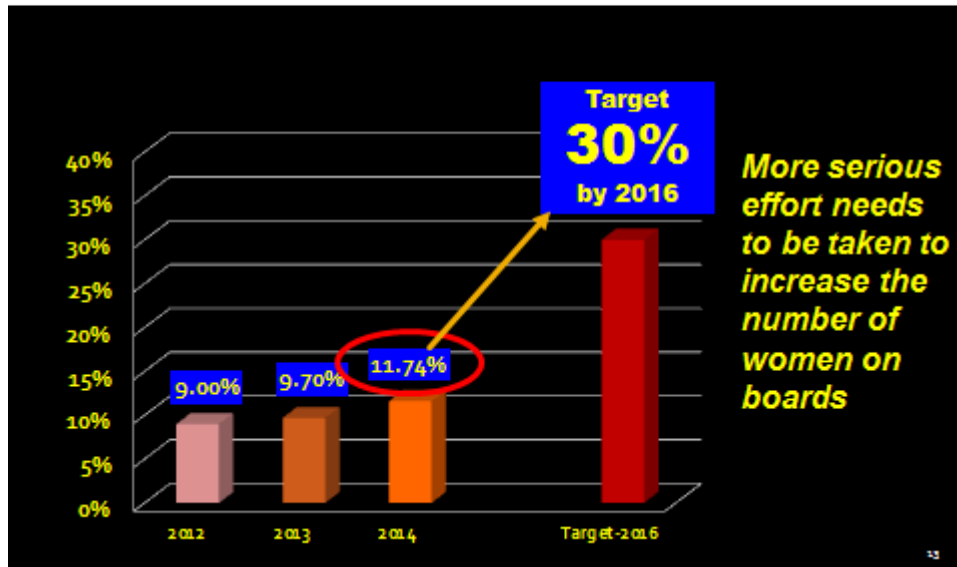
EXEMPLARY ESG DISCLOSURES



- ▶ To disclose clear ESG policies and activities linking to strategies on material aspects/areas
- ▶ Cost-benefit disclosures
- ▶ Sustainability reporting to include feedback on how companies respond to their stakeholders
- ▶ Encourage independent assurance
- ▶ Encourage moving towards integrated reporting

MSWG has been exhorting for PLCs to have a balanced and diverse board as it is part of good corporate governance. It will help to avoid “group think” and in line with the principle of making decision in the interests of the company and stakeholders. On gender diversity, we have been actively encouraging PLCs to have more women directors on the board. Whilst we are pleased to note that there has been an improvement in the proportion of women directors in the Top 100 PLCs from 9% in 2012 to 10% in 2013 and 12% this year, it is still a far cry from the 30% target to be achieved by 2016 which is only two years from now. It is obvious that more efforts need to be taken to achieve the target and it is urged that captains of industry, both the Chairmen and CEOs as well as institutional investors to step up their efforts in influencing the appointments of independent women directors to boards. Refer to **Table 6**.

**Table 6:
Closing the Gap:
Women on Boards**



From **Table 2**, we noted that almost all the Top 100 PLCs have separation of Chairman and CEO which is important for corporate governance. We believe that the separation of roles will provide certain checks and balances in the Board, the Chairman being the head of the company looking at policy issues and communicating with shareholders whereas the CEO is charged with the day-to-day activities of the company. An independent Chairman is a CG element that is aspired in the company to provide a channel of communication both by minority and majority shareholders without the perception of being biased. From the figures shown in **Table 2**, there was a slight increase in the number of independent Chairmen.

The other key corporate governance statistics that have shown improvements include having disclosures of Board Charter, Code of Ethics and Whistleblowing Policy.

On the awards, two new categories were introduced. These are for the Exemplary AGM Minutes and the Investor Watchdog Peer Recognition. Over the last two years, MSWG has been encouraging boards to disclose the AGM minutes on their websites for the benefit of the boards and shareholders. More PLCs are now disclosing their AGM minutes on their websites.

In relation to the Investor Watchdog Peer Recognition, the award was intended to recognise an individual in the ASEAN region who has contributed immensely in the promotion of corporate governance and minority rights in his/her country. With this recognition, it is hoped that individuals and investor bodies in the region can work together for common understanding on investment and minority rights.

There is a total of 10 categories of awards including 4 for individuals. The recognition awards together with the winners are shown in **Table 7**.

Table 7:

**MSWG-ASEAN CORPORATE GOVERNANCE TRANSPARENCY INDEX AND FINDINGS
2014
- THE MALAYSIAN CHAPTER
WINNERS**

No.	Categories	Objectives/Criteria	Winners
1.	Exemplary AGM Minutes	<p>To encourage and recognise PLCs to publish quality minutes on their websites.</p> <p>Published quality AGM Minutes which include, among others, disclosures on:</p> <ul style="list-style-type: none"> • attendance of Board members • meeting procedures • opportunity for shareholders to raise questions • detailed voting results for each resolution 	<p>(In alphabetical order)</p> <ul style="list-style-type: none"> • Bursa Malaysia Berhad • Telekom Malaysia Berhad
2.	Exemplary ESG Practices	<p>To encourage and recognise PLCs which have good policies on environment, social and governance (ESG) and implement such activities effectively with strong emphasis on sustainability.</p> <ul style="list-style-type: none"> • Has a separate quality Sustainability Report. • It must address 4 pillars of Corporate Responsibility, e.g. community, environment, workplace and marketplace. <p>Has demonstrated the implementation of these activities and disclosed cost benefits.</p>	<p>(In alphabetical order)</p> <ul style="list-style-type: none"> • Axiata Group Berhad • CIMB Group Holdings Berhad • Malayan Banking Berhad • Sime Darby Berhad <p>Telekom Malaysia Berhad</p>
3.	<p>Top Corporate Governance Recognition</p> <ul style="list-style-type: none"> - Mid Cap (> RM750m to RM3b) - Mid Cap (> RM100m to RM750m) - Small Cap (RM100m and below) 	<p>To encourage and recognise mid and small cap PLCs to embrace corporate governance.</p>	<ul style="list-style-type: none"> • Mid Cap (> RM750m to RM3b) <ul style="list-style-type: none"> - IJM Plantation Berhad • Mid Cap (> RM100m to RM750m) <ul style="list-style-type: none"> - Daibochi Plastic and Packaging Industry Berhad • Small Cap (RM100m and below) <ul style="list-style-type: none"> - Master-Pack Group Berhad

4.	<p>Industry Excellence</p> <ul style="list-style-type: none"> • Plantation • Property • Oil & Gas • Financial • Industrial/Trading • Consumer Goods • Consumer Services • Telecommunications/Utilities 	<p>To encourage and recognise PLCs in their respective industries with the best corporate governance practices including transparency and performance.</p>	<ul style="list-style-type: none"> • Plantation – Felda Global Ventures Holdings Berhad • Property – IJM Land Berhad • Oil & Gas – Petronas Gas Berhad • Financial – Malayan Banking Berhad • Industrial/Trading – IJM Corporation Berhad • Consumer Goods – UMW Holdings Berhad • Consumer Services – Astro Malaysia Holdings Berhad • Telecommunications/Utilities – Telekom Malaysia Berhad
5.	Investor Watchdog Peer Recognition	<p>To recognise an individual in the ASEAN region who has contributed immensely in the promotion of corporate governance and minority rights in his/her country.</p>	<ul style="list-style-type: none"> • Mr David Gerald Founder, President & CEO, Securities Investors Association (Singapore)
6.	CG Writer of the Year	<p>To recognise an individual who has contributed quality articles and commentaries on CG issues and has created awareness in the marketplace.</p>	<ul style="list-style-type: none"> • Datuk John Zinkin Managing Director, Zinkin Ettinger Sdn Bhd
7.	Chairman of the Year	<p>To recognise an individual who has demonstrated influence in corporate governance within his company and marketplace.</p> <ul style="list-style-type: none"> • The individual must be an independent Chairman who has served less than 9 years. • The Company that he helms must have published AGM minutes. • Conducted himself well during the AGM. • Obtained good feedback through nomination. • The Company that he helms must be in the Top 50. 	<ul style="list-style-type: none"> • Tan Sri Abdul Halim Ali Chairman, IJM Corporation Berhad

8.	CEO of the Year	To recognise an individual who is visionary, entrepreneurial and dynamic and has brought corporate governance to a greater height. <ul style="list-style-type: none"> • Successfully led the company to venture overseas. • Has pushed corporate governance practice beyond minimum requirements especially in the areas of diversity, ESG. • Has showed and shared his knowledge in marketplace, showcasing and encouraging good CG practices. 	<ul style="list-style-type: none"> • Dato' Sri Jamaludin Ibrahim – Managing Director/Group Chief Executive Officer, Axiata Group Berhad
9.	Top Transparency Recognition	To recognise a PLC with the best corporate governance disclosures.	<ul style="list-style-type: none"> • Telekom Malaysia Berhad
10.	Top Corporate Governance Recognition	To recognise PLCs with the best corporate governance disclosures and good performance.	(In alphabetical order) <ul style="list-style-type: none"> • Axiata Group Berhad • Bursa Malaysia Berhad • CIMB Group Holdings Berhad • Malayan Banking Berhad Telekom Malaysia Berhad

Pictures of Some Winners are shown below.

A. Top Corporate Governance Recognition

(In alphabetical order)

- Axiata Group Berhad
- Bursa Malaysia Berhad
- CIMB Group Holdings Berhad
- Malayan Banking Berhad
- Telekom Malaysia Berhad



Left to Right:

- Datuk Abdul Farid Alias (Group President & Chief Executive Officer, Malayan Banking Berhad)
- Tan Sri Dato' Sri Zamzamzairani Mohd Isa
(Managing Director/Group Chief Executive Officer, Telekom Malaysia Berhad)
- Tan Sri Datuk Dr Sulaiman Bin Mahbob (Chairman of MSWG)
- Deputy Prime Minister, Y.A.B. Tan Sri Dato' Haji Muhyiddin bin Haji Mohd. Yassin
- Puan Rita Benoy Bushon (Chief Executive Officer of MSWG)
- Dato' Tajuddin Atan (Chief Executive Officer, Bursa Malaysia Berhad)
- Datin Rossaya Mohd Nashir (Group Company Secretary, CIMB Group Holdings Berhad)
- Dato' Sri Jamaludin Ibrahim (Managing Director/Group Chief Executive Officer, Axiata Group Berhad)

B. CEO of the Year

- Dato' Sri Jamaludin Ibrahim
- Managing Director/Group Chief Executive Officer, Axiata Group Berhad



