

MINORITY SHAREHOLDER WATCHDOG GROUP

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

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WINNERS ALL... Bursa Malaysia chairman Tun Mohamed Dzaiddin Abdullah (eighth from the left), Deputy International Trade and Industry Minister Datuk Jacob Dungau Sagan (ninth from the left) and MSWG chairman Tan Sri Abdul Halim Ali (eighth from the right) with winners of the Malaysian Corporate Governance Index 2011 awards, including Top Overall winner, Public Bank Bhd, represented by its managing director Tan Sri Tay Ah Lek (ninth from the right) (story on Page 9).

Directors unwilling to reveal remuneration

Only 8.3% of directors declared their fees in 2011, up 2.7% from 5.6% in 2010

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KUALA LUMPUR: Many company directors are not prepared to disclose details of their remuneration despite it being a best practice recommended under the Malaysian code on corporate governance, according to findings by the Minority Shareholder Watchdog Group (MSWG).

In a statement yesterday, the MSWG said only 8.3% of directors declared their remuneration fees in 2011, up 2.7% from 5.6% in 2010. Interestingly, the average remuneration of an executive director is approximately RM824,000 per annum.

Finance sector directors received the most with an average of RM3.2 million per year.

This was a stark comparison to the RM100,000 pa a non-executive director would receive. A non-executive director in the finance sector was still paid more at RM250,000 a year compared with other sectors of the economy.

The MSWG reported these findings after unveiling its Malaysian Corporate Governance (MCG) Index 2011 yesterday.

The index, first launched in 2009, was designed to create awareness and to promote transparency of corporate governance

best practices among public-listed companies (plc) in the country. It also provides shareholders and stakeholders with information on companies with good corporate governance practices.

This year, the Top 100 plcs scored 66.9, up by one percentage point from a year ago, it said. The Top 100 companies were accorded A+, A, B+ and B ratings and were selected based on the final MCG scores. Only 16 scored more than 80 and were awarded a A+, 10 were given A while 74 companies had B+ and B ratings.

The MCG ranks plcs based on compliance with corporate governance best practices, quality of disclosures, financial sustainability and corporate responsibility efforts.

All 964 companies on Bursa Malaysia were assessed but 100 had to be excluded for various reasons such as being delisted, declared PN17/GN13 or were being privatised, it added.

The watchdog's key findings include:

- The average corporate governance base score on compliance with best practices for all 864 plcs has increased to 57.19% in 2011 from 55.6% in 2010, up 1.6%.
- 82% or 708 companies separated the roles of chairman and CEO. This percentage is comparable and is much higher than US-based S&P companies.
- It is not encouraging to note that the percentage of wom-

MSWG Malaysian Corporate Governance Index 2011 award winners

Award Category Winners

Most Prompt AGM

— LPI Capital Bhd

Best Conduct of AGM

— DRB-Hicom Bhd, Public Bank Bhd, Axiata Group Bhd

Best Corporate Responsibility

— CIMB Group Holdings Bhd, Nestle (M) Bhd, Telekom Malaysia Bhd

Special Transparency

— Bursa Malaysia Bhd

Top Mid-Cap Company

— Jobstreet Corp Bhd

Industry Excellence

- Finance — Public Bank Bhd
- Telecommunications/Media — Telekom Malaysia Bhd
- Consumer Products — British American Tobacco (M) Bhd

- Construction — IJM Corp Bhd
- Plantation — Kulim (M) Bhd

Distinction

- Axiata Group Bhd
- British American Tobacco (M) Bhd
- Bursa Malaysia Bhd
- CIMB Group Holdings Bhd
- DiGi.Com Bhd
- Guinness Anchor Bhd
- LPI Capital Bhd
- Malayan Banking Bhd
- Malaysia Airports Holdings Bhd
- Media Prima Bhd
- Nestle (M) Bhd
- Public Bank Bhd
- Shell Refining Co (Federation of Malaya) Bhd
- Telekom Malaysia Bhd
- Tenaga Nasional Bhd
- UMW Holdings Bhd

Top Overall

— Public Bank Bhd

Special mention for companies rated 'A'

- AirAsia Bhd
- DRB-Hicom Bhd
- IJM Corp Bhd
- KLCC Property Holdings Bhd
- KPJ Healthcare Bhd
- Kulim (M) Bhd
- Malaysia Building Society Bhd
- RHB Capital Bhd
- TH Plantations Bhd
- Uchi Technologies Bhd

Special mention for most diverse board

- Malayan Banking Bhd

Special mention for board that fulfils the policy of 30% women on its board

- Malaysia Airports Holdings Bhd
- TA Enterprise Bhd

an directors had been almost stagnant at 8% and dropped to 7% in the Top 100 companies. Therefore, more needs to be done by companies to make a conscious effort to include gender diversity in boardrooms.

• There has been marginal improvement in the disclosure of existence of whistle-blowing policy, dividend policy and corporate responsibility.

• Though the percentage of disclosure on corporate responsibility has increased, there is still a lot of room for improve-

ment in corporate social responsibility (CSR), to be better structured and carried out in a holistic manner. There needs to be a more transparent disclosure in the CSR statement on funds allocated to CSR activities.