

MALAYSIA-ASEAN CORPORATE GOVERNANCE 2016 AWARD WINNERS

EXCELLENCE AWARD FOR TOP CG AND PERFORMANCE (OVERALL CATEGORY) – BY RANK

- Bursa Malaysia Bhd
- Telekom Malaysia Bhd
- Axiata Group Bhd
- LPI Capital Bhd
- Malayan Banking Bhd

CEO OF THE YEAR

- YBhg Dato' Rohana Rozhan (Astro Malaysia Holdings Bhd)

CG WRITER OF THE YEAR

- Mr Cheah Chor Sool (Focus Malaysia)

EXCELLENCE AWARD FOR TOP CG & PERFORMANCE (SPECIAL CATEGORY) – BY RANK

Market Cap between RM300 million and RM1 billion

- Daiboichi Plastic and Packaging Industry Bhd
- Deleum Bhd
- CCM Duopharma Biotech Bhd
- Uchi Technologies Bhd

Market Cap between RM100 million and RM300 million

- Signature International Bhd
- RGB International Bhd

Market Cap below RM100 million

- TRiple Bhd
- SMIS Corporation Bhd

EXCELLENCE AWARD FOR LONG-TERM VALUE CREATION

- Bursa Malaysia Bhd
- Telekom Malaysia Bhd
- Axiata Group Bhd

EXCELLENCE AWARD FOR ESG PRACTICES

- Axiata Group Bhd
- Sime Darby Bhd
- CIMB Group Holdings Bhd

MERIT AWARD FOR CG DISCLOSURES (BY RANK)

- Bursa Malaysia Bhd
- Telekom Malaysia Bhd
- Axiata Group Bhd
- Malayan Banking Bhd
- Sime Darby Bhd
- RHB Capital Bhd
- Allianz Malaysia Bhd
- Petronas Dagangan Bhd
- Tenaga Nasional Bhd
- LPI Capital Bhd

INDUSTRY EXCELLENCE

Plantation

- Sime Darby Bhd

Financial

- LPI Capital Bhd

Property & Construction

- Sunway Construction Group Bhd

Oil & Gas

- Petronas Gas Bhd

Food & Beverage

- Nestle (Malaysia) Bhd

Manufacturing

- Top Glove Corporation Bhd

Consumer Goods

- British American Tobacco (Malaysia) Bhd

Consumer Services

- Tenaga Nasional Bhd

Healthcare

- IHH Healthcare Bhd

Telecommunications & Media

- Telekom Malaysia Bhd

MERIT AWARD FOR MOST IMPROVED

- Top Glove Corporation Bhd
- Affin Holdings Bhd

MERIT AWARD FOR BOARD DIVERSITY

- Telekom Malaysia Bhd

MERIT AWARD FOR BEST AGM (OVERALL CATEGORY)

- Bursa Malaysia Bhd
- Telekom Malaysia Bhd
- Public Bank Bhd

MERIT AWARD FOR BEST AGM (MARKET CAP BELOW RM300 MILLION)

- CCM Duopharma Biotech Bhd
- Paramount Corporation Bhd

ACKNOWLEDGEMENT

MSWG would like extend its sincere appreciation to the CMDF, regulators, market participants and companies who have supported and championed this cause towards raising the CG standards in the capital market.

Comments On Key Areas

ENVIRONMENT, SOCIAL AND GOVERNANCE

Investors have become increasingly focused on environmental, social, and governance (ESG) practices in recent years. This is driven by a growing sense among investors that corporate investment in ESG enhances a company's performance and reputation, thus fostering bottom line growth towards sustainability. The ESG agenda is also in line with the Malaysian Government's efforts to encourage more companies to show high commitment towards social responsibility.

In this regard, 94% of the Top 100 PLCs had adequate ESG disclosures in their annual reports and websites, albeit at varying degrees. The bigger companies produced detailed and separate Sustainability Reports which reflected their strong commitment towards the ESG agenda. Given the importance of this agenda, the Board and management should seriously consider initiating sustainable and responsible business growth and practices, including adequate budget allocation for such activities.

WOMEN ON BOARD

Board diversity is recognised as an important element of good corporate governance. The Malaysian Code on Corporate Governance 2012 recommends that the board should establish a policy formalising its approach to boardroom diversity – and that the Board through its Nominating Committee should take steps to ensure that women candidates are sought as part of its recruitment exercise. The board should explicitly disclose in the annual report its gender diversity policies and targets as well as the measures taken to meet those targets.

In this regard, the findings for the Top 100 PLCs found that the number of women on boards have improved to 14.6% in 2016 compared to 13.4% in 2015. But despite the growth, the figures still fall well short of the 30% female representation on corporate Boards targeted by the Government.

PUBLISHING OF AGM MINUTES

One of the best practices which MSWG advocated over the years is the publication of AGM minutes on the listed issuer's website in a timely manner. This year, nearly half (48%) of the Top 100 PLCs provided such disclosures compared to 37% in 2015 and a mere seven companies in 2013. Nevertheless, Bursa Malaysia has now mandated all PLCs to publish a summary of key matters arising at the AGMs onto their websites.

We therefore hope all PLCs will take the initiative to publish a meaningful summary which include among others, pertinent questions raised at the AGM and the Board's responses as well as the full attendance list of the directors at the AGM.

WHISTLE-BLOWING POLICY

Another area of growing importance is the existence of a whistle-blowing policy as part of the company's corporate governance framework. The existence of a formally prescribed channel can help sound the alarm on bad practices early enough to ensure that prompt actions can be taken before the concerns become serious problems.

On this note, 86% of the Top PLCs have a Whistle-Blowing Policy compared to only 70% in 2015. Out of this, 91% have proper procedures for lodging complaints by employees and 84% have proper policy and procedures to protect an employee/person who reveals illegal or unethical behaviour from retaliation. We hope to see all PLCs put in place these elements into a formal whistle-blowing policy and procedures as part of a healthy corporate culture.

List of Top 100 Companies for Overall CG & Performance (by rank)

NO.	NAME OF COMPANY	NO.	NAME OF COMPANY
1	BURSA MALAYSIA BHD	51	UCHI TECHNOLOGIES BHD
2	TELEKOM MALAYSIA BHD	52	MISC BHD
3	AXIATA GROUP BHD	53	LINGKARAN TRANS KOTA HOLDINGS BHD
4	LPI CAPITAL BHD	54	TUNE PROTECT GROUP BHD
5	MALAYAN BANKING BHD	55	BARAKAH OFFSHORE PETROLEUM BHD
6	TENAGA NASIONAL BHD	56	BERJAYA AUTO BHD
7	TOP GLOVE CORPORATION BHD	57	AFFIN HOLDINGS BHD
8	ASTRO MALAYSIA HOLDINGS BHD	58	ALLIANCE FINANCIAL GROUP BHD
9	PUBLIC BANK BHD	59	MY E.G.SERVICES BHD
10	RHB CAPITAL BHD	60	GADANG HOLDINGS BHD
11	CIMB GROUP HOLDINGS BHD	61	TRIPLC BHD
12	PETRONAS GAS BHD	62	DUTCH LADY MILK INDUSTRIES BHD
13	ALLIANZ MALAYSIA BHD	63	SIGNATURE INTERNATIONAL BHD
14	SIME DARBY BHD	64	7-ELEVEN MALAYSIA HOLDINGS BHD
15	NESTLE (M) BHD	65	MEDIA PRIMA BHD
16	PETRONAS DAGANGAN BHD	66	CARLSBERG BREWERY MALAYSIA BHD
17	SUNWAY CONSTRUCTION GROUP BHD	67	AMMB HOLDINGS BHD
18	DIGI.COM BHD	68	PARAMOUNT CORPORATION BHD
19	MATRIX CONCEPTS HOLDINGS BHD	69	YINSON HOLDINGS BHD
20	PRESTARIANG BHD	70	BUMI ARMADA BHD
21	UEM EDGENTA BHD	71	SCIENEX BHD
22	PETRONAS CHEMICALS GROUP BHD	72	LBS BINA GROUP BHD
23	BRITISH AMERICAN TOBACCO (M) BHD	73	KLCC PROPERTY HOLDINGS BHD
24	MALAYSIA AIRPORTS HOLDINGS BHD	74	RGB INTERNATIONAL BHD
25	SUNWAY BHD	75	UMW OIL & GAS CORPORATION BHD
26	IJM CORPORATION BHD	76	LII HEN INDUSTRIES BHD
27	FELDA GLOBAL VENTURES HOLDINGS BHD	77	MALYSIAN RESOURCES CORPORATION BHD
28	WESTPORTS HOLDINGS BHD	78	POWER ROOT BHD
29	TALIWORKS CORPORATION BHD	79	PANASONIC MANUFACTURING (M) BHD
30	UEM SUNRISE BHD	80	SP SETIA BHD
31	CAHYA MATA SARAWAK BHD	81	MKH BHD
32	DAIBOCHI PLASTIC & PACKAGING INDUSTRY BHD	82	AMWAY (M) HOLDINGS BHD
33	DELEUM BHD	83	KERJAYA PROSPEK GROUP BHD
34	DATASONIC GROUP BHD	84	POS MALAYSIA BHD
35	HEINEKEN MALAYSIA BHD	85	ECS ICT BHD
36	SYARIKAT TAKAFUL MALAYSIA BHD	86	MEDIA CHINESE INTERNATIONAL LTD
37	UMW HOLDINGS BHD	87	KUMPULAN PERANGSANG SELANGOR BHD
38	IHH HEALTHCARE BHD	88	UNITED PLANTATIONS BHD
39	CCM DUOPHARMA BIOTECH BHD	89	CB INDUSTRIAL PRODUCT HOLDING BHD
40	MSM MALAYSIA HOLDINGS BHD	90	SELANGOR PROPERTIES BHD
41	MALAYSIA BUILDING SOCIETY BHD	91	KUALA LUMPUR KEPONG BHD
42	KPJ HEALTHCARE BHD	92	KIM LOONG RESOURCES BHD
43	QL RESOURCES BHD	93	FIMA CORPORATION BHD
44	IJM PLANTATIONS BHD	94	AEON CREDIT SERVICE (M) BHD
45	MAXIS BHD	95	STAR MEDIA GROUP BHD
46	FRASER & NEAVE HOLDINGS BHD	96	BINTULU PORT HOLDINGS BHD
47	PADINI HOLDINGS BHD	97	HONG LEONG BANK BHD
48	GO EXPRESS CARRIER BHD	98	SMIS CORPORATION BHD
49	BIMB HOLDINGS BHD	99	LEE SWEE KIAT GROUP BHD
50	OSK HOLDINGS BHD	100	ASIA FILE CORPORATION BHD

Message from MSWG's CEO, Rita Benoy Bushon

We are pleased to state that the quality of disclosures has improved markedly during the year to 85 points for the Top 100 companies with an upward trend observed since 2012.

In fact, the Average CG Score trended upward from 68.20 points in 2012 to 80.41 points in 2015 and has further risen to 84.99 points in 2016. This trend shows that companies had indeed made consistent effort to improve their disclosures.

We believe that the increase in the corporate governance levels was a direct effort of corporate governance champions in the capital market, including MSWG. These efforts entail the engagement of boards and management of companies especially during their general meetings. In addition, the institutional minority shareholders were seen to be more active in engaging with companies on issues of

corporate governance and performance through their stewardship activities.

We have also noted that many small and mid-sized companies (those with market capitalisation below RM1 bil) had made good disclosures during the year as evidenced from the statistics. Almost 25% had made it to the top 100 ranking. This is clear indication that the smaller companies are beginning to realise that transparency can be a powerful element of corporate governance.

Other notable best practices for this year were an increase in disclosures of AGM minutes where 48% provided such disclosures in their websites. Poll voting during AGMs had increased to 24% of the top 100 companies compared to only 4% the previous year.

The disclosures on Whistle-Blowing Policy, too, had improved with more PLCs establishing such a policy which has



since been uploaded onto their respective websites.

Those ahead of the pack also showed exemplary disclosures in terms of environmental, social and governance (ESG) reporting with comprehensive and separate Sustainability Reports.

Nevertheless, much more is needed in terms of protection of whistle-blowers. Also, the sustainability reporting by medium-sized companies need to be enhanced to meet the quality and standards set

by their top-notch counterparts. We hope that these companies seek the guidance from Bursa Malaysia's Sustainability Guide and Toolkit.

Elsewhere, more focused attention is needed in the area of gender diversity. The needle had hardly moved, with female board participation in the Top 100 companies at only 14.6%, far behind the Government's 30% target. These top 100 companies should make the additional effort to populate their board composition with qualified women as this is really about risk management, the hallmark of corporate governance.

In conjunction with the results and findings of this year's assessment, we at MSWG are proud to recognise and showcase the top PLCs with outstanding corporate governance practices based on the ASEAN CG Scorecard methodology.

The awards given are a testament to the significant roles that the listed companies themselves had played in terms of governance and overall performance.

For the Malaysian chapter, the Excellence Award recognises companies with top CG disclosures,

including performance criteria as well as Excellence Awards for Long-Term Value Creation and ESG Practices. Merit Awards will also be awarded to the industry best under the various categories.

Malaysian PLCs can set a higher bar when adopting best practices to be benchmarked against the regional best in ASEAN. Companies can use the CG Scorecard which has been uploaded on MSWG's website since 2012 to self-assess and identify the areas in governance and best practices that can be improved further for sustainable growth of the company.

The ASEAN CG Scorecard which is currently being revamped will emphasise on quality and meaningful disclosures. I hope our PLCs will put more effort in meeting the highest standards of best practices to stay competitive in the ASEAN region.

Lastly, allow me to express our hearty congratulations to all companies in our two top 100 categories as well as to all our award winners.

Regards,
Rita

