

An aerial photograph of a city skyline, featuring several prominent skyscrapers, including the Petronas Twin Towers. The image is overlaid with a semi-transparent blue filter. The text is positioned in the upper left quadrant of the image.

MCCG : Priority areas & the new reporting approach

Securities Commission Malaysia
Institutional Investor Council Meeting | 16 April 2018

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The new MCCG: Shift in the reporting approach

Comply or Explain



Apply or Explain an Alternative

Reporting on broad principles

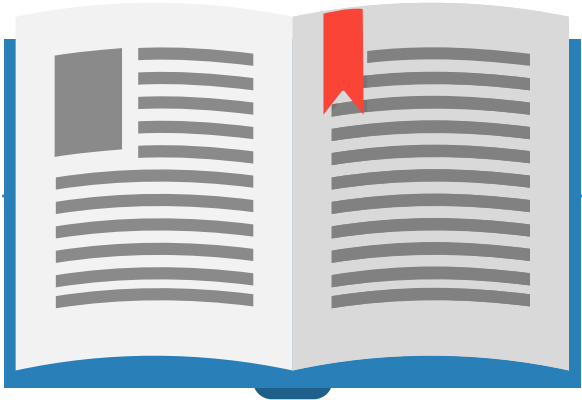


Reporting on individual practice

Providing an alternative practice - optional



Providing an alternative practice - required



Reporting format



Annual Report - CG Overview Statement

Companies are required to disclose –

- summary of its corporate governance practices during the financial year with reference to the 3 Principles in the MCCG
 - highlight its key focus areas and future priorities in relation to its corporate governance practices
-



CG Report

- Companies must provide specific disclosures on its application of each Practice in the CG Report
- CG report must be announced together with Annual report
- Provides detailed explanation on adoption of corporate governance practices

Rationale for the new approach

“ Not a retail investor on planet could get through it let alone understand it...
Jeffery Bornstein, CFO GE on GE's 246 pages annual report ”



- **Structured reporting** to replace long narratives in annual reports. Average length of annual reports ranges between 200-300 pages.

- Presentation of information in a more **user friendly manner**; easier for stakeholders to read and analyse



- Enhances transparency and provide greater insights into the corporate governance culture of companies
- Facilitates **stakeholder engagement** with companies on corporate governance issues

General Guide on the CG Report

Locked fields

Only relevant fields will be made available based on criteria under the dropdown

Timeframe

Large companies are required to provide reasonable timeframe for adoption of practice

SECTION A – DISCLOSURE ON MALYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome
Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1
The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	: Choose an item.
Explanation on application of the practice	
Explanation for departure	
<small>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</small>	
Measure	
Timeframe	

Explanation for departure

Companies are required to provide explanations for departure and explain how its alternative practice achieves the intended outcome

MCCG: 2018 Focus areas

Gender diversity on boards

- Gender diversity on boards and in senior management

Independent directors

- Companies having a policy which limits the tenure of independent directors to 9 years, with no avenue for extension
- The use of two tier voting for reappointment of directors who have served the board in the same capacity for more than 12 years

Remuneration disclosure

- Companies disclosing the remuneration of senior management in bands of 50k

Selection of board candidates

- Whether boards solely rely on recommendations from existing board members for, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Do watch out for :

Departures with weak explanations, and for Large Companies, departures with weak measures and unreasonable timeframe for adoption e.g. “Others”, “In the future”, 10 year, 15 years,

Practice 7.2 The board discloses on a named basis the top five senior management’s remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.	
Application :	Departure
Explanation on application of the practice :	
Explanation for departure :	The Board is of the opinion that it is not to the Bank’s advantage or best business interest for such disclosure considering the highly competitive market for talents in the banking industry. As an alternative to Practice 7.2, please refer to Practice 6.1 on the qualitative aspect of the remuneration policy and section B of this CG Report on the disclosure of the remuneration of senior management.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	The Board will monitor the market practice in respect of such disclosure for future consideration.
Timeframe :	Others

Do watch out for :

Departures from Practice 7.1 – to disclose individual directors remuneration

- Disclosure of individual directors remuneration is currently a requirement under the Listing Requirements.

Practice 7.1	
There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.	
Application	: Departure
Explanation on application of the practice	: Not applicable
Explanation for departure	: The Company has complied with the disclosure requirements till 2017, there was no requirement to disclose remuneration for individual directors with details breakdown. However, the Company take cognisance on the Malaysia Code of Corporate Governance issued in 2017 recommending such disclosure be made. However, the Board will evaluate on the amount of details to be disclosed its ensuing Annual Report. Please provide an alternative practice and explain how the alternative practice meets the intended outcome.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: The Company has disclosed what is necessary in the notes to the Notice contained in pages 41-42 and Note 23 on page 152 of the Company's Annual Report 2017.
Timeframe	: Not applicable

The same, or similar explanations used by two different companies

Practice 11.1 The board ensures there is effective, transparent and regular communication with its stakeholders.	
Application	: Applied
Explanation on application of the practice	: <p>As stewards of the Company, Directors are accountable to shareholders as well as other stakeholders of the Company for the performance and operations of the Company. As such, the Board endeavours to ensure that communication with stakeholders is conducted in a regular and forthcoming manner.</p> <p>The Board aims to maintain a positive relationship with the different group of stakeholders through active two-way communication, and to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the stakeholders' understanding of the Group, its core businesses and operations, thereby, enabling investors to make informed decisions in valuing the Company's shares.</p> <p>The Group leverages on a number of formal channels for effective dissemination of information to shareholders and other stakeholders, particularly through the Annual Report, announcements to Bursa Malaysia Securities Berhad, media releases, quarterly results analyst briefings, AGM, and the Group website.</p> <p>The Deputy Chairman/Group Managing Director and Senior Management meet regularly with analysts, institutional shareholders and investors. Interested parties may contact the Investor Relations function at ir@boustead.com.my, for enquiries regarding investor relations matters of the Group.</p>

Company A

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Company B

Thank you