

ANNUAL REPORT 2019



The background of the cover is a deep blue gradient. It features an abstract design of thin, light blue vertical lines of varying heights, each topped with a small dot. Interspersed among these lines are small, semi-transparent blue squares. At the bottom of the page, there is a stylized, low-poly landscape in shades of blue and orange, suggesting a horizon or a modern architectural base. The overall aesthetic is clean, professional, and tech-oriented.

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PROFILE OF INSTITUTIONAL INVESTORS COUNCIL

(REGISTRATION NO: PPM-006-14-29122017)



ESTABLISHMENT

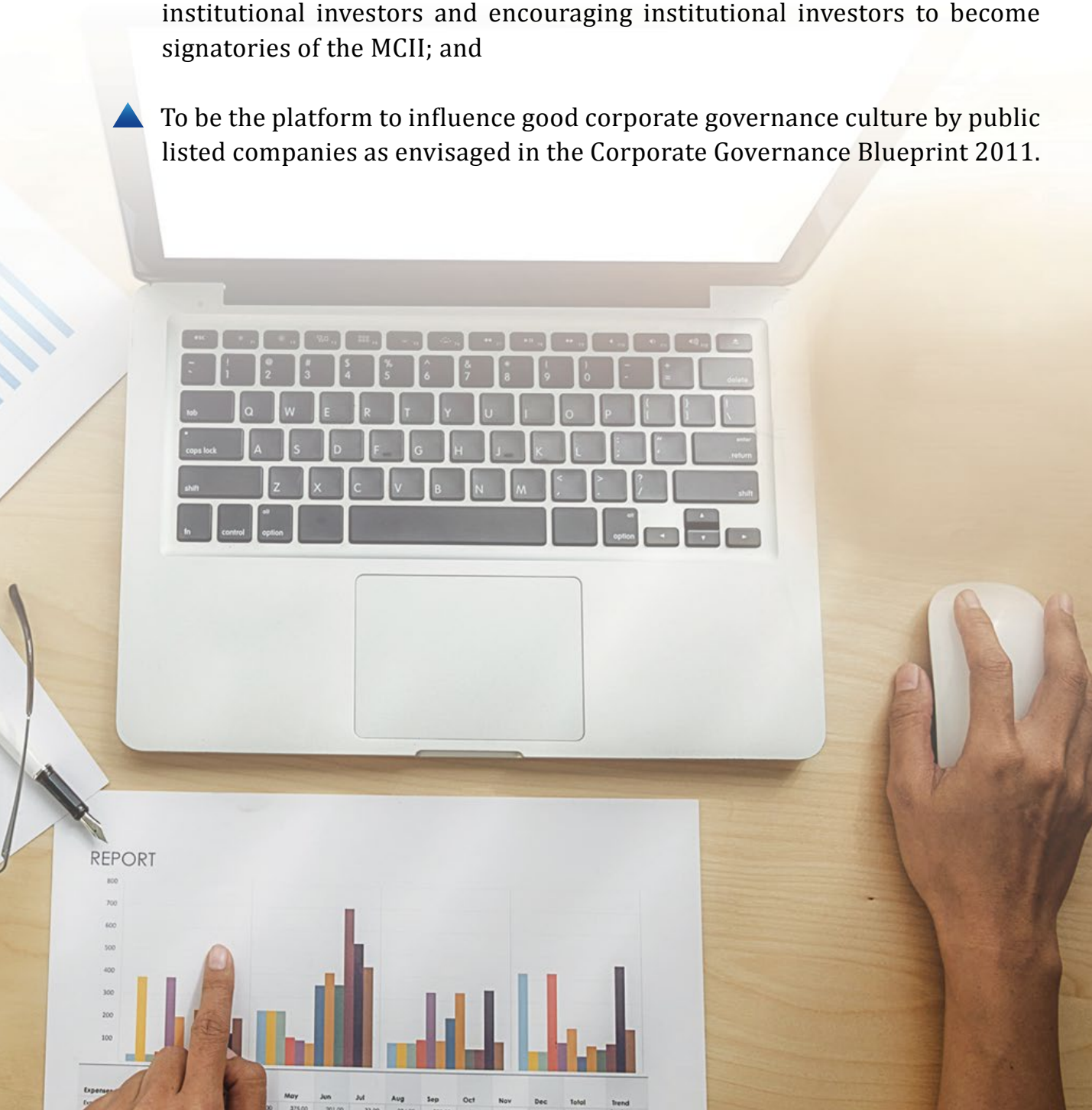
THE Institutional Investors Council Malaysia (IIC) was formed on 3 July 2015 following the launch of the Malaysian Code for Institutional Investors (MCII) on 27 June 2014. The role played by the institutional investors has been recognised as critical in the governance ecosystem by the Securities Commission Malaysia and was encapsulated as one of the recommendations in the Corporate Governance Blueprint 2011.

The IIC is envisaged to play an important role to represent the common interests of institutional investors in Malaysia. This industry-led initiative will be a platform to shape and influence a wider sphere of corporate governance culture through, among others, the effective adoption of the MCII.

The IIC was formally established under the Societies Act 1966 on 29 December 2017.

OBJECTIVES

- ▲ To represent the interests of institutional investors on matters affecting them and to act as a conduit between policy makers, regulators and institutional investors in relation to broader corporate governance issues;
- ▲ To provide vision and strategic direction in relation to the development of the Institutional Investors Council and future enhancement to the Malaysian Code for Institutional Investors (MCII);
- ▲ To advocate, provide guidance and monitor the adoption of the MCII among institutional investors and encouraging institutional investors to become signatories of the MCII; and
- ▲ To be the platform to influence good corporate governance culture by public listed companies as envisaged in the Corporate Governance Blueprint 2011.



THE MALAYSIAN CODE FOR INSTITUTIONAL INVESTORS COUNCIL (MCII)

THE Malaysian Code for Institutional Investors Council (MCII) published by the Securities Commission Malaysia (SC) and launched jointly by the SC and the Minority Shareholder Watchdog Group now known as Minority Shareholders Watch Group (MSWG) on 27 June 2014 is one of the deliverables of the Corporate Governance (CG) Blueprint 2011.

This initiative was one of the recommendations of the CG Blueprint for the formulation of an industry-driven code that is expected to strengthen the accountability of institutional investors to their own members and investors.

Additionally, institutional investors being major players in the global economy have significant influence over their investee companies due to the substantial stake they hold. This clout can provide them the ability to encourage both good governance and appropriate behaviour by their investee companies to ensure delivery of sustainable long-term value for their beneficiaries or clients.

The development of the MCII was undertaken through the Steering Committee assisted by Working Groups, comprised of CEOs and key representatives from the institutional investors fraternity in Malaysia, namely Kumpulan Wang Simpanan Pekerja (KWSP), Kumpulan Wang Persaraan (Diperbadankan) (KWAP), Lembaga Tabung Angkatan Tentera (LTAT), Lembaga Tabung Haji (LTH), Permodalan Nasional Berhad (PNB), Pertubuhan Keselamatan Sosial (PERKESO), Malaysian Association of Asset Managers (MAAM), Malaysian Takaful Association (MTA), Private Pension Administrator Malaysia (PPAM) and MSWG.

The Expert and Observer Groups were formed to provide input and expert opinion on the Code. Members of the Expert Group were PricewaterhouseCoopers Malaysia (PwC), Financial Reporting Council United Kingdom (FRC), International Corporate Governance Network (ICGN) and Governance for Owners UK, while the Observer Group comprised of Securities Commission Malaysia (SC), Bursa Malaysia Berhad and Organisation for Economic Co-operation and Development (OECD).

Prior to the launch of the MCII, a Joint Consultation Paper with Securities Commission on the Malaysian Code for Institutional Investors was issued in early 2014 to seek public feedback on the MCII. Various focus groups were engaged such as fund managers as well as unit trust and insurance companies to obtain feedback on the MCII.

The MCII was a significant milestone for the country as being the first of such code in the ASEAN region.

The Code which is voluntary in nature sets out six key broad principles of effective stewardship by institutional investors, followed by guidance to help institutional investors understand and implement the principles.

In addition to economic considerations, the MCII advocates institutional investors to ensure that they invest in a responsible manner by having regard for corporate governance and sustainability of the company.

This Code requires institutional investors to explain how corporate governance has been adopted as an investment criteria and the measures they have taken to influence, guide and monitor investee companies.

Under the six key principles, institutional investors are expected to:

- ▲ **Disclose** the policies on their stewardship responsibilities;
- ▲ **Monitor** their investee companies;
- ▲ **Engage** with investee companies as appropriate;
- ▲ **Adopt** a robust policy on managing conflicts of interest which should be publicly disclosed;

- ▲ **Incorporate** corporate governance and sustainability considerations into the investment decision-making process; and
- ▲ **Publish** a voting policy.

All Institutional investors are encouraged to be signatories of the MCII.

➤ SIGNATORIES TO THE MALAYSIAN CODE FOR INSTITUTIONAL INVESTORS (MCII)

As of October 2020, there are **29** signatories to the Code comprising the following institution:

▲	ABERDEEN STANDARD INVESTMENTS (MALAYSIA) SDN BHD	
	AFFIN HWANG ASSET MANAGEMENT BERHAD	➤
▲	AIIMAN ASSET MANAGEMENT SDN BHD	
	BNP PARIBAS ASSET MANAGEMENT MALAYSIA SDN BHD	➤
▲	BNP PARIBAS ASSET MANAGEMENT NAJMAH MALAYSIAN SDN BHD	
	EMPLOYEES PROVIDENT FUND	➤
▲	FRANKLIN TEMPLETON ASSET MANAGEMENT (MALAYSIA) SDN BHD	
	FRANKLIN TEMPLETON GSC ASSET MANAGEMENT SDN BHD	➤
▲	KENANGA INVESTORS BERHAD	
	KENANGA ISLAMIC INVESTORS BERHAD	➤
▲	KHAZANAH NASIONAL BERHAD	
	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	➤
▲	LEMBAGA TABUNG ANGKATAN TENTERA	
	LEMBAGA TABUNG HAJI	➤
▲	NOMURA ASSET MANAGEMENT MALAYSIA SDN BHD	
	NOMURA ISLAMIC ASSET MANAGEMENT SDN BHD	➤
▲	PERMODALAN NASIONAL BERHAD	
	PERTUBUHAN KESELAMATAN SOSIAL	➤
▲	PRINCIPAL ASSET MANAGEMENT BERHAD	
	PRINCIPAL ISLAMIC ASSET MANAGEMENT SDN BHD	➤
▲	RHB ASSET MANAGEMENT SDN BHD	
	RHB ISLAMIC INTERNATIONAL ASSET MANAGEMENT BHD	➤
▲	SATURNA SDN BHD	
	SINGULAR ASSET MANAGEMENT SDN BHD	➤
▲	VALUECAP SDN BHD	
	VCAP ASSET MANAGERS SDN BHD	➤
▲	HERMES EQUITY OWNERSHIP SERVICES	
	HERMES FUND MANAGERS	➤
▲	LEGAL & GENERAL INVESTMENT MANAGEMENT	

All signatories are expected to report annually their application of the principles of the Code on their website, annual report or other accessible forms.

To-date, **11** signatories have published their Compliance Statements which can be accessed on IIC website <http://www.iicm.org.my/compliance-statements/>

The signatories to the MCII are given one year from the date of them becoming signatories to publish their Compliance Statements.

MEMBERSHIP



CURRENT MEMBERS

As of end October 2020, IIC has 17 members comprising:


	ABERDEEN STANDARD INVESTMENTS (MALAYSIA) SDN BHD	
	AMANAHRAYA INVESTMENT MANAGEMENT SDN BHD	
	AMUNDI MALAYSIA SDN BHD	
	BNP PARIBAS ASSET MANAGEMENT MALAYSIA SDN BHD	
	EMPLOYEES PROVIDENT FUND	
	KENANGA INVESTORS BERHAD	
	KHAZANAH NASIONAL BERHAD	
	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	
	LEMBAGA TABUNG ANGKATAN TENTERA	
	LEMBAGA TABUNG HAJI	
	LIFE INSURANCE ASSOCIATION OF MALAYSIA	
	MINORITY SHAREHOLDERS WATCH GROUP	
	NOMURA ASSET MANAGEMENT MALAYSIA SDN BHD	
	PERMODALAN NASIONAL BERHAD	
	PERTUBUHAN KESELAMATAN SOSIAL	
	PRIVATE PENSION ADMINISTRATOR MALAYSIA	
	SATURNA SDN BHD	

VALUE PROPOSITION FOR MEMBERS




Opportunity to participate in IIC-led engagements

-  Jointly engage with public-listed companies (PLCs) and other relevant stakeholders in purposeful dialogues on the oversight of strategy, performance, relations with stakeholders, the management of risk, including shaping and influencing good CG practices.
-  Participate in engagements with regulators on market/industry issues.

Opportunity to jointly promote common objectives, i.e. Environmental, Social and Corporate Governance (ESG) agenda

-  Exert influence on other institutional investors and asset managers to inculcate similar ESG practices across the board in one platform.

Platform for institutional investors

-  Access to knowledge sharing sessions conducted by institutional investors.
-  Invitation to participate in conferences/events organised by IIC/institutional investors at a special member rate.
-  Access to networking opportunities with institutional investors from other countries and international corporate governance bodies.

MEMBERS OF THE COUNCIL BOARD



DATO' MOHAMAD NASIR AB. LATIF
(Representing Employees Provident Fund)
Chairman (Resigned on 31 December 2019)



ROHAYA MOHAMMAD YUSOF
(Representing Employees Provident Fund)
Chairman (Appointed on 4 February 2020)



DATO' DR SUZANA IDAYU WATI OSMAN
(Representing Pertubuhan Keselamatan Sosial)
Vice-Chairman



LYA RAHMAN
(Adviser)
Secretary (Appointed on 27 June 2019)



HUSAINI HUSSIN
(Representing Private Pension
Administrator Malaysia)
Treasurer



SYED HAMADAH SYED OTHMAN

(Representing Kumpulan Wang
Persaraan [Diperbadankan])
Council Member



ROSLINA ABDUL RAHMAN

(Representing Valuecap Sdn Bhd)
Council Member (Resigned on 31 December 2019)



SAIRA BANU CHARA DIN

(Representing Lembaga Tabung
Angkatan Tentera)
Council Member (Resigned on 19 August 2019)



NIK AMLIZAN MOHAMED

(Representing Lembaga Tabung
Angkatan Tentera)
Council Member (Appointed on 19 August 2019 /
Resigned on 30 September 2020)



MOHD HANIZ MOHD NAZLAN

(Representing Lembaga Tabung
Angkatan Tentera)
Council Member (Appointed on 16 October 2020)



DEVANESAN EVANSON

(Representing Minority Shareholders
Watch Group)
Council Member (Appointed on 1 March 2019)



MEOR KHAIRI MEOR MOHD BAZID
(Representing Lembaga Tabung Haji)
Council Member (Resigned on 16 October 2020)



DATUK NIK MOHD HASYUDEEN YUSOFF
(Representing Lembaga Tabung Haji)
Council Member (Appointed on 16 October 2020)



DATIN PADUKA KARTINI HAJI ABDUL MANAF
(Representing Permodalan Nasional Berhad)
Council Member (Resigned on 31 December 2019)



HANIZAN HOOD
(Representing Permodalan Nasional Berhad)
Council Member (Appointed on 4 February 2020)



JIV SAMMANTHAN
(Representing Khazanah Nasional Berhad)
Council Member (Resigned on 20 June 2019)



SUHANA DEWI SELAMAT
(Representing Khazanah Nasional Berhad)
Council Member (Appointed on 20 June 2019)



GERALD MICHAEL AMBROSE
(Representing Aberdeen Standard Investments
[Malaysia] Sdn Bhd)
Council Member

TOI SEE JONG
(Representing Life Insurance Association
of Malaysia)
Council Member

MEMBERS OF THE WORKING COMMITTEE

The Working Committee has been formed to undertake special tasks and/or projects under the directions of the Members of the Council Board.

The members of the Working Committee for 2019/2020 are as follows:



NOR AZAM YAHYA
(Representative of Employees
Provident Fund)
Chairperson



LYA RAHMAN
(Adviser)



GERALD MICHAEL AMBROSE
(Representative of Aberdeen Standard
Investments [Malaysia] Sdn Bhd)



AZHAR ABDUL LATIF
(Representative of Employees
Provident Fund)



SITI SAFINAH SALLEH
(Representative of Khazanah Nasional
Berhad)



DR ESMA NIZAM ABDUL SAMAD
(Representative of Khazanah Nasional
Berhad)



ISMAIL ZAKARIA
(Representative of Kumpulan Wang
Persaraan [Diperbadankan])



RIZAL MOHAMED ALI
(Representative of Kumpulan Wang
Persaraan [Diperbadankan])



SAIRA BANU CHARA DIN
(Representative of Lembaga Tabung
Angkatan Tentera)



ROSLIN SHAH HARIP SHAH
(Representative of Lembaga Tabung
Angkatan Tentera)



MEOR KHAIRI MEOR MOHD BAZID
(Representative of Lembaga Tabung
Haji)



HJ MADON MOHD JANI
(Representative of Lembaga Tabung
Haji)



NOR ANIZA RAMLI
(Representative of Lembaga Tabung
Haji)



NORAIDA MARIA MOHD HATTA
(Representative of Minority
Shareholders Watch Group)



NIK MYSHANI NIK MOHAMED
(Representative of Permodalan
Nasional Berhad)



AZRINA SULAIMAN
(Representative of Permodalan
Nasional Berhad)



IKMALUL AMANI ABDUL AZIZ
(Representative of Pertubuhan
Keselamatan Sosial)



SUHAIMI BIN ABDULLAH
(Representative Pertubuhan
Keselamatan Sosial)

CHAIRMAN'S STATEMENT



On behalf of the members of Council Board, it gives me great pleasure to present the second Annual Report of the Institutional Investors Council Malaysia (IIC).

I assumed the chairmanship of IIC on 1 January 2020, from Dato' Mohamad Nasir Ab. Latif who retired from the Employees Provident Fund (EPF) on 31 December 2019.

Although this annual report should by right focus on events that took place in 2019, I cannot help but to fast-track our attention a little given that year 2020 will go down into history as a challenging year for every citizen of the world.

Plagued by the COVID-19 health crisis, the global economy and every strata of the society have been adversely impacted. While Malaysia is fortunate to have brought the pandemic under control, the truth is that many countries – developed economies included – are still reeling from a rise in infection or are battling fresh outbreak from a third wave of the deadly virus infection. Before the pandemic, many businesses and the world at large were already facing many challenges with regards to sustainability. When the pandemic hit, it only amplified these existing fault lines in businesses.

Looking forward, we can be certain of one thing: there will be strong push on sustainability agenda and the role of institutional investors in shaping and influencing sustainability in Malaysia capital market. We are aware of the urgent need to find ways to tackle the significant social, economic and environment challenges we are facing and to support sustainable growth that benefits economies, the environment and society as well as the need to uphold good governance.

Such responsibility requires industry wide collaboration and it is envisaged that IIC which represents the common interest of institutional investors in Malaysia could champion sustainability agenda for the betterment of the capital market. We could shed light on best practices of sustainability to all our investee companies to help build the foundation of long term sustainability that benefits communities and environment in the long run.

Looking back into 2019, I am glad to report that IIC has conducted several fruitful company engagements and collaboration with the regulators as well as other stakeholders in pursuing the Environment, Social and Governance (ESG) agenda.

On November 18-19, IIC in partnership with the Securities Industry Development Corporation jointly organised the inaugural IIC-SIDC Governance Convention 2019 with the theme *Rising Beyond Principles and Policies* held at the Royale Chulan Kuala Lumpur, the two-day event which featured former Minister of International Trade and Industry Tan Sri Rafidah Aziz as the guest-of-honour was attended by more than 300 participants from the industry and investment community.

I am also pleased to update that to-date we have 29 signatories to the Malaysian Code for Institutional Investors (MCII) which includes the largest asset owners in Malaysia. This demonstrates the importance of IIC to drive sustainable agenda.

As part of our revenue generating exercise, IIC has initiated membership drive with all members of the Council Board signing up as members of the IIC while efforts will be stepped up to increase the number of members.

FUTURE PLANS AHEAD

The delayed release of this 2019 annual report has enabled us to get a good glimpse of what we have achieved in 2020. Indeed, despite the lockdowns of COVID-19, the IIC has embarked on many new initiatives, particularly in the areas of awareness in sustainable investing. We hope to continue our focus to form collective stand in ESG issues among the investee companies.

CLOSING

On behalf of the Council Board Members, I would like to extend my sincere appreciation to the regulators, media and other stakeholders for their continued support.

My gratitude also goes to the members of the Council Board and Working Committee for their commitment and insights in driving and pushing IIC to meet its objectives.

I would also like to take this opportunity to express my appreciation to my predecessor Dato' Mohamad Nasir Ab. Latif who had contributed and shown great commitment in serving the IIC during his tenure.



ROHAYA MOHAMMAD YUSOF

Chairman

Institutional Investors Council Malaysia (IIC)

REPORT OF THE COUNCIL BOARD MEMBERS

DURING the financial year ended 31 December 2019, IIC had another eventful year with many significant and successful initiatives and programmes accomplished with the full support and commitment of Members of the Council Board and Members of the Working Committee.



ENGAGEMENT WITH COMPANIES

5 collective engagements with public-listed companies (PLCs) led by the members of the Council Board were held during the year. These engagements are part of the IIC's strategic priorities to enhance corporate governance in the capital market.

All the engagements were well-attended by the Chairman and Board Members, including the independent directors and senior management of the respective companies.

18 MARCH 2019

TELEKOM MALAYSIA BERHAD

Issues discussed:

- ▲ Financial and operational highlights
- ▲ Board governance and leadership
- ▲ ESG initiatives
- ▲ Future direction & prospects of the Group



24 APRIL 2019

MALAYSIA AIRPORTS HOLDINGS BERHAD

Issues discussed:

- | | |
|---|--|
| <ul style="list-style-type: none"> ▲ Financial and operational highlights ▲ Board diversity and succession planning ▲ Corporate integrity unit and whistleblowing policy | <ul style="list-style-type: none"> ▲ On-going major corporate developments, e.g. revised operating agreement, regulated asset base framework, etc. ▲ Future direction & prospects of the Group |
|---|--|



23 AUGUST 2019**IHH HEALTHCARE BERHAD**

Issues discussed:

- ▲ Financial and operational highlights
- ▲ Turnaround plan for Fortis Healthcare
- ▲ Expansion plans and challenges faced in new markets
- ▲ Board diversity and succession planning
- ▲ High CEO remuneration
- ▲ Status of mandatory open offer and material litigation cases
- ▲ Future direction & prospects of the Group

**21 OCTOBER 2019****TENAGA NASIONAL BERHAD**

Issues discussed:

- ▲ Financial and operational highlights
- ▲ Industry reform under Malaysian Electricity Supply Industry 2.0
- ▲ Internal reorganisation and transformation plan
- ▲ International portfolios
- ▲ Sustainability agenda including plans on renewable energy
- ▲ Whistleblowing policy and implementation
- ▲ Future direction & prospects of the Group

**20 DECEMBER 2019****IOI CORPORATION BERHAD**

Issues discussed:

- ▲ Financial and operational highlights
- ▲ Roundtable on Sustainable Palm Oil certification
- ▲ Transboundary haze issue and management/mitigation plans

- ▲ High CEO remuneration
- ▲ Gratuity payment
- ▲ Future direction & prospects of the Group



OTHER IIC ENGAGEMENTS/COLLABORATIONS

Sustainable Finance Workshop : Managing Climate Risks & Opportunities with Taskforce on Climate-Related Financial Disclosures (TCFD)

(1 April 2020)

This workshop which was jointly organised by WWF and RAM; and supported by IIC provided financial institutions the opportunity to hear first-hand from leading experts on climate risk and Environment, Social and Governance (ESG) Recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD).



Environmental, Social and Governance (ESG) Risks and Opportunities in Financial Institutions

(3 April 2019)

Institutional asset owner roundtable hosted by CIMB Islamic and facilitated by the Responsible Finance & Investment (RFI) Foundation.



IIC Engagement with ASIAN CORPORATE GOVERNANCE ASSOCIATION (ACGA)

(3 May 2019)

Engagement with Mr Jamie Allen and Mr Benjamin McCarron on the findings of the ACGA-CLSA CG Watch 2018.



IIC Engagement with World Bank on Green Taxonomy

(1 August 2019)

Engagement session with Ms Farah Imrana Hussain, Senior Financial Officer, World Bank Treasury on Green Taxonomy.



IIC Engagement With Malaysian Association Of Asset Managers (MAAM)

(28 August 2019)

Presentation to members of MAAM on IICM as part of the initiatives to reach out to them to become the signatories to the MCII and members of IICM.



MIA Investors Talk On Integrated Reporting

(5 September 2019)

IIC was invited to the “Investors Talk with Bary Melancon (Chairman of the International Integrated Reporting Council Board) on Integrated Reporting” organised by Malaysian Institute of Accountants (MIA).



Sharing Session on Sustainable Finance

(3 October 2019)

Sharing session with Dr Ben Caldebolt (Oxford University Sustainable Finance Programme) and Cedric Rimaud (Climate Bonds Initiative) on Sustainable Finance.



Roundtable with World Bank Global Knowledge and Research Hub on “Sustainable Investment by Institutional Investors”

(9 October 2019)

Roundtable on “Sustainable Investment by Institutional Investors” held at EPF Building. Presentation on Sustainable Investment and Implementation Roadmap was done by Ms Fiona Steward, Lead Financial Sector Specialist, World Bank and Dr Rory Sullivan, Co-Founder and Director of Chronos Sustainability and World Bank Consultant.



OTHER ADVOCACY ACTIVITIES

IIC provided feedback and comments to the Consultation Papers issued by Bursa Malaysia :

Consultation Paper No: 1/2019 on Proposed Amendments to the Rules of Bursa Malaysia Depository Sdn Bhd, the Main Market and Ace Market Listing Requirements to Facilitate Dematerialisation

(15 April 2019)

This Consultation Paper seeks the views and comments on key amendments which among others, include (i) dispensing the requirement to deposit jumbo certificates with Bursa Depository (“BD”) and removing the references to scrips (where relevant); (ii) simplifying the process for deposit of securities with BD and enhancing the role and function of issuers; (iii) introducing “transitional provisions” to facilitate smooth migration towards dematerialisation in respect of securities which are presently deposited with BD; (iv) mandating a listed company to migrate towards dematerialisation via its constitution, unless it contravenes the laws of the place of its incorporation; and (v) removing the requirement for physical forms, content of share certificates and submission of specimen share certificates to Bursa Malaysia.

Consultation Paper No: 2/2019) on Proposed Amendments to the Rules of Bursa Malaysia Depository Sendirian Berhad in Relation to CDS eServices (Release 2) & Other Amendments

(May 2019)

The Consultation Paper seeks feedback on the key amendments, among others, to (i) simplify the requirements governing opening of CDS accounts including via CDS eServices; (ii) generalise the provisions relating to IPO share applications and to remove references to Electronic Share Application; (iii) enable the reactivation of an inactive or dormant CDS account via CDS eServices; (iv) remove the existing requirements to submit supporting documents in relation to applications to reactivate inactive or dormant CDS accounts; (v) refine and specify the processing periods for applications to reactivate inactive or dormant CDS accounts as well as to open CDS accounts; and (vi) facilitate the registration of the depositor’s bank account information via CDS eServices to receive cash distributions directly into the bank account.

Feedback on Related Party Transaction (including Recurrent Related Party Transaction) and Provision of Financial Assistance and CG Issues

(May 2019)

Feedback was provided on the questionnaires issued by Bursa Malaysia on the Related Party Transaction (including Recurrent Related Party Transaction), Provision of Financial Assistance and CG issues. The CG issues, which among others, include the strengthening of the definition of independent directors with longer cooling off periods and introduction of rules on disclosure of shares pledging by controlling shareholders.

Consultation Paper No: 3/2019 on Proposed Amendments to the Main Market and Ace Market Listing Requirements in Relation to New Issue of Securities and Others

(August 2019)

This Consultation Paper seeks feedback on key amendments, which include (i) enhancing requirements for new issue of securities to facilitate better understanding of corporate proposals by shareholders, promote greater business efficacy for listed companies and strengthen investor protection; and (ii) addressing gaps and enhancing board integrity for greater shareholder protection and confidence through enhancing transparency on material loan covenants, conditions or restrictions linked to controlling shareholders & enhancing transparency and regularisation requirements for unlisted subsidiaries or associated companies undertaking corporate rescue mechanisms under the Companies Act 2016.

Consultation Paper No: 4/2019 on Proposed Amendments to the Main Market and Ace Market Listing Requirements in Relation to Anti-Corruption Measures and Corporate Exercises Digitisation
(September 2019)

This Consultation Paper seeks the views and comments on the key proposed amendments which include the following :

- ▲ Strengthening the governance of PLCs to prevent corruption, misconduct and fraud by requiring their directors to (i) establish and maintain policies and procedures on anti-corruption and whistle-blowing; (ii) conduct annual review of such policies and procedures and publish them on the PLCs' websites; and (iii) include corruption risk in the PLCs' annual risk assessment framework.
- ▲ Promoting operational efficiency and efficacy through digitising corporate exercises, by requiring PLCs to facilitate electronically the (i) subscription and payment of rights issue; (ii) conversion and payment for convertible securities; and (iii) election to participate in a dividend reinvestment scheme.

➤ IIC FIRST ANNUAL GENERAL MEETING (27 June 2019)

IIC held its first Annual General Meeting (AGM) on 27 June 2019 since its establishment as Association under the Societies Act 1966 on 29 December 2017.

The AGM was held in the MSWG Training Room located at 11th Floor, Bangunan KWSP, Changkat Raja Chulan, Off Jalan Raja Chulan, Kuala Lumpur and was well attended by its members. All Council Board Members were present at the AGM. New Council Board Members for two terms (2019-2020) were elected unanimously at the said AGM.



INAUGURAL IIC-SIDC GOVERNANCE CONVENTION 2019 : RISING BEYOND PRINCIPLES AND POLICIES (18-19 November 2019)

ON 18 November 2019, IIC in partnership with the Securities Industry Development Corporation (SIDC) organised the inaugural IIC-SIDC Governance Convention 2019 with the theme *Rising Beyond Principles and Policies*.

Held at Royale Chulan Kuala Lumpur, the two-day event was attended by more than 300 participants from the industry and investment community.

Among others, the convention placed emphasis on the role of institutional investors in influencing the standard of good governance practices among investee businesses to ensure accountability and sustainability of the capital market.

The event was supported by the Employees Provident Fund alongside Kumpulan Wang Persaraan (Diperbadankan), Tenaga Nasional Berhad, Ernst & Young, Permodalan Nasional Berhad, Pertubuhan Keselamatan Sosial (PERKESO), Lembaga Tabung Angkatan Tentera, Lembaga Tabung Haji, PETRONAS, Public Bank Berhad and Top Glove Corporation Berhad.

Key highlights of the event included a special address and dialogue session with the Guest-of-Honour YBhg Tan Sri Rafidah Aziz who touched on the importance of integrity in leadership.

Elsewhere, prominent speakers and panellists, both foreign and local shares their insights and views on public and corporate governance, shareholder activism, institutional investors' role in stewardship and green economy, board governance, ESG (environmental, social, and corporate governance) and sustainable investment, sustainability reporting, disruptive technologies as well as corruption.



Day 1 – 18 November 2019



▲ **Welcome Address**
Dato' Nasir Ab Latif



▲ **Special Dialogue Session**
Tan Sri Rafidah Aziz



▲ **Panel Session One**
Corporate & Public Governance
- Have We Done Enough?



▲ **Panel Session Two**
Corporate Governance vs Performance
- Should It Be a "Trade-Off"?



▲ **Panel Session Three**
Global Developments in Stewardship Codes
& Role of Institutional Investors



▲ **Concurrent Session A**
ESG and Sustainable Investment



▲ **Concurrent Session B**
Institutional Investors Role Towards Green Economy



▲ **Special Session with**
Latheefa Beebi Koya

Day 2 – 19 November 2019



▲ **Special Session with**
Professor Dr Edmund Terence Gomez



▲ **Panel Session One**
Shareholder Activism
- Where are We? Not Enough or Too Much?



▲ **Panel Session Two**
Board Governance
- Form vs Substance



▲ **Panel Session Three**
Sustainability Reporting
- What are the Expectations?



▲ **Panel Session Four**
Disruptive Digital Technology &
The Impact to Investors



▲ **Special Session with**
Tan Sri Abu Kassim Mohamed

REPORT OF THE TREASURER FOR THE FINANCIAL YEAR 2019

FINANCIAL STATEMENTS

THE Council Board is responsible for the preparation and fair presentation of the financial statements of the Institutional Investors Council Malaysia (“IICM”) in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Societies Act 1966.

FINANCIAL PERFORMANCE

FOR financial year (“FY”) 2019, IICM recorded total revenue of RM313,000 derived primarily from joining and membership fees from its members, and from the inaugural Governance Convention 2019 which took place from 18 – 19 November 2019 in Kuala Lumpur, and jointly organised by IICM and Securities Industry Development Corporation (SIDC).

During the financial year, IICM incurred operating expenditure amounting to RM197,613, which mainly made up of professional fees, particularly for adviser fee, secretarial services, external audit fees, tax compliance service fees as well as the costs incurred in organising the said convention.

On the overall, during its second year of operation, IICM generated a net surplus of RM112,007 and reported a cash balance at year end of RM246,163.

In this regard, to further broaden the revenue base, the Council Board will intensify its effort to increase the number of members through the membership drive programme as well as through organising events on governance related matters.

As part of its primary objective, the Council Board intends to continuously drive the governance agenda by promoting the adoption of strong governance culture amongst public listed companies, which is fundamental in preparing corporate Malaysia for greater challenges ahead.

Society No.

PPM-006-14-29122017

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA
(Registered under the Societies Act, 1966)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

Society No.

PPM-006-14-29122017

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA
(Registered under the Societies Act, 1966)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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Society No.

PPM-006-14-29122017

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

**COUNCIL BOARD MEMBERS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

The Council Board Members hereby submit the report and the audited financial statements of the Institutional Investors Council Malaysia (the "Council") for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Council, which was formed on 3 July 2015, is to represent the interests of institutional investors on matters affecting them and to act as a conduit between policy makers, regulators and institutional investors in relation to broader corporate governance issues by providing vision and strategic direction in relation to the development of the Institutional Investors Council and future enhancement to the Malaysian Code for Institutional Investors ("MCII"). The Council also advocates, provides guidance and monitors the adoption of the MCII among institutional investors, encourages institutional investors to become signatories of the MCII as well as to be the platform to influence good corporate governance culture by public listed companies. The Council was formally established under the Societies Act 1966 on 29 December 2017.

FINANCIAL RESULTS

	RM
Net surplus for the financial year	<u>112,007</u>

COUNCIL BOARD MEMBERS

The Council Board Members who served the Council during the financial year and during the period from the end of the financial year to the date of the report are:

Dato' Mohamad Nasir Bin Ab. Latif (<i>resigned on 31 December 2019</i>)	Chairman
Rohaya Mohammad Yusof (<i>appointed on 4 February 2020</i>)	Chairman
Dato' Dr. Suzana Idayu Wati Binti Osman	Vice Chairman
Lya Rahman (<i>appointed on 27 June 2019</i>)	Secretary
Husaini Bin Hussin	Treasurer
Datin Paduka Kartini Binti Haji Abdul Manaf (<i>resigned on 31 December 2019</i>)	Council Member
Syed Hamadah bin Syed Othman	Council Member
Roslina Abdul Rahman (<i>resigned on 31 December 2019</i>)	Council Member
Nik Amlizan Mohamed (<i>resigned on 30 September 2020</i>)	Council Member
Suhana Dewi Selamat (<i>appointed on 20 June 2019</i>)	Council Member
Meor Khairi bin Meor Mohd Bazid (<i>resigned on 16 October 2020</i>)	Council Member
Devanesan Evanson (<i>appointed on 1 March 2019</i>)	Council Member
Gerald Ambrose	Council Member
Toi See Jong	Council Member
Hanizan binti Hood (<i>appointed on 4 February 2020</i>)	Council Member
Saira Banu Chara Din (<i>resigned on 19 August 2019</i>)	Council Member
Sheranjiv A/L M Sammanthan (<i>resigned on 20 June 2019</i>)	Council Member
Datuk Nik Mohd Hasyudeen Yusoff (<i>appointed on 16 October 2020</i>)	Council Member
Mohd Haniz bin Mohd Nazlan (<i>appointed on 16 October 2020</i>)	Council Member

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INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

**COUNCIL BOARD MEMBERS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)****OTHER STATUTORY INFORMATION**

- (a) Before the financial statements of the Council were prepared, the Council Board Members took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Council had been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Council Board Members are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Council misleading; or
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Council misleading or inappropriate.
- (c) At the date of this report:
- (i) there are no charges on the assets of the Council which have arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) there are no contingent liabilities in the Council which have arisen since the end of the financial year.
- (d) No contingent or other liability of the Council has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Council Board Members, will or may affect the ability of the Council to meet its obligations when they fall due.
- (e) At the date of this report, the Council Board Members are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Council which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Council Board Members:
- (i) the results of the operations of the Council during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Council for the financial year in which this report is made.

Society No.

PPM-006-14-29122017

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

**COUNCIL BOARD MEMBERS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 4 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept the appointment as auditors.

This report was approved by the Council Board Members on 23 November 2020. Signed on behalf of the Council Board Members:



ROHAYA MOHAMMAD YUSOF
COUNCIL BOARD MEMBER



DATO' DR.SUZANA IDAYU WATI BINTI OSMAN
COUNCIL BOARD MEMBER

Kuala Lumpur

Society No.

PPM-006-14-29122017

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	<u>Note</u>	<u>31.12.19</u> RM	29.12.17 (date of establishment) <u>to 31.12.18</u> RM
REVENUE			
Joining fees		6,000	41,000
Membership fees		65,000	55,000
Contribution/Commission from events	3	<u>242,000</u>	<u>61,499</u>
Total revenue		<u>313,000</u>	<u>157,499</u>
LESS: EXPENSES			
Operating expenses	4	<u>(197,613)</u>	<u>(78,956)</u>
Total expenses		<u>(197,613)</u>	<u>(78,956)</u>
Surplus before taxation		115,387	78,543
Tax expense	5	<u>(3,380)</u>	<u>(447)</u>
Net surplus for the financial year/period		<u><u>112,007</u></u>	<u><u>78,096</u></u>

Society No.

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INSTITUTIONAL INVESTORS COUNCIL MALAYSIA
 (Registered under the Societies Act, 1966)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
CURRENT ASSET			
Cash at bank		246,163	96,069
Receivables		12,000	-
		<u>258,163</u>	<u>96,069</u>
LESS: CURRENT LIABILITIES			
Payables	6	64,233	17,526
Provision for taxation	5	3,827	447
		<u>68,060</u>	<u>17,973</u>
NET ASSETS		<u><u>190,103</u></u>	<u><u>78,096</u></u>
FINANCED BY:			
Accumulated funds		<u><u>190,103</u></u>	<u><u>78,096</u></u>

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INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	<u>Total</u> RM
As at 1 January 2019	78,096
Net surplus for the financial year	112,007
	<hr/>
At 31 December 2019	190,103
	<hr/> <hr/>
As at 29 December 2017	-
Net surplus for the financial period	78,096
	<hr/>
At 31 December 2018	78,096
	<hr/> <hr/>

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INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	<u>31.12.19</u> RM	29.12.17 (date of establishment) <u>to 31.12.18</u> RM
Cash flows from operating activities		
Membership and Joining fees received	71,000	96,000
Contribution received from MSWG	-	31,999
Contribution received from KWAP	-	29,500
Contribution received from IIC-SIDC Governance Convention 2019	230,000	-
Payment for advisor fee	(60,000)	-
Payment for courier charges	(733)	-
Payment for meeting expenses	(3,877)	(170)
Payment for professional expenses	(82,924)	(58,400)
Payment for transportation fee	(116)	-
Payment for website maintenance	(2,800)	-
Payment for material and supplies	(376)	(2,813)
Bank charges	(80)	(47)
Net cash flows generated from operating activities	<u>150,094</u>	<u>96,069</u>
Net increase in cash and cash equivalents	150,094	96,069
Cash and cash equivalents at the date of establishment	<u>96,069</u>	-
Cash and cash equivalents at end of the financial year	<u><u>246,163</u></u>	<u><u>96,069</u></u>

[(Note: Contribution received from Minority Shareholders Watch Group ("MSWG") represents the balance of funds contributed by the Capital Market Development Fund ("CMDf"))]

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INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019****1 GENERAL INFORMATION**

The Council is incorporated and domiciled in Malaysia under the Societies Act 1966 on 29 December 2017.

The principal activities of the Council are to represent the interests of institutional investors on matters affecting them and to act as a conduit between policy makers, regulators and institutional investors in relation to broader corporate governance issues by providing vision and strategic direction in relation to the development of the Institutional Investors Council and future enhancement to the Malaysian Code for Institutional Investors ("MCII"). The Council also advocates, provides guidance and monitors the adoption of the MCII among institutional investors, encourages institutional investors to become signatories of the MCII as well as to be the platform to influence good corporate governance culture by public listed companies.

The address of the registered office of the Council is 11th Floor, Bangunan KWSP, No.3 Changkat Raja Chulan, Off Jalan Raja Chulan, 50200 Kuala Lumpur.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

(a) Basis of preparation of the financial statements

The financial statements of the Council have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The financial statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

The financial statements are presented in Ringgit Malaysia ("RM"), unless otherwise stated.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period.

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INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of preparation of the financial statements (continued)****(i) Standards, amendments to published standards and interpretations that are effective:**

The Council has applied the following amendments for the first time for the financial year beginning on 1 January 2019:

- Annual Improvements to MFRS Standards 2015 – 2017 Cycle
- IC Interpretation 23 'Uncertainty over Income Tax Treatments'

The adoption of other amendments listed above did not have any impact on the current period or any prior period and is not likely to affect future periods. There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning 1 January 2019 that have a material effect on the financial statements of the Council.

(ii) Standards and amendments that have been issued but not yet effective:

Financial year beginning on/after 1 January 2020:

- Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

In addition, the revised definition of the term 'outputs' is narrower, focusses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. Under this concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business.

The amendments shall be applied prospectively.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) Financial instruments****(i) Classification**

The Council classifies its financial assets as those to be measured at amortised cost.

The Council classifies its financial assets based on both the Council's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Council classifies cash and cash equivalents (Note 2) as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Council classifies payables and provision of taxation as financial liabilities measured at amortised cost.

(ii) Recognition and measurement

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Council becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Council has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective interest method.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

(iii) Impairment

The Council measures credit risk and expected credit losses using probability of default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Council.

Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa.

Definition of default and credit-impaired financial assets

The Council defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- (i) Quantitative criteria:
Any contractual payment which is more than 90 days past due is considered credit impaired.
- (ii) Qualitative criteria:
The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Fund considers the following instances:
 - the debtor is in breach of financial covenants
 - concessions have been made by the lender relating to the debtor's financial difficulty
 - it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
 - the debtor is insolvent

Write-off

The Council writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Council may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

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(Registered under the Societies Act, 1966)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Income Taxes**

Current tax expense is determined according to Malaysian tax laws and includes all taxes based upon the taxable profits.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at bank.

(e) Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

(f) Revenue Recognition

The Council recognises revenue when the amount of revenue can be reliably measured, and when it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below.

(i) Joining fees

Joining fees are recognised upon approval of admission to the Council by the Council Board of which the fees are based on the size of Asset Under Management ("AUM") of the approved member as stipulated in the Constitution.

(ii) Membership fees

Annual subscription on fees charged to all members are recognised on an accrual basis. Such fees are determined by the Council Board as stipulated in the Constitution.

(iii) Contribution/Commission from event fees

Income earned from contribution made by any of the members of the Council and income received from the Council's activities and events are recognised when such income received.

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INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)****3 CONTRIBUTION/COMMISSION FROM EVENTS**

	<u>31.12.19</u> RM	29.12.17 (date of establishment) <u>to 31.12.18</u> RM
Contribution from Kumpulan Wang Persaraan (Diperbadankan) ("KWAP")	-	29,500
Contribution from Minority Shareholders Watch Group ("MSWG")	-	31,999
Contribution from IIC-SIDC Governance Convention 2019	242,000	-
	<u>242,000</u>	<u>61,499</u>

(Note: Contribution from MSWG represents the balance of fund contributed by the CMDF)

4 OPERATING EXPENSES

	<u>31.12.19</u> RM	29.12.17 (date of establishment) <u>to 31.12.18</u> RM
Tax agent fee	2,500	2,500
Audit fee	5,000	5,000
MSWG Secretariat Fee #	60,000	68,400
Material & Supplies	376	2,813
Adviser Fee *	60,000	-
Preparation of the IIC Annual Report 2018	10,000	-
Other operating expenses	8,036	243
Event management	51,701	-
	<u>197,613</u>	<u>78,956</u>

MSWG being one of the members of the Council, provides basic secretariat services to the Council at pre-agreed terms between both parties.

* Adviser fee paid to the advisor of the Council appointed on 1 March 2019 which was approved by the Council Board Members.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)****5 TAXATION**

	<u>31.12.19</u> RM	29.12.17 (date of establishment) to 31.12.18 RM
Income tax		
- current year tax	3,827	447
- overprovision in prior financial year	(447)	-
	<u>3,380</u>	<u>447</u>

The numerical reconciliation between surplus before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Council is as follows:

	<u>31.12.19</u> RM	29.12.17 (date of establishment) to 31.12.18 RM
Surplus before taxation	<u>115,387</u>	<u>78,543</u>
Taxable Contribution	82,000	61,499
Less: Common Expenses	(17,519)	(31,587)
	<u>64,481</u>	<u>29,912</u>
Tax on the first RM50,000	1,800	447
Tax calculated for the remaining balance at Malaysia tax rate of 14%	2,027	-
Taxation	3,827	447
Overprovision in prior financial year	(447)	-
	<u>3,380</u>	<u>447</u>

6 PAYABLES

	<u>2019</u> RM	<u>2018</u> RM
Professional fees payable	12,500	17,500
Other payable	51,733	26
	<u>64,233</u>	<u>17,526</u>

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INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

7 SUBSEQUENT EVENT

Due to the significant worsening of the macro-economic outlook as a result of Covid-19, both domestically and globally, the Council, based on preliminary assessment, expect the current situation to have a minimal impact on the Council's financial results for the financial year ending 31 December 2020.

The Council Board Members are monitoring the situation closely and will assess the impact on the Company's operation and performance as the situation develops.

8 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Council Board Members on 23 November 2020.

Society No.

PPM-006-14-29122017

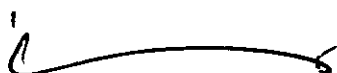
INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

STATEMENT BY COUNCIL BOARD MEMBERS

We, Rohaya Mohammad Yusof and Dato' Dr. Suzana Idayu Wati Binti Osman, two of the Council Board Members of Institutional Investors Council Malaysia., do hereby state that, in the opinion of the Council Board Members, the accompanying financial statements set out on pages 4 to 15 are drawn up so as to give a true and fair view of the financial position of the Council as at 31 December 2019 and financial performance of the Council for the financial year ended 31 December 2019 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Societies Act, 1966 in Malaysia.

Signed on behalf of the Council Board Members in accordance with a resolution of the Council dated 23 November 2020.



ROHAYA MOHAMMAD YUSOF
COUNCIL BOARD MEMBER



DATO' DR. SUZANA IDAYU WATI BINTI OSMAN
COUNCIL BOARD MEMBER

Kuala Lumpur

STATUTORY DECLARATION BY TREASURER


I, Husaini Hussin, being the Officer primarily responsible for the financial management of Institutional Investors Council Malaysia., do solemnly and sincerely declare that the financial statements set out on pages 4 to 15 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



HUSAINI HUSSIN

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur, Malaysia on 23 November 2020.

Before me,



 Lot 333, 3rd Floor, Wisma MPL,
 Jalan Raja Chulan,
 50200 Kuala Lumpur
 COMMISSIONER FOR OATHS
 MALAYSIA



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE INSTITUTIONAL INVESTORS COUNCIL MALAYSIA
 (Registered under the Societies Act, 1966)
 (Society No. PPM-006-14-29122017)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Institutional Investors Council Malaysia ("the Council") give a true and fair view of the financial position of the Council as at 31 December 2019, and of its financial performance and its cash flows for the financial year ended 31 December 2019 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Societies Act, 1966 in Malaysia.

What we have audited

We have audited the financial statements of the Council, which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the financial year ended 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 4 to 15.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Council in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

*PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE INSTITUTIONAL INVESTORS COUNCIL MALAYSIA
(CONTINUED)**
(Registered under the Societies Act, 1966)
(Society No. PPM-006-14-29122017)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Council Board Members are responsible for the other information. The other information comprises Council Board Members' Report, but does not include the financial statements of the Council and our auditors' report thereon.

Our opinion on the financial statements of the Council does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Council, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Council or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Council Board Members for the financial statements

The Council Board Members are responsible for the preparation of the financial statements of the Council that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Societies Act, 1966 in Malaysia. The Council Board Members is also responsible for such internal control as the Council Board Members determine is necessary to enable the preparation of financial statements of the Council that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Council, the Council Board Members are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council Board Members either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE INSTITUTIONAL INVESTORS COUNCIL MALAYSIA
 (CONTINUED)
 (Registered under the Societies Act, 1966)
 (Society No. PPM-006-14-29122017)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Council as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Council, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council Board Members.
- (d) Conclude on the appropriateness of the Council Board Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Council or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Council, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE INSTITUTIONAL INVESTORS COUNCIL MALAYSIA
(CONTINUED)**
(Registered under the Societies Act, 1966)
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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

We communicate with the Council Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

This report is made solely to the members of the Council, as a body, in accordance with the Societies Act, 1966 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

MANJIT SINGH A/L HAJANDER SINGH
02954/03/2021 J
Chartered Accountant

Kuala Lumpur
23 November 2020

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **2nd Annual General Meeting** of the Institutional Investors Council Malaysia will be held as a fully virtual meeting on **Friday, 18 December 2020** at **10.00 a.m.**

AGENDA

Ordinary Business

1. To receive the Council Board's report on the activities of the Association in 2019.
2. To receive the Treasurer's report and the Audited Financial Statements for the financial year ended 31 December 2019, together with the Directors' and Auditors' Reports thereon.
3. To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Association for the ensuing year and to authorise the Directors to fix their remuneration.
4. To transact any other ordinary business which may be transacted at any Annual General Meeting.

By Order of the Council Board

Lya Rahman
Secretary

Dated: 26 November 2020

NOTE: A member of the Association entitled to attend and vote at this meeting may appoint a proxy to vote in his stead. A proxy shall be appointed in writing under the name of the appointor. The instrument appointing a proxy must be deposited at the Registered Office not less than 48 hours before the time appointed for holding the Meeting.

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PROXY FORM

We, of
..... being an Ordinary Member of
the Institutional Investors Council Malaysia, hereby appoint
..... of
.....or failing him/her
..... of
.....

as our proxy to attend and vote for us and on our behalf at the **2nd Annual General Meeting** of the
said Association to be held on **Friday, 18 December 2020 at 10.00 a.m.** and at any adjournment
thereof.

Dated:

Signature

Company's Stamp

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www.iicm.org.my

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA SECRETARIAT

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