

ANNUAL REPORT **2020**

CONTENT

ABOUT US	4
 Establishment	4
 Objectives	5
CORPORATE INFORMATION	6
THE MALAYSIAN CODE FOR INSTITUTIONAL INVESTORS COUNCIL (MCII)	7-8
 Signatories to the MCII Membership	8
 Current Members	9
 Value Proposition for Members	10
MEMBERS OF THE COUNCIL BOARD	11-13
MEMBERS OF THE WORKING COMMITTEE	13-15
CHAIRMAN'S STATEMENT	16- 18
REPORT OF THE COUNCIL BOARD MEMBERS	19
 Engagement with Companies	20-21
 Dialogue with Key Players in Plantation Industry	21
 Other IIC Engagements/Dialogue	21-22
 Other Advocacy Activities	22-23
 IIC Second Annual General Meeting	23
MOVING FORWARD	24
REPORT OF THE TREASURER FOR THE FINANCIAL YEAR 2020	25
 Financial Statements	25
 Financial Performance	25
 Audited Financial Statements	26-47
NOTICE OF THIRD ANNUAL GENERAL MEETING	49
PROXY FORM	51

ABOUT US

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

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



ESTABLISHMENT

THE Institutional Investors Council Malaysia (IIC) was formed on 3 July 2015 as an investor-led organisation 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

It is the mission of the IIC to promote effective investors stewardship by influencing higher standards of corporate governance within institutional investors themselves and their investee companies through the implementation of the following objectives:

- To represent the interests of institutional investors on matters affecting them and to act as a conduit between policymakers, 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.



CORPORATE INFORMATION

COUNCIL BOARD MEMBERS

- **ROHAYA MOHAMMAD YUSOF**
Chairman
- **DATO' DR SUZANA IDAYU WATI OSMAN**
Deputy Chairman
(Resigned with effect from 1 October 2021)
- **LYA RAHMAN**
Secretary
- **HUSAINI HUSSIN**
Treasurer
- **NIK AMLIZAN MOHAMED**
Council Member
- **MUHAMMAD FITRI BIN OTHMAN**
Council Member
- **HANIZAN HOOD**
Council Member
- **SUHANA DEWI SELAMAT**
Council Member
- **DEVANESAN EVANSON**
Council Member
- **GERALD MICHAEL AMBROSE**
Council Member
- **TOI SEE JONG**
Council Member
- **MOHAMAD DAMSHAL AWANG DAMIT**
Council Member

AUDITORS

PricewaterhouseCoopers PLT, Malaysia
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Kuala Lumpur Sentral
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50706 KUALA LUMPUR
Tel: (603) 2173 1188
Fax: (603) 2173 1288

REGISTERED OFFICE

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No: 3 Changkat Raja Chulan
Off Jalan Raja Chulan
50200 KUALA LUMPUR
Tel: (603) 2070 9090
Fax: (603) 2070 9107
Website: <http://www.iicm.org.my/>

SECRETARIAT

Minority Shareholders Watch Group
Contact Person: Noraida Maria Mohd Hatta
Email: noraida@mswg.org.my

BANKER

Malayan Banking Berhad
Kuala Lumpur Main Branch
1st Floor Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur

CONTACT PERSON

LYA RAHMAN
Adviser
Tel: (6017) 688 2510
Email: lyarahman@me.com

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 (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 comprising 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 Bhd (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 consisted of Securities Commission Malaysia (SC), Bursa Malaysia Bhd and Organisation for Economic Co-operation and Development (OECD).

Prior to the launch of the MCII, a Joint Consultation Paper with the SC 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 by ensuring that they emphasise sustainability in the course of their operations.

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

IIC is currently looking into revising the MCII to enhance the recommended principles so as to promote better transparency and more effective stewardship responsibilities by creating a stronger baseline to be applied by the MCII signatories especially in the areas of active engagements with investee companies, ESG considerations into the investment decision-making process, managing conflicts of interest, and voting policy and guidelines.

SIGNATORIES TO THE MALAYSIAN CODE FOR INSTITUTIONAL INVESTORS (MCII)

AS of 31 December 2020, there are **27** signatories to the Code compared to **29** signatories in 2019. The signatories are made up of the following institutions:

ABRDN MALAYSIA SDN BHD <i>(formerly known as Aberdeen Standard Investments (Malaysia) Sdn Bhd)</i>
AFFIN HWANG ASSET MANAGEMENT BHD
AIMAN ASSET MANAGEMENT SDN BHD
BNP PARIBAS ASSET MANAGEMENT MALAYSIA SDN BHD
BNP PARIBAS ASSET MANAGEMENT NAJMAH MALAYSIAN SDN BHD
FRANKLIN TEMPLETON ASSET MANAGEMENT (MALAYSIA) SDN BHD
FRANKLIN TEMPLETON GSC ASSET MANAGEMENT SDN BHD
HERMES EQUITY OWNERSHIP SERVICES
HERMES FUND MANAGERS
KENANGA INVESTORS BHD
KENANGA ISLAMIC INVESTORS BHD
KHAZANAH NASIONAL BHD
LEMBAGA TABUNG ANGKATAN TENTERA
KUMPULAN WANG PERSARAAN (DIPERBADANKAN)
KUMPULAN WANG SIMPANAN PEKERJA
LEMBAGA TABUNG HAJI
LEGAL & GENERAL INVESTMENT MANAGEMENT
NOMURA ASSET MANAGEMENT MALAYSIA SDN BHD
NOMURA ISLAMIC ASSET MANAGEMENT SDN BHD
PERMODALAN NASIONAL BHD
PERTUBUHAN KESELAMATAN SOSIAL
PRINCIPAL ASSET MANAGEMENT BHD
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

The reduction in the number of signatories was due to Valuecap Sdn Bhd and VCAP Asset Managers Sdn Bhd ceasing to be the signatories following the termination of their operations effective from September 2020.

All signatories are expected to report annually their application of the principles of the Code on their respective websites, annual reports or other accessible forms. Nevertheless, the signatories to the MCII are given a timeframe of one year from the date of them becoming signatories to publish their Compliance Statements.

To-date, **13** signatories have published their Compliance Statements which can be accessed on IIC website <http://www.iicm.org.my/compliance-statements/>.

MEMBERSHIP

CURRENT MEMBERS

Currently, IIC has **23** members, out of which 10 were new members who joined in 2020. The members are made up of the following institutions:

ABRDN MALAYSIA SDN BHD <i>(formerly known as Aberdeen Standard Investments (Malaysia) Sdn Bhd)</i>
AFFIN HWANG ASSET MANAGEMENT BHD
AIMAN ASSET MANAGEMENT SDN BHD
AMANAHRAYA INVESTMENT MANAGEMENT SDN BHD
AMUNDI MALAYSIA SDN BHD
BNP PARIBAS ASSET MANAGEMENT MALAYSIA SDN BHD
FRANKLIN TEMPLETON ASSET MANAGEMENT (MALAYSIA) SDN BHD
KENANGA INVESTORS BHD
KHAZANAH NASIONAL BHD
KUMPULAN WANG PERSARAAN (DIPERBADANKAN)
KUMPULAN WANG SIMPANAN PEKERJA
LEMBAGA TABUNG ANGKATAN TENTERA
LEMBAGA TABUNG HAJI
LIFE INSURANCE ASSOCIATION OF MALAYSIA
MINORITY SHAREHOLDERS WATCH GROUP
NOMURA ASSET MANAGEMENT MALAYSIA SDN BHD
PERMODALAN NASIONAL BHD
PERTUBUHAN KESELAMATAN SOSIAL
PRINCIPAL ASSET MANAGEMENT BHD
PRINCIPAL ISLAMIC ASSET MANAGEMENT SDN BHD
PRIVATE PENSION ADMINISTRATOR MALAYSIA
RHB ASSET MANAGEMENT SDN BHD
SATURNA SDN BHD

VALUE PROPOSITION FOR MEMBERS

Members of IIC are entitled to the following value proposition:

- **Opportunity to participate in IIC-led engagements**

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

- **Opportunity to jointly promote common objectives, i.e. Environmental, Social and Corporate Governance (ESG) agenda/corporate governance (CG)**

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

- **Platform for institutional investors**

- ✓ Access to knowledge sharing sessions conducted by institutional investors.
- ✓ Invitation to participate in conference/events organised by IIC/institutional investors at a special member rate.
- ✓ Access to networking opportunities with institutional investors from other countries as well as international CG bodies.

MEMBERS OF THE COUNCIL BOARD *(As at 1 October 2021)*



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



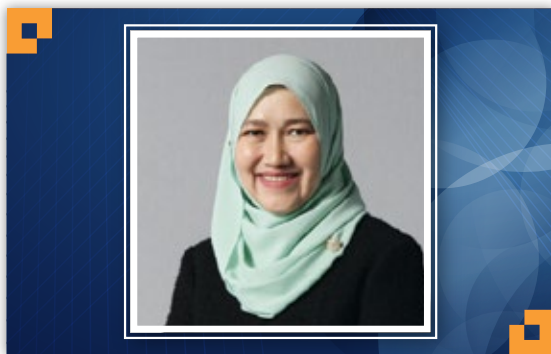
DATO' DR SUZANA IDAYU WATI OSMAN
(Representing Pertubuhan Keselamatan Sosial)
Vice-Chairman
(Resigned on 1 October 2021)



LYA RAHMAN
(Adviser)
Secretary



HUSAINI HUSSIN
(Representing Private Pension
Administrator Malaysia)
Treasurer



NIK AMLIZAN MOHAMED
(Representing Kumpulan Wang Persaraan
[Diperbadankan])
Council Member
(Appointed on 16 December 2020)



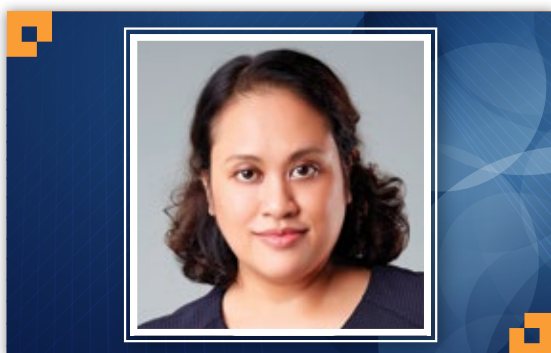
MUHAMMAD FITRI BIN OTHMAN
(Representing Lembaga Tabung Angkatan
Tentera)
Council Member
(Appointed on 24 March 2021)



MOHAMAD DAMSHAL AWANG DAMIT
(Representing Lembaga Tabung Haji)
Council Member
(Appointed on 23 May 2021)



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



SUHANA DEWI SELAMAT
(Representing Khazanah Nasional Bhd)
Council Member



DEVANESAN EVANSON
(Representing Minority Shareholders Watch Group)
Council Member



GERALD MICHAEL AMBROSE
(Representing abrdn Malaysia Sdn Bhd
[formerly known as 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 was established to undertake special tasks and/or projects under the instructions of the Members of the Council Board.

The current members of the Working Committee are as follows:



LYA RAHMAN
Chairperson
(Adviser)



NOR AZAM YAHYA
(Representative of Employees Provident
Fund)



GERALD MICHAEL AMBROSE
(Representative of abrdn Malaysia Sdn Bhd
[formerly known as Aberdeen Standard
Investments [Malaysia] Sdn Bhd])



AZHAR ABDUL LATIF
(Representative of Employees Provident
Fund)



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



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)



HJ MADON MOHD JANI
(Representative of Lembaga Tabung Haji)



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



NIK MYSHANI NIK MOHAMED
(Representative of Permodalan Nasional Bhd)



AZRINA SULAIMAN
(Representative of Permodalan Nasional Berhad)



IKMALUL AMANI ABDUL AZIZ
(Representative of Pertubuhan Keselamatan Sosial)



AHMAD NABIL NAZRI
(Representative of Pertubuhan Keselamatan Sosial)

CHAIRMAN'S STATEMENT

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

2020 will go down into history where the human race was forced out of its comfort zones and had to adapt quickly to embrace unprecedented change by living a life surrounded by new normal.

Movement restrictions coupled with strict adherence to standard operating procedures (SOPs) aimed at curbing the spread of COVID-19 infections have indeed taken a toll on businesses – both small and big – including public listed companies (PLCs).

In this regard, it has not been unusual for PLCs which are investee companies of our members to endure temporary shutdown of their operations in the event their workforce were tested positive for COVID-19.

After more than a year-and-a-half since Malaysia imposed its maiden Movement Control Order (MCO) on 18 March 2020, we are hopeful that the daily reported COVID-19 cases in the country would gradually decline given the country is already moving to Phase 3 and Phase 4 of the National Recovery Plan (NRP) which entail the reopening of more economic activities and borders (domestically and internationally).

Even as more than 90% of the adult population has been fully vaccinated, businesses cannot afford to be complacent in view of the ever growing threat by the highly contagious COVID-19 variants, hence the need to strictly adhere to health SOPs at workplaces at all times.

ESG IS THE FUTURE

On the hindsight, the very fact that the world we live in today will have to find ways to co-exist with the COVID-19 pandemic has given rise to prospects of the global health crisis being a long-term catalyst for ESG (environmental, social & governance) investing.

As a result of the radical impact COVID-19 has had on global economies, many policymakers and investors are viewing the crisis as a wake-up call which accelerates the need for a different approach to investing given parallels have been drawn between the unforeseen risks of a pandemic and issues such as climate change. Over the long run, COVID-19 could prove to be a major turning point for ESG investing or strategies that consider a company's ESG alongside traditional financial metrics.



With ESG issues becoming more important than ever globally – and with investors consciously integrating ESG criteria into their investment decision-making – it is crucial that ESG matters be openly discussed at Board level. Moving forward, Boards are expected to play more effective oversight on ESG-related compliance given companies are now encouraged to set up a Sustainability Committee at Board level for more effective monitoring of ESG-related adherence.

After all, companies with good ESG practices have been more resilient since the start of the COVID-19 pandemic as investors' growing concerns over damage to the environment have led them to put more value on the effective management of ESG risks.

The risk of climate change and diminished social prosperity are making investors, governments and businesses re-think their ESG commitments. There is now growing evidence that institutional investors are increasingly prioritising non-financial impacts by calling on corporates to disclose and address ESG risks.

However, as ESG has yet to be a core focus for companies as revealed by the PwC study entitled "Rethinking ESG in a Post COVID-19 World" (November 2020), it is imperative for corporates and their boards to re-think ESG to future proof their businesses.

A concern pointed out by the PwC's findings is that although 73% of Malaysian PLCs mentioned Sustainable Development Goals (SDGs) in their reporting, only 20% had included SDGs in their published business strategy.

Taking a broader view of ESG, IIC and Capital Markets Malaysia (CMM) have collaborated to form a sustainable investment platform (SIP) to support institutional investors and the fund management industry to build depth in sustainable and responsible investment (SRI) strategies that align financial returns with wider ESG priorities.

In addition to providing a common platform to deepen the impact and visibility of sustainable investors, SIP will also build stakeholder capacity for data collection, tools and methodologies that will support innovation in sustainable investment strategies.

COMPANY ENGAGEMENT

Even with movement restriction impeding activities, IIC has continued with its engagement activities with PLCs. Throughout the year 2020, two engagement sessions were held with board members and senior management of Bursa Malaysia Bhd and FGV Holdings Bhd.

A dialogue was also held with key players in the plantation industry to discuss concerns relating to the severe shortage of foreign labour in plantation industry following the Government's directive to freeze the supply of foreign labour.

Such freeze has great impact on the production and earnings of plantation companies as well as would directly and indirectly impact the institutional investor fraternity who are mostly equity holders of plantation companies and are dependent on their dividend payments.

Elsewhere, I am also pleased to update that from a slow start in 2014, the number of signatories to the Malaysian Code for Institutional Investors (MCII) have grown to 27 to-date with all the largest asset owners in Malaysia being signatories to the Code.

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 which now stood at 23.

FUTURE PLANS

Despite 2021 remains to be a challenging year with every business entity being impacted one way or another by the COVID-19 pandemic, we at IIC will continue to push for the sustainability agenda with institutional investors playing more effective stewardship role in shaping, influencing and championing the sustainability cause in the Malaysian capital market.

We look forward to join hands with the relevant stakeholders to rally for a formidable sustainable development agenda, especially in the area of climate change as institutional investors are inevitably exposed to climate change risk which include among others, risk of stranded assets.

Concerted efforts among investors, especially institutional investors, regulators, government and companies to improve reporting and transparency on climate change are also important as the information on companies' exposures to climate risks are vital for investors to make informed investment decisions.

CONCLUSION

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

In particular, I would like to take this opportunity to record my appreciation to Dato' Dr Suzana Idayu Wati Osman whose tenure as Deputy Chairman of IIC ended on 30 September 2021 for her great commitment and contribution in serving the IIC throughout her tenure.



ROHAYA MOHAMMAD YUSOF

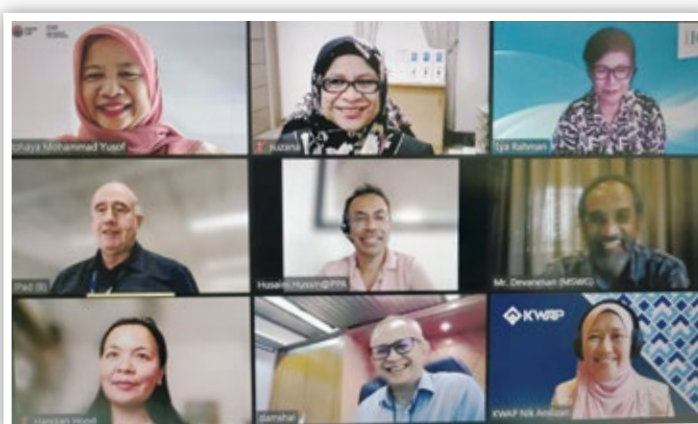
Chairman

Institutional Investors Council Malaysia (IIC)

REPORT OF THE COUNCIL BOARD MEMBERS

SINCE its establishment, IIC has evolved into playing more proactive and effective stewardship role in the Malaysian capital market through active engagements with investee companies, highlighting issues of concerns in the media, active participation at general meetings by raising issues relating to corporate governance and sustainability as well as in its collaboration with relevant stakeholders, including the regulators.

Doubtlessly, the COVID-19 pandemic has wreaked havoc throughout the year 2020, bringing about immense challenges to people and businesses across the globe. If there is a lesson to be learnt, it is that it has become imperative for the investor fraternity, especially institutional investors to join hand and forces among themselves to play their stewardship responsibilities more effectively by focusing on the long term well-being of their stakeholders, the broader community and national interest of their country.



IIC Council Board meeting

With new normal fast becoming a way of life amid the imposition of various lockdown measures in the form of travel restrictions (or even social distancing and other health-related standard operating procedures) to contain the spread of COVID-19, an answer has been found to the conventional physical-type shareholder meeting which was unfeasible to be staged throughout most part of 2020.

The year saw the mushrooming of the virtual meeting platforms which became a norm almost overnight – whether in the conduct of annual general meetings (AGMs), extraordinary general meetings (EGMs), board meetings, dialogues, discussions or webinars – when market regulators had for years been encouraging listed entities to stage virtual/hybrid meetings without much success in the past.

Doubtlessly, it has not been uncommon for shareholders to grapple with technical glitches when attending virtual meetings – from poor connection and broadcasting interruptions to cyber-security and data protection concerns to governance questions such as how are votes counted or what should be done if an e-voting platform run into technical difficulties mid-meeting.

But even as the COVID-19-induced transition to virtual shareholder meetings has not been uniform with so much loopholes that need to be rectified over time – especially from the corporate governance perspective – the consolation is that we should be in concordance with the revered Chinese philosopher Lao Tzu that the first step of a long journey has been embarked upon.

In a related development, concerned over how COVID-19 had impacted people and businesses, IIC had in March 2020 issued a media statement on “jobs first” strategy by urging investee companies of its members to prioritise job preservation while ensuring their business sustainability as well as to explore other measures before making a drastic decision that might affect the employability of their workforce.

A letter was written to the Governor of Bank Negara Malaysia in October 2020 highlighting the concerns on the decisions made by the banking institutions to defer the payments of interim dividend for the year 2020 which would significantly affect the returns to institutional investors. It was further expressed in the letter to seek Bank Negara to allow flexibility to the banking institutions to declare interim dividends to ensure sustainability of returns to shareholders. Several banks subsequently declared interim dividends to their shareholders.

In essence, despite the numerous challenges posed by the COVID-19 pandemic, IIC had continued to carry out its activities albeit some of its planned programmes had to be shelved due to movement restrictions. During the year ended 31 December 2020, the following activities were carried out with the full support and commitment of Members of the Council Board and Members of the Working Committee.

ENGAGEMENT/DIALOGUE WITH COMPANIES

ACTIVE engagements are part of IIC's strategic and main activities held annually to promote and enhance corporate governance in the capital market.

Throughout the year 2020, **two** collective engagements were carried out with board members and senior management of the following organisations:

BURSA MALAYSIA BHD

Date of Engagement: 26 August 2020

THE engagement was held physically at Bursa Malaysia and attended by Bursa board of directors, including the independent directors and senior management.

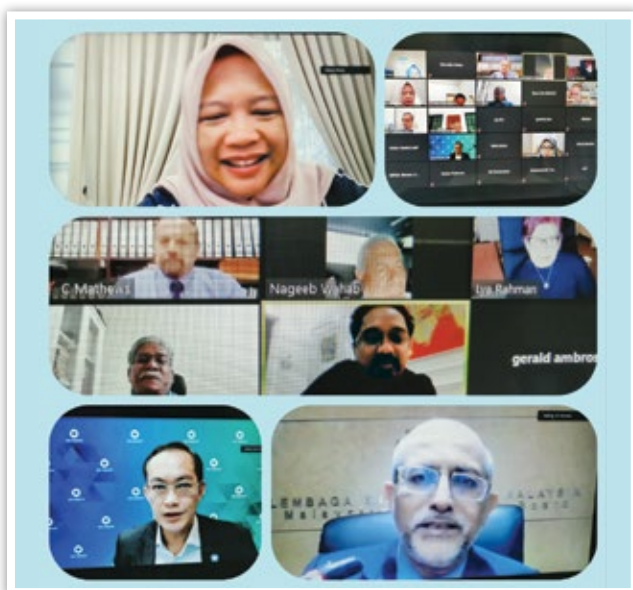
The engagement session with Bursa Malaysia involved Bursa as listed entity as well as its regulatory role. The engagement focused, among others, on issues such as financial and operational highlights, board governance, surveillance on governance of PLCs, Practice Note 17 (PN17) companies, market structure & vibrancy and developments in sustainability reporting and sustainability practices by PLCs.



FGV HOLDINGS BHD**Date of Engagement: 19 November 2020**

THE engagement was conducted virtually and attended by directors of FGV led by its Chairman with the spotlight on issues surrounding the company's operations overview, governance & integrity framework including the establishment of an Independent Advisory Panel, its termination of Land Lease Agreement (LLA), the Withhold Release Order (WRO) issued by the US Customs and Border Protection on palm oil and palm oil products by FGV and its subsidiaries, as well as future direction & prospects of the group.

DIALOGUE WITH KEY PLAYERS IN PLANTATION INDUSTRY



A dialogue was also held with various key players in the plantation industry to discuss concerns relating to the severe shortage of foreign labour in plantation industry following the Government's directive to freeze the supply of foreign labour.

The dialogue was attended by CEOs and senior management of large and medium-sized plantation companies as well as the representatives from the Malaysian Palm oil Board (MPOB) and the Malaysian Palm Oil Association (MPOA).

OTHER IIC ENGAGEMENTS/COLLABORATIONS

Publication of AGM Corporate Governance (CG) Checklist (February 2020)

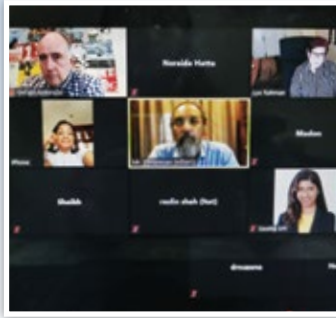
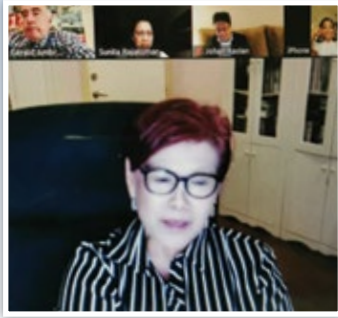
THE Securities Commission in collaboration with IIC and MSWG published AGM CG Checklist to facilitate effective participation by shareholders at the AGM. The Checklist highlights list of questions that shareholders should look for and consider to raise during AGM which among others, covers matters relating to governance, sustainability, risk management & internal audit which serve as the basis for making voting decisions at the AGM.

The full version of the AGM CG Checklist is accessible on IIC website : iicm.org.my/AGM CG Checklist



Presentation by Climate Governance Malaysia (CGM) on Climate Governance (December 2020)

A briefing session by CGM was held on financial risks arising from the climate crisis and measures needed to facilitate a smooth transition. During the session, CGM gave an overview of the principles of climate governance by describing the financial risks arising from the climate risks and the reason why there is a need to plan for a smooth transition.



Participation in the Joint Committee on Climate Change (JC3) Sub-Committees

IIC is represented in the JC3 Sub-Committee 1 (Risk Management) chaired by Bank Negara and JC3 Sub-Committee 2 (Governance & Disclosure) chaired by Bursa Malaysia.

OTHER ADVOCACY ACTIVITIES

AS part of its on-going involvement in the capital market activities, IIC provided feedback and comments on the following Consultation Papers issued during the year :

Consultation Paper No: 1/2020 on Proposed Amendments to the LEAP Market Listing Requirements in relation to Anti-Corruption and Whistleblowing Measures (March 2020)

This Consultation Paper seeks to the views and comments on the proposed amendments to the LEAP Market Listing Requirements in relation to anti-corruption and whistle-blowing measures.

Consultation Paper No: 2/2020 on Proposed Amendments to the Main and ACE Market Listing Requirements in relation to Public Security Holding Spread (July 2020)

Consultation Paper No. 2 of 2020 centres on the proposed amendments to the Main and ACE Market Listing Requirements in relation to public security holding spread.

Consultation Paper on Sustainability Reporting issued by the International Financial Reporting Standards Foundation (IFRS Foundation) (September 2020)

Bursa Malaysia Sustainability Indicator Survey (September 2020)

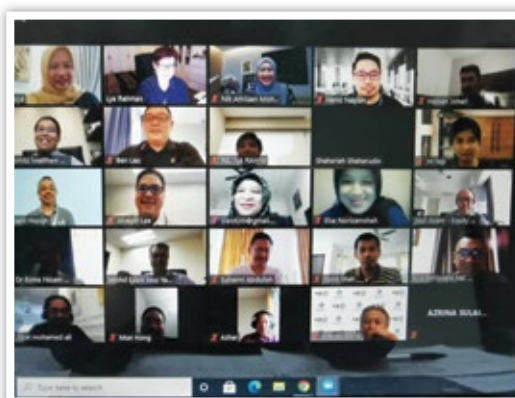
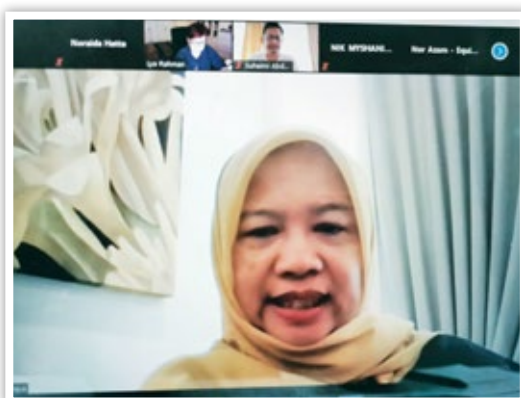
IIC members participated in Bursa Malaysia Sustainability Indicator Survey which seeks to better understand the information needs and expectations of institutional investors to provide valuable input to potential enhancements to the Bursa Sustainability Disclosure Framework.

IIC Second ANNUAL GENERAL MEETING (18 December 2020)

THE Second Annual General Meeting (AGM) was held virtually on 18 December 2020 and was attended by all IIC members.

All Council Board Members were present at the AGM.

The minutes of the Second AGM has been published on IIC website and can be accessed on IIC website via <http://www.iicm.org.my/>



MOVING FORWARD

MOVING forward, IIC members regardless of size will be focussing on making ESG an important criteria in their investment-decision making especially in the area of climate related matters. More efforts would be put to engage with investee companies to encourage them to seriously focus on climate-related matters into their operations and businesses apart from being more transparent in disclosing their climate risks. Additionally, IIC also encourages its members to be more vocal in raising ESG issues especially those relating to the environment and social matters at general meetings and/or to vote against recalcitrant companies.

It is hoped that institutional investors would further strengthen their collaboration under the umbrella of IIC to make their voices heard collectively and where appropriate, to also collectively vote against resolutions at AGMs which are not in the best interest of the company and minority shareholders as well as not in line with good corporate governance practices or not in the spirit of the Malaysian Code on Corporate Governance 2011.

The signatories to the Malaysian Code for Institutional Investors (MCII) which is currently under review would be expected to further strengthen their reporting on their stewardship activities within their organisation as well as their investee companies.

IIC would not hesitate to publish their strong views or comments via regular articles in the mainstream media to create more awareness on negative issues that would be detrimental to the companies and best interest of their shareholders while creating an impact in enhancing shareholder activism and promoting best practices in the capital market.

REPORT OF THE TREASURER FOR THE FINANCIAL YEAR 2020

FINANCIAL STATEMENTS

THE Council Board is responsible for the preparation and fair presentation of the financial statements of the Institutional Investors Council Malaysia ("IIC") 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") 2020, IIC recorded the total revenue of RM90,834 derived solely from joining and membership fees from its members. No income-generating activities, for example the repeat of 2019's governance convention, were able to be organised due to the COVID-19 pandemic and nationwide lockdown imposed by the Government since 18 March 2020.

During the financial year, IIC incurred operating expenditure amounting to RM160,043, which was mainly made up of professional fees, particularly the adviser's fee, expenses on secretarial services, external audit fees and tax compliance service fees.

On the overall, IIC during its third year of operation generated a net deficit of RM68,781 with a cash balance at year end of RM150,253.

To further broaden its revenue base and to ensure IIC's long-term sustainability of its operations, the Council Board will intensify its effort to increase the number of members through 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 among 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 2020

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 2020**

CONTENTS	PAGE(S)
COUNCIL BOARD MEMBERS' REPORT	28-30
STATEMENT OF COMPREHENSIVE INCOME	31
STATEMENT OF FINANCIAL POSITION	32
STATEMENT OF CHANGES IN ACCUMULATED FUNDS	33
STATEMENT OF CASH FLOWS	34
NOTES TO THE FINANCIAL STATEMENTS	35-42
STATEMENT BY COUNCIL BOARD MEMBERS	43
STATUTORY DECLARATION	43
INDEPENDENT AUDITORS' REPORT	44-47

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 2020**

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 2020.

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 deficit for the financial year	(68,781)

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:

Rohaya Mohammad Yusof (<i>appointed on 4 February 2020</i>)	Chairman
Dato' Dr. Suzana Idayu Wati Binti Osman (<i>resigned on 1 October 2021</i>)	Vice Chairman
Lya Rahman	Secretary
Husaini Bin Hussin	Treasurer
Suhana Dewi Selamat	Council Member
Devanesan Evanson	Council Member
Gerald Ambrose	Council Member
Toi See Jong	Council Member
Hanizan binti Hood (<i>appointed on 4 February 2020</i>)	Council Member
Syed Hamadah bin Syed Othman (<i>resigned on 31 October 2020</i>)	Council Member
Nik Amlizan Mohamed (<i>appointed on 16 December 2020</i>)	Council Member
Meor Khairi bin Meor Mohd Bazid (<i>resigned on 16 October 2020</i>)	Council Member
Datuk Nik Mohd Hasyudeen Yusoff	Council Member
(<i>appointed on 16 October 2020, resigned on 5 May 2021</i>)	
Mohamad Damshal bin Awang Damit (<i>appointed on 23 May 2021</i>)	Council Member
Mohd Haniz bin Mohd Nazlan	Council Member
(<i>appointed on 16 October 2020, resigned on 24 March 2021</i>)	
Muhammad Fitri bin Othman (<i>appointed on 24 March 2021</i>)	Council Member

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 2020 (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 2020 (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 11 November 2021. Signed on behalf of the Council Board Members:



ROHAYA MOHAMMAD YUSOF
COUNCIL BOARD MEMBER



HUSAINI BIN HUSSIN
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 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
REVENUE			
Joining fees		30,000	6,000
Membership fees		60,834	65,000
Contribution/Commission from events	3	-	242,000
Total revenue		<u>90,834</u>	<u>313,000</u>
LESS: EXPENSES			
Operating expenses	4	<u>(160,043)</u>	<u>(197,613)</u>
Total expenses		<u>(160,043)</u>	<u>(197,613)</u>
(Deficit)/Surplus before taxation		(69,209)	115,387
Tax expense	5	<u>428</u>	<u>(3,380)</u>
Net (deficit)/surplus for the financial year		<u><u>(68,781)</u></u>	<u><u>112,007</u></u>

Society No.

PPM-006-14-29122017

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
CURRENT ASSET			
Cash and cash equivalents		150,253	246,163
Receivables	6	4,250	12,000
		<u>154,503</u>	<u>258,163</u>
LESS: CURRENT LIABILITIES			
Payables	7	33,181	64,233
Provision for taxation	5	-	3,827
		<u>33,181</u>	<u>68,060</u>
NET ASSETS		<u>121,322</u>	<u>190,103</u>
FINANCED BY:			
Accumulated funds		<u>121,322</u>	<u>190,103</u>

Society No.

PPM-006-14-29122017

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	<u>Total</u> RM
As at 1 January 2020	190,103
Net deficit for the financial year	(68,781)
	<hr/>
As at 31 December 2020	121,322
	<hr/>
As at 1 January 2019	78,096
Net surplus for the financial year	112,007
	<hr/>
As at 31 December 2019	190,103
	<hr/>

Society No.

PPM-006-14-29122017

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	<u>2020</u> RM	<u>2019</u> RM
Cash flows from operating activities		
Membership and Joining fees received	95,750	71,000
Contribution received from IIC-SIDC Governance Convention 2019	12,000	230,000
Payment for advisor fee	(65,000)	(60,000)
Payment for meeting expenses	(1,786)	(3,877)
Payment for professional expenses	(72,500)	(82,924)
Payment for IGCN membership	(2,363)	-
Payment for website maintenance	(2,800)	(2,800)
Payment for material and supplies	(4,048)	(1,225)
Payment for event management	(51,701)	-
Tax paid	(3,399)	-
Bank charges	(63)	(80)
Net cash flows (used in)/generated from operating activities	<u>(95,910)</u>	<u>150,094</u>
Net (decrease)/increase in cash and cash equivalents	(95,910)	150,094
Cash and cash equivalents at the beginning of the financial year	<u>246,163</u>	<u>96,069</u>
Cash and cash equivalents at the end of the financial year	<u><u>150,253</u></u>	<u><u>246,163</u></u>

Society No.

PPM-006-14-29122017

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020****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.

Society No.

PPM-006-14-29122017

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (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 Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'
- Amendments to MFRS 3 'Definition of a Business'
- Amendments to MFRS 9, MFRS 139 and MFRS 7 'Interest Rate Benchmark Reform'

The adoption of the above standards, amendments to standards or interpretations did not have a material effect on the financial statements of the Council.

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

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.
- Annual Improvements to MFRSs 2018 – 2020 Cycle (effective for annual periods beginning on or after 1 January 2022).
- Amendments to MFRS 137 'onerous contracts—cost of fulfilling a contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts.
- Amendments to MFRS 101 'Classification of liabilities as current or non-current' (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

The adoption of the above standards, amendments to standards or interpretations is not expected to have a material effect on the financial statements of the Council.

Society No.

PPM-006-14-29122017

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (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 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.

Society No.

PPM-006-14-29122017

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (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 unlikelihood 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.

Society No.

PPM-006-14-29122017

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (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 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.

Society No.

PPM-006-14-29122017

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****3 CONTRIBUTION/COMMISSION FROM EVENTS**

	<u>2020</u> RM	<u>2019</u> RM
Contribution from IIC-SIDC Governance Convention 2019	-	242,000
	-	242,000

4 OPERATING EXPENSES

	<u>2020</u> RM	<u>2019</u> RM
Tax agent fee	2,500	2,500
Audit fee	5,000	5,000
MSWG Secretariat Fee #	60,000	60,000
Material & Supplies	5,031	1,564
Adviser Fee *	70,500	60,000
Preparation of the IIC Annual Report 2019/2018	10,000	10,000
IGCN Membership	2,363	-
Other operating expenses	4,649	6,848
Event management	-	51,701
	<u>160,043</u>	<u>197,613</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 who was re-appointed on 1 March 2020 which was approved by the Council Board Members.

Society No.

PPM-006-14-29122017

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****5 TAXATION**

	<u>2020</u> RM	<u>2019</u> RM
Income tax		
- current year tax	-	3,827
- overprovision in the previous financial year	(428)	(447)
	<u>(428)</u>	<u>3,380</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>2020</u> RM	<u>2019</u> RM
(Deficit)/Surplus before taxation	<u>(69,209)</u>	<u>115,387</u>
Taxable Contribution	-	82,000
Less: Common Expenses	-	(17,519)
	<u>-</u>	<u>64,481</u>
Tax on the first RM50,000	-	1,800
Tax calculated for the remaining balance at Malaysia tax rate of 14%	-	2,027
	<u>-</u>	<u>3,827</u>
Taxation	-	3,827
Overprovision in the previous financial year	(428)	(447)
	<u>(428)</u>	<u>3,380</u>

6 RECEIVABLES

	<u>2020</u> RM	<u>2019</u> RM
Joining fee receivable	3,000	-
Membership fee receivable	1,250	-
Contribution receivable	-	12,000
	<u>4,250</u>	<u>12,000</u>

Society No.

PPM-006-14-29122017

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****7 PAYABLES**

	<u>2020</u> RM	<u>2019</u> RM
Professional fees payable	23,000	12,500
Other payable*	10,181	51,733
	<u>33,181</u>	<u>64,233</u>

*Includes membership fees received in advance of RM 9,166 (2019: RM nil).

8 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, may result in an adverse impact on the Council's financial results due to the inability to organise conferences.

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

9 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 11 November 2021.

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 Husaini Bin Hussin, 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 2020 and financial performance of the Council for the financial year ended 31 December 2020 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 11 November 2021.



ROHAYA MOHAMMAD YUSOF
COUNCIL BOARD MEMBER



HUSAINI BIN HUSSIN
COUNCIL BOARD MEMBER

Kuala Lumpur

STATUTORY DECLARATION BY TREASURER

I, Husaini Bin 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 BIN HUSSIN

Subscribed and solemnly declared by the abovenamed at Petaling Jaya, Selangor, Malaysia on 11 November 2021.

Before me,



No. 21A, 1st Floor,
Jalan SS6/12,
Kelana Jaya,
47301 Petaling Jaya,
Selangor Darul Ehsan.



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 2020, and of its financial performance and its cash flows for the financial year ended 31 December 2020 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 2020, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the financial year ended 31 December 2020, 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 Company 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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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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 PwC LLP 0014401-LCA & AF 1146 Chartered Accountants	 MANJIT SINGH A/L HAJANDER SINGH 02954/03/2023 J Chartered Accountant
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Kuala Lumpur
11 November 2021

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **3rd Annual General Meeting** of the Institutional Investors Council Malaysia will be held as a fully virtual meeting on **Wednesday, 15 December 2021** at **3:00 p.m.**

A G E N D A

Ordinary Business

1. To receive the Council Board's report on the activities of the Association in 2020.
2. To receive the Treasurer's report and the Audited Financial Statements for the financial year ended 31 December 2020, together with the Directors' and Auditors' Reports thereon.
3. To elect the Council Board Members.
4. To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Association for the ensuing year and to authorise the Directors to fix their remuneration.
5. To approve the proposed revision of IIC Annual Subscription Fees for membership commencing 1 January 2022.
6. 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: 22 November 2021

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 **3rd Annual General Meeting** of the
 said Association to be held on **Wednesday, 15 December 2021 at 3.00 p.m.** and at any adjournment
 thereof.

Dated:

Signature

Company's Stamp

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www.iicm.org.my

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