IIC
INSTITUTIONAL INVESTORS COUNCIL
MALAYSIA

2024 ANNUAL REPORT

www.iicm.org.my

CONTENTS

About Us

Establishment

The Institutional Investors Council Malaysia (IIC) was established 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 of institutional investors has been recognised as critical in the governance ecosystem by the Securities Commission Malaysia (SC) and is encapsulated as one of the recommendations in the Corporate Governance Blueprint 2011.

The IIC plays an important role in representing the common interests of institutional investors in Malaysia. This industry-led initiative will serve as a platform to shape and influence a broader corporate governance culture through, among other means, 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 investor 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 concerning the development of the Institutional Investors Council Malaysia (IIC) 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 encourage 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

Business Address

IIC Secretariat Office
Room 36.16.06, Level 36 (KWAP),
Integra Tower, The Intermark,
348 Jalan Tun Razak,
50400 KUALA LUMPUR
Website: http://www.iicm.org.my/

Registered Office

Institutional Investors Council Malaysia
11th Floor, Bangunan KWSP,
No: 3 Changkat Raja Chulan,
Off Jalan Raja Chulan,
50200 KUALA LUMPUR

Auditor

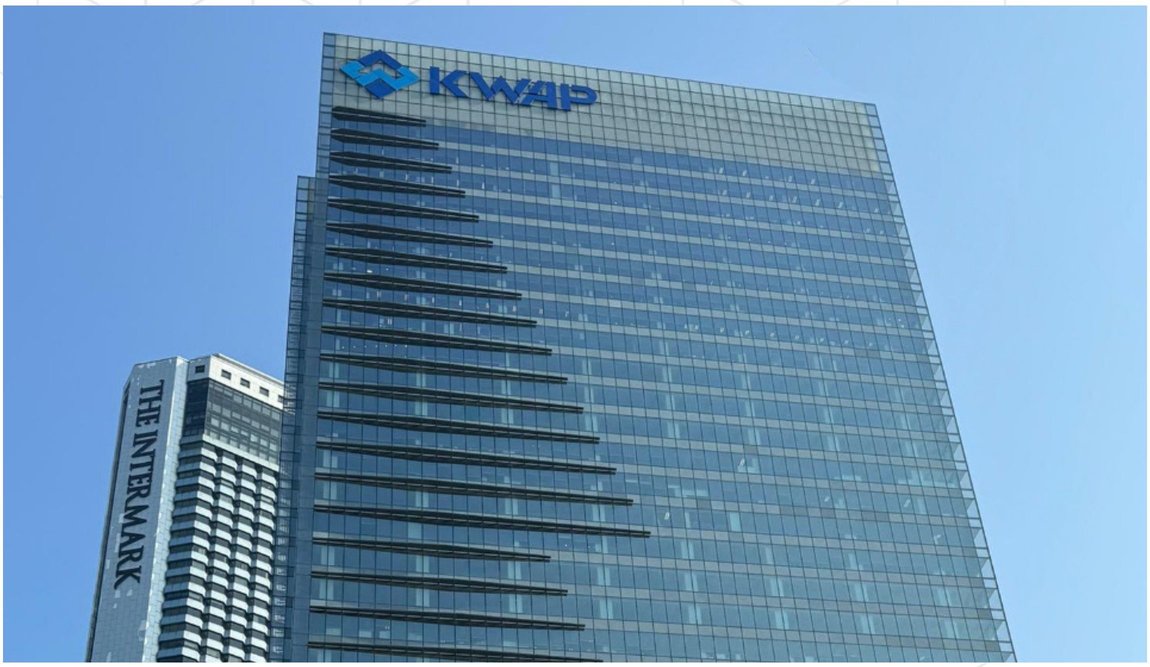
PricewaterhouseCoopers Malaysia Holdings
Sdn. Bhd. (PwC Malaysia)
Level 10, Menara TH 1 Sentral,
Jalan Rakyat, Kuala Lumpur Sentral,
P O Box 10192
50706 KUALA LUMPUR
Tel: (603) 2173 1188
Fax: (603) 2173 1288

Secretariat

IIC Secretariat
Contact Person: Cik Farieza Razak
Designation: Executive
Email: fariezarazak@iicm.org.my

Banker

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



Chairman's Statement

"Looking ahead, the IIC remains firmly committed to promoting governance and sustainability, strengthening the stewardship role of institutional investors, and deepening our engagement with key stakeholders."

Datuk Hajah Nik Amlizan Mohamed
Chairman
Institutional Investors Council Malaysia (IIC)

On behalf of the members of the Council Board, it is my honour and privilege to present the seventh Annual Report of the Institutional Investors Council Malaysia (IIC).

I am pleased to have the opportunity to write to you as the Chair of the Institutional Investors Council (IIC). As I begin this note, I would like to extend my heartfelt appreciation to the members of the Council Board and the Working Committee for their unwavering support and dedication. This marks my second year serving as Chair, and it has been a privilege to contribute to the Council's mission over the past 10 years as a committed member. The progress we have made is a testament to the collective effort and shared commitment of everyone involved in advancing our objectives.

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA (IIC)

10 years on from our establishment on 3 July 2015, the Institutional Investors Council Malaysia (IIC) has played a constructive role by bringing together institutional investors in Malaysia and continues to be a steadfast advocate for the collective interests. As an industry-led initiative, the IIC provides a vital platform for influencing and shaping a broader corporate governance culture.

In 2024, our efforts centred on deepening IIC's influence in the capital market, strengthening member engagement, and reinforcing our commitment to governance and sustainability. With a combined Assets Under Management (AUM) of RM2.6 trillion among our members, IIC is strategically positioned to drive meaningful change and uphold the highest standards of corporate governance.

Now, more than ever, our unified voice as institutional shareholders is critical in advocating for key governance and sustainability issues ranging from the tenure of independent directors to board diversity, director attendance, remuneration practices, and dividend performance. Through the power of proxy voting, we can be agents of reform. Let us not forget that we are not merely shareholders, we are stewards of long-term value.

Furthermore, IIC serves as a key conduit between institutional investors, policymakers, and regulators. We are honoured to serve on the Corporate Governance Council, chaired by the Securities Commission Malaysia, where we continue to champion policies that strengthen market integrity.

KEY ACHIEVEMENTS IN 2024

In 2024, we initiated several impactful projects and achieved significant milestones that further cemented our role as a leader in promoting good governance and sustainability.

IIC CORPORATE GOVERNANCE 2024

A highlight of the year was the successful organisation of the IIC Corporate Governance 2024 conference, held on 5 March 2024 at the Securities Commission Malaysia. The event was graciously officiated by YB Senator Datuk Seri Amir Hamzah Azizan, Minister of Finance II. His presence underscored the government's steadfast commitment to promoting transparency, accountability, and robust corporate governance within the financial sector.

The conference featured five panel sessions, moderated by five distinguished individuals and comprising 19 renowned local and international speakers. Each session was thoughtfully designed to provide comprehensive perspectives on corporate governance and sustainability. A total of 398 participants have attended this conference, reflecting a diverse mix of attendees from both local and international.

On behalf of the Council Board, I would like to extend my heartfelt appreciation to all who were instrumental in the conference's success. This includes the Minister of Finance II for gracing the program with his presence, IIC council members for their invaluable advice and input, our sponsors, speakers, moderators, attendees, and, not least, the dedicated working group that ensured the seamless execution of this conference.

ENGAGEMENTS WITH PLCs AND REGULATORS

Engagement with Public Listed Companies (PLCs) and the regulator continues to be central to IIC's advocacy work. In 2024, the IIC conducted eight significant engagement sessions with organisations, including Sime Darby Plantation Berhad (now known as SD Guthrie Berhad), Westport Holdings Berhad, Top Glove Corporation Berhad, DRB Hicom Berhad, Malakoff Corporation Berhad, Sapura Energy Berhad, IHH Healthcare Berhad and Bursa Malaysia Berhad.

These engagements served as an important platform for discussing enhancements in corporate governance, long-term value creation, and sustainability practices. Our ongoing dialogue with Bursa Malaysia Berhad has further aligned our initiatives with evolving regulatory frameworks. Additionally, the IIC continued to leverage its role within the Corporate Governance Council to advocate for strong governance standards and policy improvements in the capital market

WORKSHOPS AND TRAININGS

In 2024, we expanded our collaborative efforts with both local and global experts to deliver impactful learning opportunities for our members.

IIC has collaborated with the Principles for Responsible Investment (PRI) and Capital Markets Malaysia (CMM) to develop the sustainable investment talent landscape in Malaysia.

The IIC has collaborated with the Principles for Responsible Investment (PRI) and Capital Markets Malaysia (CMM) to cultivate the sustainable investment talent landscape in Malaysia. This initiative marks a global first for PRI's innovative blended learning pilot program, which integrates in-person training, self-paced e-learning, and virtual classroom components to entrench the foundational principles of responsible investment and foster an understanding of ESG analysis and its practical application in day-to-day investment activities.

In addition to the Responsible Investment program, we successfully conducted several insightful sessions for our members, including:

- A Masterclass on Governance Trends by Glass Lewis, hosted at Principal Asset Management Berhad,
- A Workshop on Climate-Related Disclosures by S&P Global at KWAP Auditorium, and
- The Malaysia Digital Infrastructure Ecosystem 2024 session, conducted by Mr. Tan Tze Meng, MDEC, was also at the KWAP Auditorium.

These sessions reflect our ongoing commitment to providing members with relevant insights and practical guidance.

PROXY VOTING PLATFORM PROJECT

One of IIC's most significant ongoing projects is the development of a Proxy Voting Platform, designed to provide members with a streamlined, transparent, and cost-effective mechanism for exercising their voting rights.

This initiative aims to foster a culture of active stewardship by empowering institutional investors to participate meaningfully in corporate decision-making. The platform will also serve as a local alternative to high-cost proxy systems currently in use, offering both greater accessibility and efficiency.

I am pleased to share that Phase I of the project has commenced and is progressing well. We are committed to delivering a robust, user-friendly tool that enhances corporate governance outcomes. A dedicated working group is diligently overseeing every facet of the system's development, demonstrating commendable commitment and expertise. I extend my sincere appreciation to the Proxy Voting Platform Working Group for their unwavering dedication.

CLBG CONVERSION

Another important milestone in 2024 is our ongoing transition to a Company Limited by Guarantee (CLBG). This strategic shift will enhance IIC's legal and governance framework, ensuring greater operational transparency and enabling us to pursue our objectives with greater focus and accountability. Upon completion, this transition will empower us to secure partnerships and funding opportunities with greater efficacy.

FUTURE PLANS

Looking ahead, the IIC remains firmly committed to promoting governance and sustainability, strengthening the stewardship role of institutional investors, and deepening our engagement with key stakeholders. We aim to roll out more high-impact initiatives and enhance our advocacy efforts to uphold strong corporate governance standards within the Malaysian capital market.

As part of our long-term vision, we are committed to advancing the objectives outlined in the Malaysian Code for Institutional Investors (MCII) and broadening its adoption. A key focus for the coming year is to encourage more institutional investors to join IIC and become signatories to the Code.

In line with our strategic direction, IIC is in the process of transitioning into a Company Limited by Guarantee (CLBG). Upon the successful completion of this transition, we plan to introduce a new membership category: Associate Membership. This new membership class will be open to a wider range of organisations beyond institutional investors, including financial institutions, public listed companies (PLCs), corporates, and academic institutions that share our commitment to advancing corporate governance and sustainable investment.

This expansion will mark a new chapter for IIC, allowing us to diversify our membership base and broaden our reach in advocating responsible investment and sound governance practices. It reflects our ambition to become a more inclusive and influential voice in the evolving corporate governance landscape.

CONCLUSION

In conclusion, the IIC continues to be dedicated to integrating sustainability, good governance, and climate change consideration into investment practices.

On behalf of the Council Board Members, I extend my sincere appreciation to the regulators 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 the objectives of the IIC. I would also like to express heartfelt gratitude to our members and signatories for their steadfast support.

Thank you.

DATUK HAJAH NIK AMLIZAN MOHAMED
Chairman
Institutional Investors Council Malaysia (IIC)

Members of the Council Board

(As of 31 December 2024)

Chairman

Datuk Hajah Nik Amlizan Mohamed
Representing Kumpulan Wang Persaraan (Diperbadankan) [KWAP]

Vice Chairman

Datuk Wira Ismitz Matthew De Alwis
Representing Kenanga Investors Berhad

Secretary

Rejina Rahim
(Adviser)

Treasurer

Husaini Hussin
Representing Private Pension Administrator Malaysia

Council Member

Rohaya Binti Mohammad Yusof
Representing Kumpulan Wang Simpanan Pekerja (KWSP)

Munirah Binti Khairuddin
Representing Principal Asset Management Berhad

Gerald Michael Ambrose
Representing Aberdeen Investments
(Retired on 31 May 2024)

Mohd Farid Bin Kamarudin
Representing Aberdeen Investments
(Appointed on 1 June 2024)

Council Member

Raymond Tang Chee Kin
Representing Eastprint Investments Berhad
(Retired on 30 June 2024)

Anouk Hanafiah
Representing Eastspring Al-Wara' Investments Berhad
(Appointed on 1 July 2024)

Datuk Amran Hafiz Affifudin
Representing Khazanah Nasional Berhad
(Resigned on 27 March 2024)

Datuk Hisham Hamdan
Representing Khazanah Nasional Berhad
(Appointed 1 April 2024)

Dato' Rizal Rickman Ramli
Representing Permodalan Nasional Berhad (PNB)

Muhammad Fitri Othman
Representing Lembaga Tabung Angkatan Tentera (LTAT)
(Resigned on 1 September 2024)

Ahmad Farouk Mohamed
Representing Lembaga Tabung Angkatan Tentera (LTAT)
(Appointed 1 October 2024)

Syhiful Zamri Bin Abdul Azid
Representing Maybank Asset Management Sdn Bhd

Mohd Farid Bin Kamarudin
Representing RHB Asset Management Sdn Bhd
(Resigned on 14 June 2024)

Mohd Najman Md Isa
Representing RHB Asset Management Sdn Bhd
(Appointed on 20 May 2024)

Mushida Muhammad
Representing Pertubuhan Keselamatan Sosial (PERKESO)

Sharifatu Laila Syed Ali
Representing Lembaga Tabung Haji (LTH)
(Resigned on 1 March 2024)

Meor Khairi Meor Mohd Bazid
Representing Lembaga Tabung Haji (LTH)
(Appointed on 29 May 2024)

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.

Members of the Working Committee as of 31 December 2024 were follows:

1. **REJINA RAHIM** Chairperson
   Representing Institutional Investors Council Malaysia (IIC)
2. **MUAZZAM BIN MOHAMAD**
   Representing Permodalan Nasional Berhad (PNB)
3. **NOR AZAM YAHYA**
   Representing Kumpulan Wang Simpanan Pekerja (KWSP)
4. **MADON B MOHD JANI**
   Representing Lembaga Tabung Haji (LTH)
5. **TEH NOR ALIAA MOHAMAD NADZIM**
   Representing Khazanah Nasional Berhad
6. **AHMAD NABIL NAZRI**
   Representing Pertubuhan Keselamatan Sosial (PERKESO)
7. **AZRINA BINTI SULAIMAN**
   Representing Permodalan Nasional Berhad (PNB)
8. **NURFATHIN ALIA BINTI ABD AZIZ**
   Representing Permodalan Nasional Berhad (PNB)
9. **AHMAD ZAHIR MOHAMMED TAHA**
   Representing Lembaga Tabung Angkatan Tentera (LTAT)
10. **MUHAMMAD AIZZUDDIN BIN HASANUDIN**
    Representing Lembaga Tabung Angkatan Tentera (LTAT)
11. **ALIA SAMSUDIN**
    Representing Kumpulan Wang Persaraan (Diperbadankan) [KWAP]
12. **IDORA BAHARUDDIN**
    Representing Kumpulan Wang Persaraan (Diperbadankan) [KWAP]
13. **WAN NAJWA WAN SULAIMAN**
    Representing Kumpulan Wang Persaraan (Diperbadankan) [KWAP]
14. **ONG SOON CHONG**
    Representing Kenanga Investors Bhd
15. **MUHAMMAD FADHIL JAMALUDDIN**
    Representing Principal Asset Management Berhad
16. **NADJIHAH MOHD DZAIDDIN**
    Representing Maybank Asset Management Sdn Bhd

IIC Membership

Overview

The Institutional Investors Council Malaysia (IIC) is a collective platform for institutional investors and qualifying organisations that are committed to promoting good corporate governance (CG), environmental, social and governance (ESG) practices, and responsible investment in Malaysia. IIC Membership is open to asset owners and asset managers with equity holdings in companies listed on Bursa Malaysia, in alignment with the Malaysian Code for Institutional Investors (MCII). Through a tiered membership structure based on assets under management (AUM), IIC provides a framework that encourages broad participation while reinforcing a shared commitment to strengthening investor stewardship and accountability in the Malaysian capital market.

Members List

As of 31 December 2024, IIC has 31 members made up of the following institutions:

1. **ABERDEEN INVESTMENTS** *(formerly known as Aberdeen Standard Investments (Malaysia) Sdn Bhd)*
2. **AHAM ASSET MANAGEMENT BERHAD** *(formerly known as Affin Hwang Asset Management Berhad)*
3. **AIIMAN ASSET MANAGEMENT BERHAD**
4. **AMANAHRAYA INVESTMENT MANAGEMENT SDN BHD**
5. **AMFUNDS MANAGEMENT BERHAD**
6. **AMISLAMIC FUNDS MANAGEMENT SDN BHD**
7. **AMUNDI MALAYSIA SDN BHD**
8. **BNP PARIBAS ASSET MANAGEMENT MALAYSIA SDN BHD**
9. **EASTSPRING AL-WARA' INVESTMENTS BERHAD**
10. **EASTSPRING INVESTMENTS BERHAD**
11. **FRANKLIN TEMPLETON ASSET MANAGEMENT (MALAYSIA) SDN BHD**
12. **KENANGA INVESTORS BERHAD**
13. **KHAZANAH NASIONAL BERHAD**
14. **KUMPULAN WANG PERSARAAN (DIPERBADANKAN) [KWAP]**
15. **KUMPULAN WANG SIMPANAN PEKERJA (KWSP)**
16. **LEMBAGA TABUNG ANGKATAN TENTERA (LTAT)**
17. **LEMBAGA TABUNG HAJI (LTH)**
18. **LIFE INSURANCE ASSOCIATION OF MALAYSIA (LIAM)**
19. **MAYBANK ASSET MANAGEMENT SDN BHD**

IIC Membership

20. **MAYBANK ISLAMIC ASSET MANAGEMENT SDN BHD**
21. **MINORITY SHAREHOLDERS WATCH GROUP (MSWG)**
22. **NOMURA ASSET MANAGEMENT MALAYSIA SDN BHD**
23. **PERMODALAN NASIONAL BERHAD (PNB)**
24. **PERTUBUHAN KESELAMATAN SOSIAL (PERKESO)**
25. **PHEIM ASSET MANAGEMENT SDN BHD**
26. **PRINCIPAL ASSET MANAGEMENT BERHAD** *(formerly known as CIMB-Principal Asset Management Berhad)*
27. **PRINCIPAL ISLAMIC ASSET MANAGEMENT SDN BHD** *(formerly known as CIMB-Principal Islamic Asset Management Sdn Bhd)*
28. **PRIVATE PENSION ADMINISTRATOR MALAYSIA (PPA)**
29. **RHB ASSET MANAGEMENT SDN BHD**
30. **UOB ASSET MANAGEMENT (MALAYSIA) BERHAD**
31. **HONG LEONG ASSET MANAGEMENT BHD**

Value Proposition For Members

Members of IIC are entitled to the following benefits and privileges:

Opportunity to participate in IIC-led engagements

- 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)

- Active engagement with 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.

IIC Membership

Aberdeen Investments

AHAM Asset Management Berhad

AIIMAN Asset Management Sdn. Bhd

AmanahRaya Investment Management Sdn Bhd

Amundi Malaysia Sdn Bhd

AmFunds Management Berhad

AmIslamic Funds Management Sdn Bhd

BNP Paribas Asset Management Malaysia Sdn Bhd

Eastspring Al-Wara' Investments Berhad

Eastspring Investments Berhad

Franklin Templeton Asset Management (Malaysia) Sdn Bhd

Hong Leong Asset Management Bhd

Kenanga Investors Berhad

Khazanah Nasional Berhad

Kumpulan Wang Persaraan (Diperbadankan) [KWAP]

Kumpulan Wang Simpanan Pekerja (KWSP)

Lembaga Tabung Angkatan Tentera (LTAT)

Lembaga Tabung Haji (LTH)

Life Insurance Association of Malaysia (LIAM)

Maybank Asset Management Sdn Bhd

UOB Asset Management (Malaysia) Berhad

Maybank Islamic Asset Management Sdn Bhd

Minority Shareholders Watch Group (MSWG)

Nomura Asset Management Malaysia Sdn Bhd

Permodalan Nasional Berhad (PNB)

Pertubuhan Keselamatan Sosial (PERKESO)

Pheim Asset Management Sdn Bhd

Principal Asset Management Berhad

Principal Islamic Asset Management Sdn Bhd

Private Pension Administrator Malaysia (PPA)

RHB Asset Management Sdn Bhd

The Malaysian Code for Institutional Investors (MCII)

Overview

MALAYSIAN CODE FOR INSTITUTIONAL INVESTORS (MCII) 2014 VERSION

MALAYSIAN CODE FOR INSTITUTIONAL INVESTORS (MCII) 2022 VERSION

The Malaysian Code for Institutional Investors (MCII or the Code) which was first released in 2014, was a significant milestone for the country as it was the first of such a stewardship code in the ASEAN region. The Code is the codification of IIC's raison d'etre and is intended to provide guidance to institutional investors on the effective exercise of stewardship responsibilities to ensure delivery of sustainable long-term value to our ultimate beneficiaries and/or clients.

In its latest iteration which was launched in September 2022, the Code, which is voluntary in nature, sets out **seven** key broad principles of effective stewardship by institutional investors, followed by guidance to help institutional investors understand and implement the principles with an **adopt or explain** stance to the signatories of the Code.

In addition to economic considerations, the MCII advocates that 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 seven 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;
- **Publish** a voting policy; and
- **Collaborate** with regulators and other stakeholders to address corporate governance and sustainability concerns or risks emerging from such issues as sustainability reporting and investing.

The revised Code aims to further strengthen reporting by the signatories by providing sufficient information for better understanding on the application of the Code. It is hoped that the enhanced expectations in respect of the adoption of the principles of the Code will be able to raise the bar on how the stewardship activities are proactively managed and reported by the signatories.

The Malaysian Code for Institutional Investors (MCII)

Given our adopt or explain stance, although we recognise that institutional investors are not homogenous, in the spirit of greater transparency and accountability as well as in line with effective stewardship, signatories regardless of their size are expected to adopt the principles of the Code by highlighting areas of departure as well as measures that will or have been taken, and the time frame required for full adoption of the Code.

All Institutional investors are encouraged to be signatories of the MCII. Significant work was made to enhance the MCII and it was revised in September 2022 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 and sustainability considerations into the investment decision-making process including human rights issues, managing conflicts of interest, and voting policy and guidelines. We have taken an adopt or explain stance to better ensure that our expectations as asset owners and institutional investors are better served.

Signatories to the Malaysian Code for Institutional Investors (MCII)

As of 31 December 2024, there are 37 signatories to the Code. The signatories are made up of the following institutions:

1. **ABRDN ISLAMIC MALAYSIA SDN BHD** (May 2023)
2. **ABERDEEN INVESTMENTS** (August 2014)
   (formerly known as Aberdeen Standard Investments (Malaysia) Sdn Bhd)
3. **AHAM ASSET MANAGEMENT BERHAD** (March 2017)
   (formerly known as Affin Hwang Asset Management Berhad)
4. **AIIMAN ASSET MANAGEMENT SDN BHD** (March 2017)
5. **AMANAHRAYA INVESTMENT MANAGEMENT SDN BHD** (January 2021)
6. **AMFUNDS MANAGEMENT BHD** (April 2021)
7. **AMISLAMIC FUNDS MANAGEMENT SDN BHD** (April 2021)
8. **AMUNDI AALAM SDN BHD** (March 2021)
9. **AMUNDI MALAYSIA SDN BHD** (March 2021)
10. **BNP PARIBAS ASSET MANAGEMENT MALAYSIA SDN BHD** (December 2014)
11. **BNP PARIBAS ASSET MANAGEMENT NAJMAH MALAYSIA SDN BHD** (December 2014)
12. **EASTSPRING AL-WARA' INVESTMENTS BHD** (March 2021)
13. **EASTSPRING INVESTMENTS BERHAD** (March 2021)
14. **FRANKLIN TEMPLETON ASSET MANAGEMENT (MALAYSIA) SDN BHD** (July 2020)
15. **FRANKLIN TEMPLETON GSC ASSET MANAGEMENT SDN BHD (FTGSC)** (July 2020)
16. **HERMES EQUITY OWNERSHIP SERVICES** (July 2014) - *EOS at Federated Hermes Limited*
17. **HERMES FUND MANAGERS** (July 2014) - *Federated Hermes Limited*
18. **KENANGA INVESTORS BERHAD** (October 2017)
19. **KENANGA ISLAMIC INVESTORS BERHAD** (October 2017)
20. **KHAZANAH NASIONAL BERHAD** (October 2017)
21. **KUMPULAN WANG PERSARAAN (DIPERBADANKAN) [KWAP]** (October 2015)
22. **KUMPULAN WANG SIMPANAN PEKERJA (KWSP)** (January 2017)

The Malaysian Code for Institutional Investors (MCII)

23. **LEMBAGA TABUNG ANGKATAN TENTERA (LTAT)** (July 2020)
24. **LEMBAGA TABUNG HAJI (LTH)** (August 2020)
25. **MAYBANK ASSET MANAGEMENT SDN BHD** (November 2021)
26. **MAYBANK ISLAMIC ASSET MANAGEMENT SDN BHD** (November 2021)
27. **NOMURA ASSET MANAGEMENT MALAYSIA SDN BHD** (April 2017)
28. **NOMURA ISLAMIC ASSET MANAGEMENT SDN BHD** (April 2017)
29. **PERMODALAN NASIONAL BERHAD (PNB)** (September 2019)
30. **PERTUBUHAN KESELAMATAN SOSIAL (PERKESO)** (June 2017)
31. **PHEIM ASSET MANAGEMENT SDN BHD** (Februari 2021)
32. **PRINCIPAL ASSET MANAGEMENT BERHAD** (May 2018)
    (formerly known as CIMB-Principal Asset Management Berhad)
33. **PRINCIPAL ISLAMIC ASSET MANAGEMENT SDN BHD.** (May 2018)
    (formerly known as CIMB-Principal Islamic Asset Management Sdn Bhd)
34. **PUBLIC MUTUAL BHD** (December 2021)
35. **RHB ASSET MANAGEMENT SDN BHD** (August 2020)
36. **RHB ISLAMIC INTERNATIONAL ASSET MANAGEMENT BHD** (August 2020)
37. **SINGULAR ASSET MANAGEMENT SDN BHD** (August 2019)

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.

Report of the Council Board Members

Overview

In 2024, the Institutional Investors Council Malaysia (IIC) continued to advance its mission of promoting good corporate governance, responsible investment practices, and investor stewardship in the Malaysian capital market. At the core of this mission were the members of the IIC, whose active participation, insights, and commitment served as the foundation of the Council's activities and advocacy efforts.

Throughout the year, IIC has undertaken a robust calendar of initiatives designed to serve its members, enhance market integrity, and engage key stakeholders. These activities were not only focused on member development but also strategically aligned with our broader advocacy agenda. By equipping members with knowledge and tools, and by facilitating meaningful dialogue between investors, regulators, and public listed companies (PLCs), IIC plays a pivotal role in shaping a more transparent and accountable corporate landscape in Malaysia.

Among the highlights of the year was the IIC Corporate Governance Conference 2024, which brought together leading voices in governance, sustainability, and investment stewardship. This flagship event reflected IIC's position as a thought leader and an influential platform for discourse on pressing governance challenges.

The Council also deepened its engagement with PLCs and regulatory bodies through structured dialogues and engagement sessions. These efforts aimed to promote improved disclosure practices, enhance board diversity, and strengthen fiduciary responsibilities, especially in line with the expectations set by the Malaysian Code for Institutional Investors 2022.

Complementing these efforts, IIC conducted a series of masterclasses, workshops, and training sessions throughout the year. These capacity-building programmes provided IIC members with valuable insights into emerging governance trends, ESG integration, shareholder rights, and effective stewardship practices. In doing so, they supported the upskilling of institutional investors and strengthened their voice as long-term stewards of capital.

As the Council reflects on 2024, it is evident that the activities carried out during the year have not only enriched member engagement but also elevated IIC's role as a catalyst for positive change in Malaysia's corporate governance ecosystem. Detailed summaries of each activity and its impact are presented in the following sections.

Report of the Council Board Members

I. IIC CORPORATE GOVERNANCE 2024

The Institutional Investors Council Malaysia (IIC) was proud to host the IIC Corporate Governance Conference 2024 on 5 March 2024 (Tuesday) at the Securities Commission Malaysia. With the timely theme "Countdown to 2030: Investing Towards Sustainable Development in Malaysia," the conference sought to underscore the centrality of corporate governance as a foundational element in the nation's journey toward achieving its sustainability goals.

IIC firmly believes that corporate governance is not merely one of the pillars of sustainability; it is a critical precondition for addressing broader social and environmental challenges. As such, the conference aimed to examine pressing governance issues through the lens of institutional investors, in alignment with their core mandate of long-term value creation and stewardship. By fostering in-depth discussions, the event aspired to catalyse meaningful actions that could elevate standards of sustainable investing while reinforcing the competitiveness and attractiveness of the Malaysian capital market.

The conference was officiated by YB Senator Datuk Seri Amir Hamzah Azizan, Minister of Finance II, underscoring the national importance of the agenda. A total of 398 participants registered for the event, comprising a diverse mix of local and international attendees, ranging from institutional investors, regulators, public-listed companies, asset managers, and thought leaders in governance and sustainability.

IIC would like to extend its sincere appreciation to the Ministry of Finance II for honouring the event with their presence. We are also deeply grateful to all our distinguished VIPs, speakers, moderators, and participants, without whom the conference would not have been successful. Our heartfelt thanks also go to our sponsors for their unwavering support and ongoing commitment to advancing good governance and sustainable investment practices in Malaysia.


OPENING ADDRESS
YBHG. DATO' SERI DR. AWANG ADEK HUSSIN
Executive Chairman,
Securities Commission Malaysia

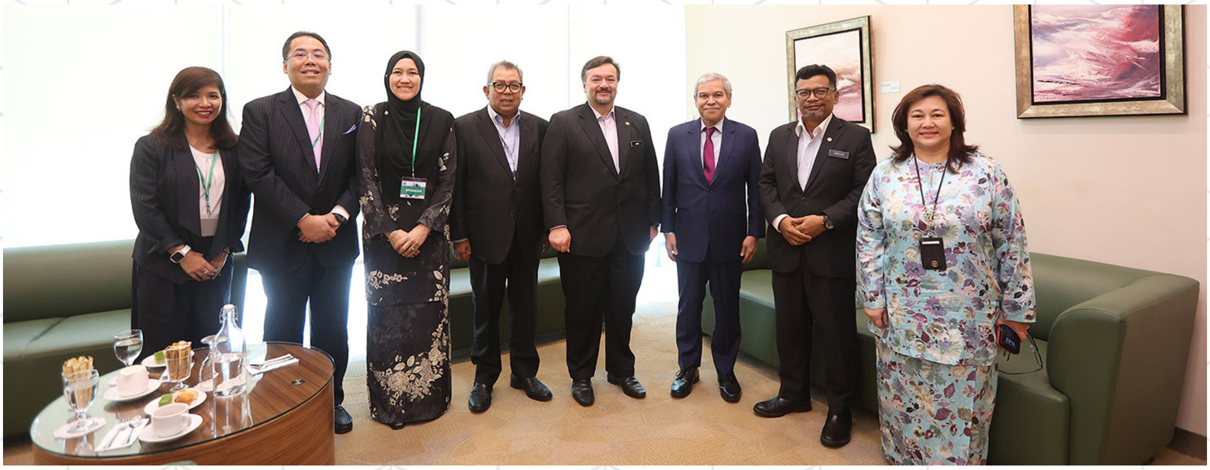

KEYNOTE ADDRESS


SESSION 5:
Moderator:
Panelists:


HOW INVESTORS CAN ASSESS AND MANAGE SUSTAIN
RELATED RISKS AND OPPORTUNITIES
Panelists:


IIC CORPORATE GOVERNANCE CONFERENCE 2024
COUNTDOWN TO 2030: INVESTING TOWARDS SUSTAINABLE DEVELOPMENT IN MALAYSIA


BUILDING MARKET RESILIENCE BY BRACING
FOR DIGITAL DISRUPTIONS
Panelists:

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Report of the Council Board Members

II. COMPANY ENGAGEMENTS WITH PLCS AND REGULATORS

In line with the strategic priority to promote stronger corporate governance practices within Malaysia's capital market, the IIC continued its collective engagement efforts with public listed companies (PLCs) throughout 2024. These engagements were centred around purposeful dialogues focused on key governance areas, including board oversight of corporate strategy, performance accountability, stakeholder relationships, risk management, and ESG integration.

Led by Council Members, the engagements reflect IIC's commitment to exercising effective stewardship on behalf of its members. They provide a platform for institutional investors to convey expectations and concerns directly to the boards and senior management of PLCs. This initiative, which has been an ongoing core activity since 2017, remains integral to IIC's role in fostering transparency, board responsiveness, and long-term value creation.

In 2024, IIC expanded its outreach to include not only board-level discussions with PLCs but also more structured engagements with regulatory bodies to promote alignment between investor expectations and governance frameworks. These interactions enable IIC to advocate for systemic improvements in market practices, policy direction, and regulatory reform.

Over the course of the year, eight (8) engagements were conducted with board members and senior management of selected PLCs. The summaries of each of these engagements, including key discussion points and outcomes, are detailed in the subsequent sections.

SD GUTHRIE BERHAD
(Formerly Known As Sime Darby Plantation Berhad)
Date of Engagement: 22 January 2024

MALAKOFF CORPORATION BERHAD
Date of Engagement: 8 August 2024

WESTPORTS HOLDINGS BERHAD
Date of Engagement: 16 May 2024

BURSA MALAYSIA BERHAD
Date of Engagement: 26 August 2024

TOP GLOVE CORPORATION BERHAD
Date of Engagement: 9 July 2024

SAPURA ENERGY BERHAD
Date of Engagement: 22 October 2024

DRB-HICOM BERHAD
Date of Engagement: 10 July 2024

IHH HEALTHCARE BERHAD
Date of Engagement: 27 November 2024

Report of the Council Board Members

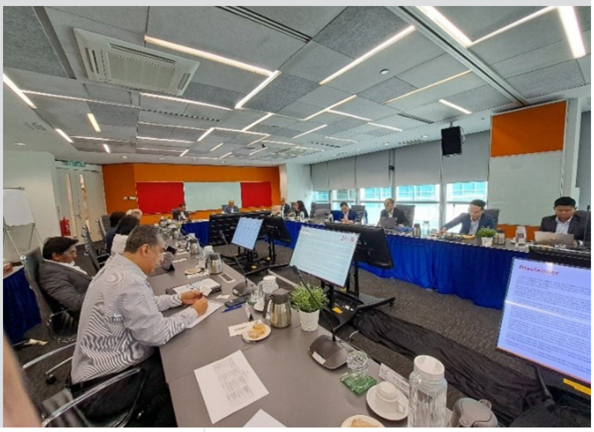
SD Guthrie Berhad *(Formerly Known As Sime Darby Plantation Berhad)*

22 January 2024

The Institutional Investors Council Malaysia (IIC) conducted a collective engagement with SD Guthrie Berhad, one of Malaysia's leading plantation companies. The session was led by Mr. Gerald Ambrose, representing the Council, and included a delegation of nine IIC representatives. Sime Darby Plantation was represented by its Chairman, Tan Sri Dr. Nik Norzrul Thani, alongside key members of the senior management team.

The engagement covered a comprehensive range of topics and provided IIC members with valuable insight into the company's strategic direction, governance practices, and ESG-related challenges. Key areas of discussion included:

- Presentation on financial and operational highlights. This included updates on cost management, downstream expansion, and innovation in sustainable agriculture.
- A major focus of the engagement centred on labour practices and the steps taken by SDPB to strengthen worker welfare, labour rights, and ethical recruitment practices across its operations. The company outlined its ongoing efforts to align with international human rights standards and address stakeholder concerns, particularly concerning migrant worker protection and third-party labour audits.
- The engagement also addressed the lingering effects of the U.S. Customs and Border Protection's Withhold Release Order (WRO) on SD Guthrie Berhad's operations and global reputation. SD Guthrie Berhad updated IIC members on the measures taken to remedy past findings, progress made toward lifting the WRO, and the company's long-term commitment to building a more transparent and accountable supply chain.



Westports Holdings Berhad

16 May 2024

The second engagement was with Westports Holdings Berhad, one of the nation's key port operators. The session was attended by the company's Executive Chairman and Group Managing Director, Datuk Ruben Emir Gnanalingam bin Abdullah, along with five representatives comprising board members and senior management.

IIC was represented by its Chairman, Datuk Hajah Nik Amlizan Mohamed, alongside Council Members and representatives from IIC member institutions. The engagement aimed to deepen understanding of Westports' strategic direction, operational resilience, and governance practices amid the evolving global trade landscape.

Key topics discussed during the session included:

- Westports provided an overview of its financial performance and operational metrics, including throughput growth, investment plans, and capacity utilisation. The company shared its outlook for growth and its efforts to enhance shareholder value through long-term infrastructure development.
- The ongoing disruptions in global shipping routes, particularly due to the Red Sea crisis, were a significant focus. Westports outlined how these geopolitical developments have affected regional cargo movement and shared how the company is managing operational continuity and maintaining efficiency despite external pressures.
- The company also addressed the restructuring of shipping alliances and its implications for port operations. Westports elaborated on how it is adapting to the evolving competitive landscape, including strategies to retain and attract major shipping clients in light of alliance realignments.
- Westports updated IIC members on its ongoing infrastructure and facilities enhancement initiatives, aimed at modernising the port and increasing handling capacity. This included investments in automation, terminal expansion, and sustainability features to future-proof its operations.

Following the fruitful discussion, the IIC delegation was given a guided tour of the port to observe the scale of operations and newly upgraded facilities. The engagement concluded with a luncheon hosted by Westports, further strengthening rapport between the company's leadership and IIC members.

IIC appreciates the openness and hospitality extended by Westports Holdings Berhad and looks forward to continued engagement on matters of governance, operational excellence, and long-term value creation.

Report of the Council Board Members

Top Glove Corporation Berhad

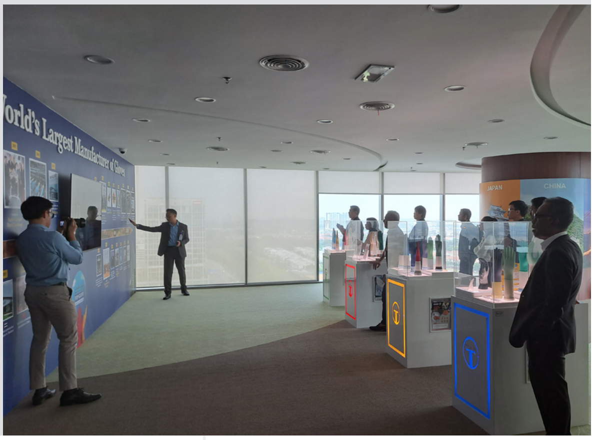
9 July 2024

The engagement session with Top Glove Corporation Berhad (TG) was attended by 16 participants from the IIC and nine members of TG's senior management including independent Board members. The meeting focussed on TG's ongoing efforts in Environmental, Social, and Governance (ESG) and sustainability, business human rights, diversity, and corporate governance.

Key issues discussed included labour practices, client management, and carbon tax. TG stressed their commitment in preventing forced labour by adhering to international human rights standards, providing grievance channels, and conducting regular audits. In response to client concerns regarding product defects, TG has implemented quality improvement initiatives that successfully reduced defects by 54% in FY2024.

Concerning carbon tax, while current regulations do not apply to their industry, TG is proactively preparing for potential future impacts by developing an internal carbon pricing strategy and enhancing its greenhouse gas accounting. This proactive approach aims to manage costs and ensure compliance with upcoming regulations.

In conclusion, the discussions during the session underscored TG's commitment to ESG and sustainability principles. Overall, TG's actions demonstrated a comprehensive dedication to integrating ESG principles into their business operations and sustainability strategies.



Report of the Council Board Members

DRB-Hicom Berhad

10 July 2024

The engagement session was attended by 18 members from the IIC and eight senior management representatives from DRB-HICOM; however, none of the Board members were present. Key topics discussed included the company's board composition, environmental, social, and governance (ESG) initiatives, financial performance, human capital practices, and labour management.

IIC members did raise issues on the size of the Board which is unusually small despite the size of the business of DRB-HICOM.

DRB-HICOM highlighted its sustainability efforts, including a commitment to achieving net-zero emissions by 2050 and reducing its carbon footprint. The company also shared its progress in adopting renewable energy, implementing diversity and inclusion initiatives, and enhancing employee welfare programs.

The company attributed the success of its financial performance to its diversified business portfolio and strategic initiatives. DRB addressed inquiries regarding its compliance with labour standards for migrant workers and its practices for working with recruitment agents.

Overall, the engagement session provided a comprehensive overview of DRB-HICOM's operations, sustainability efforts, and future plans.

Malakoff Corporation Berhad

8 August 2024

A total of 21 IIC representatives participated in this engagement session, which focused on the company's strategic efforts to balance the nation's energy needs with sustainability. Malakoff was represented by nine senior management representatives including independent Board members.

Malakoff presented its 2.0 Strategic Transformation, highlighting its approach to addressing the energy trilemma by balancing thermal energy, green solutions, and environmental sustainability.

A significant portion of the discussion was dedicated to Malakoff's expansion in the renewable energy (RE) sector, particularly the co-firing of biomass at the Tanjung Bin Power Plant, which aligns with the government's RE targets.

The session also explored Malakoff's strategy of utilising waste as a source of power generation, leveraging the National Cleanliness Policy 2020–2030 to support the circular economy and drive growth in environmental solutions.

During the Q&A session, Malakoff's management addressed inquiries regarding their sustainability strategies, including the disclosure of Scope 3 emissions, progress on greenhouse gas (GHG) emission reduction targets, and the feasibility of early retirement for coal plants. The discussions reflected Malakoff's proactive approach to embracing renewable energy, reducing carbon emissions, and supporting the nation's transition to a low-carbon future.

Report of the Council Board Members

Bursa Malaysia Berhad

26 August 2024

The engagement session was attended by 25 representatives from the IIC and 15 from Bursa. The session covered a range of topics related to Bursa's current and future initiatives.

The discussion began with a review of Bursa's financial performance for the first half of 2024. Bursa outlined its strategic roadmap for 2024-2026, focusing on enhancing the traditional capital market and positioning itself as a multi-asset exchange. Additionally, Bursa highlighted its sustainability roadmap, emphasizing the exchange's commitment to building a sustainable marketplace with a strong focus on ESG, supported by global collaborations.

Further discussions addressed Bursa's DEI Policy, which aligns with national and international standards and promotes gender diversity, with notable achievements in board representation. The need for targeted efforts to improve corporate performance was emphasized, with support from GLICs deemed necessary to address undervalued and underperforming PLCs.

The discussion also explored the potential for driving greater shareholder activism through a proposed Catalyst Fund and Shape-up Programme. The fund aims to enhance corporate performance through management interventions and M&A activities.

The session concluded with a Q&A between Bursa and IIC, covering topics such as ISSB Standards, GHG Reporting, the Centralised Sustainability Intelligence (CSI) Solution, the Bursa Carbon Exchange, the ASEAN Sustainability Ecosystem, climate-focused IPOs, female board representation, corporate governance, and Net Zero Commitment. The IIC members questioned Bursa's representatives on the targets of the new initiatives launched but no clarity was received from them.

Report of the Council Board Members

Sapura Energy Berhad

22 October 2024

The engagement with Sapura Energy Berhad (SEB) on 22 October 2024 attended by 14 IIC Members Representatives focused on corporate transparency and sustainability. Datuk Anuar, Group CEO of Sapura Energy Berhad, explained that SEB operates in four main sectors: Engineering and Construction, Operations and Maintenance, Drilling, and Exploration and Production.

He discussed the financial challenges SEB faced during the downturn in the oil and gas industry, which led to significant debt. To address this, SEB focused on asset sales and a rights issue, which helped reduce its debt. Datuk Anuar emphasized SEB's commitment to making timely payments to vendors and maintaining strong relationships. He also highlighted SEB's sustainability efforts, including initiatives in decommissioning, diversity and inclusion, and labour and human rights.

The session ended with a Q&A from IIC members, where Datuk Anuar and his team provided insightful and thorough responses

Report of the Council Board Members

IHH Healthcare Berhad

27 November 2024

The engagement with IHH Healthcare Berhad was held on 27 November 2024, and attended by 15 IIC representatives focusing on key topics such as net zero plans, talent management, and market expansion.

IHH shared updates on their carbon goals, strategies for new acquisitions like Penang Island Hospital, and balancing growth in new and established markets. Sustainability efforts, waste management innovations, and health education initiatives were also discussed.

The session provided valuable insights into IHH's plans and challenges, highlighting their commitment to sustainability and governance.

Report of the Council Board Members

III. WORKSHOP AND TRAINING

(a) Responsible Investment in Practice

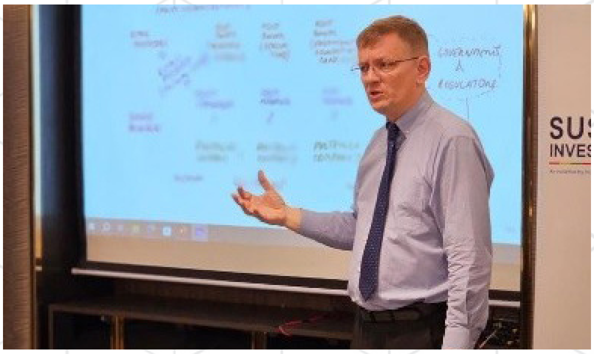
Date : Cohort 1: January 16 & 17, 2024
Cohort 2: February 6 & 7, 2024
Venue : Securities Commission

IIC, in collaboration with the Capital Markets Malaysia (CMM) provided a comprehensive ESG training program designed to enhance the knowledge and skills of our members in this critical area. This was a 6-month programme utilising the Principles for Responsible Investment (PRI) best practice training model: A three-stage approach, including classroom and online training modules, to fully entrench in participants a strong, functional understanding and a confident fluency when discussing ESG issues.

This programme provides a comprehensive overview of ESG concepts, covering their drivers and origins. Participants learned how to identify and manage ESG risks and opportunities, engage confidently with key issues, and understand the influence stakeholders wield over corporate ESG performance.

This training program was offered free of charge to our members as an exclusive benefit to their IIC membership status. The CCM covered the costs associated with the PRI Academy under the CMDF funding facilities.

Report of the Council Board Members



The program was conducted in three stages:

Stage 1: In-person Classroom Training

Participants engaged in interactive sessions led by experienced ESG experts from the PRI Academy. The training covered a broad range of ESG topics, including ESG analysis and valuation integration as well as ESG integrated portfolio construction and management.

For 2024, the ESG in-person classroom training program was structured into two cohorts, with each cohort accommodating up to 50 participants. These cohorts were further divided into two groups, with 25 participants in each group and were conducted on the following dates:

Cohort 1: January 16-17, 2024
Cohort 2: February 6-7, 2024

All the sessions were held at the Securities Commission.

Stage 2: Self-paced Online Learning

Participants have access to a comprehensive online learning platform where they could further deepen their understanding of ESG concepts and practices. This stage was designed flexibly, where the participants could undergo the training at their own pace based on their availability.

Stage 3: Refresh, Socialise, and Question (RSQ) Follow-up Sessions

Periodic RSQ sessions will provide opportunities for participants to revisit key concepts, network with fellow participants, and engage in discussions with industry experts.
Upon completion of the three elements of the course, including achieving the pass mark in the final assessment of the online course, all learners will be awarded a 'Certification in Responsible Investment in Practice' from the PRI.

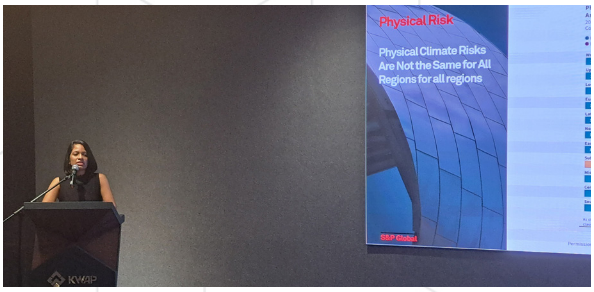
(b) Workshop on Climate-Related Disclosures by S&P Global

Date : 18 July 2024
Venue : KWAP Auditorium

The IIC-S&P Global Joint Training on Climate-Related Financial Disclosures took place on 18 July 2024. This exclusive event was attended by 18 IIC members and was held at the KWAP Auditorium.

The training focused on key topics related to climate-related financial disclosures. Participants delved into the TCFD and ISSB Frameworks, exploring their guidelines for assessing and managing climate risks. Practical examples and real-world case studies were used to illustrate how to identify and address climate-related challenges.

Additionally, the training covered strategies for achieving net-zero emissions and integrating sustainability into financial decision-making. Participants gained insights into the importance of considering social and environmental impacts, with discussions on relevant data and trends.



Report of the Council Board Members

(c) Masterclass on Governance Trends by Glass Lewis

Date : 14 August 2024
Venue : Principal Asset Management, TRX

The IIC-Glass Lewis Joint Training on Global Stewardship and Governance Trends was attended by 22 IIC members and was held at Principal Asset Management, TRX.

The training was exclusively organised for IIC members. The main areas of focus during the training were Key Trends Observed during Malaysian Proxy Voting in 2024, Comparing Trends with the Broader Southeast Asian Market, and an Overview of Global Stewardship and Governance Trends from the 2024 AGM Season.

Report of the Council Board Members

(d) Malaysia Digital Infrastructure Ecosystem 2024 by MDEC

Date : 16 October 2024
Venue : KWAP Auditorium

On 16 October 2024, IIC hosted a Malaysia Digital Infrastructure Ecosystem 2024 session by Mr. Tan Tze Ming, Head of Digital Industry Acceleration Division, Malaysia Digital Economy Corporation (MDEC). The discussion emphasised the urgent need for Malaysia to enhance its digital infrastructure, as highlighted by the World Bank's report, noting significant gaps in secure internet servers compared to regional peers.

The session also covered the increasing demand for AI infrastructure, particularly the challenges of powering advanced systems like NVIDIA's GPUs. Mr Tan highlighted the necessity for renewable energy sources to meet the energy demands of data centres, as well as opportunities for new submarine cable routes to improve connectivity.

The session concluded with a Q&A segment that touched on issues like water shortages and the potential for nuclear energy as a viable supply source, positioning Malaysia as a potential leader in this area alongside countries like Indonesia and Singapore.

Overall, this session underscored the strategic importance of enhancing Malaysia's data centre ecosystem to foster digital growth and economic resilience.

Report of the Council Board Members

(e) Masterclass Series: Guide for Corporate Boards in Southeast Asia on Climate Action

Date : 8 November 2024
Venue : Institute of Corporate Directors Malaysia (ICDM)

The Institutional Investors Council Malaysia (IIC) was honoured to be represented by Ms. Rejina Rahim at Climate Governance Malaysia's Masterclass Series titled "Guide for Corporate Boards in Southeast Asia on Climate Action," held on 8 November 2024. The session featured a distinguished panel including Mr. Philippe Joubert and former Attorney General, Tan Sri Tommy Thomas. The discussion focused on the rising risks of climate change litigation in Malaysia, the transition from a shareholder to stakeholder economy, and the urgent need for collaboration among all sectors to drive meaningful climate action.

Ms. Rejina, speaking on behalf of IIC, shared insights on how the Malaysian Code for Institutional Investors (MCII) positions sustainability as a core strategy. She highlighted IIC's commitment to collective engagement and the belief that collaboration among institutional investors is essential, especially considering sobering projections that Southeast Asian economies could face up to a 15% GDP loss by the end of the century if global temperatures rise by 2°C.

The session served as an important platform to reaffirm the role of corporate boards and institutional investors in driving climate governance and integrating sustainability into long-term business and investment strategies.

Report of the Council Board Members

(f) Conference of the Parties (COP29), 12-21 November 2024: A Parallel Virtual Event

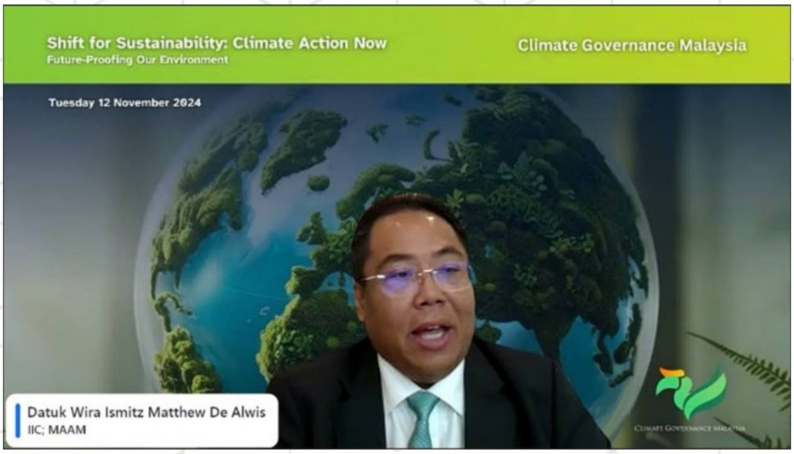
Date : 12 November 2024
Venue : Virtual

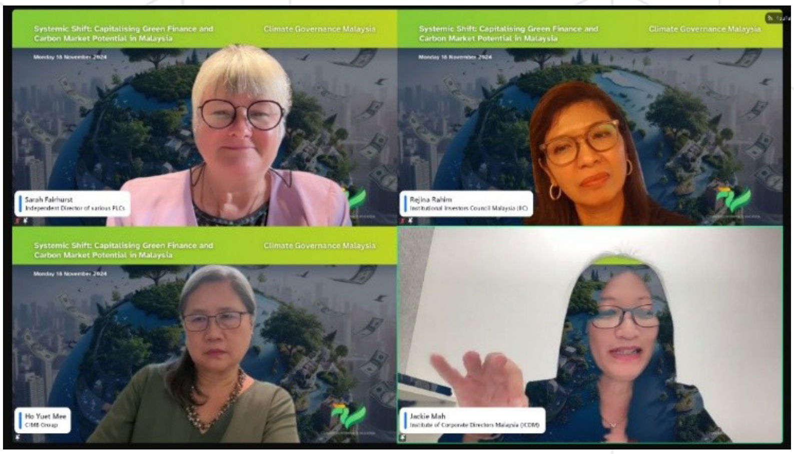
In conjunction with the Malaysia Pavilion at COP29 in Baku, Azerbaijan, Climate Governance Malaysia (CGM) organised an online parallel event titled Malaysian Support for COP29. This event aimed to highlight Malaysia's commitment to addressing climate challenges and fostering sustainable development.

The program commenced on 12 November with a keynote address by Datuk Wira Ismitz Matthew De Alwis, Vice Chairman of IIC. His address emphasised the importance of collaboration and the implementation of effective strategies to build a resilient and sustainable future.

A panel discussion, Role of the Board: What is Needed for Impactful Transition Finance, was also held on 18 November. Ms. Rejina Rahim, IIC Advisor, shared her perspectives on Malaysia's carbon market potential and the importance of addressing transition risks. She also detailed IIC's company engagement initiatives, which focused on promoting sustainability and supporting net-zero carbon goals.

Overall, the event successfully showcased Malaysia's efforts in climate action, with a particular focus on sustainable investments, corporate responsibility, and collaborative efforts to achieve a greener and more sustainable future.





Report of the Council Board Members

(g) ASEAN Taxonomy for Sustainable Finance Socialisation Event, Technical Workshop and Stewardship

Date : 2 & 3 December 2024
Venue : Hanoi, Vietnam

The workshop took place in Hanoi, Vietnam, from December 2 to 3, 2024. The IIC was represented by Datuk Wira Ismitz Matthew De Alwis, Vice Chairman of IIC. During the workshop, Datuk Matthew emphasised the crucial role of institutional investors, highlighting the importance of good governance and long-term sustainability.

Report of the
Council Board Members

IV. PUBLISHED ARTICLES

January 2024
Breaking Out Of The Negative Cycle

February 2024
In The Name Of Duty And Loyalty

March 2024
Stepping up Corporate Governance

April 2024 (i)
Higher Stakes for Stakeholders

April 2024 (ii)
Balancing Act for Effective Governance

May 2024
Stay On Course with Roadmaps

June 2024
Resign with Reasons

August 2024
Mopping Up Greenwashing

September 2024
Towards Fairer Compensation

October 2024
Beta Activism is Here to Stay

November 2024
Upholding Duty of Care as a Board Member

10 **CAPITAL MARKETS** STAR BIZ7 JANUARY 13 – JANUARY 19, 2024

STEWARDSHIP SENTINEL

by Institutional Investors Council

Breaking out of the negative cycle

IT was a third consecutive year of losses for the 30-stock FTSE Bursa Malaysia KLCI (FBMKLCI), with 2023 ending at 1,454.66 points. This was 2.7% lower than the 2022 close of 1,495.49 points.

The index fell 3.7% in 2021 and 4.6% in 2022. The index has now dropped four out of the last five years and eight out of the last 10 years!

Prior to this, the market was on a nice upward trajectory, rising for five consecutive years between 2009 and 2013, closing at 1,866.96. The FBMKLCI rallied further in 2014 and on July 8, 2014, hit an all-time high of 1,892.65 points.

Among Asian, US and European indices, FBMKLCI had the second worst performance, down 22.1% overall. The Hang Seng Index is the worse performer, declining by 26.9% over 10 years.

South-East Asian markets performed poorly. Jakarta was the exception, rising 70.2% over the last 10 years. Singapore's Straits Times Index is up by just 2.3% while Bangkok's Stock Exchange of Thailand Index and the Philippines Composite Index are higher by 9.0% and 9.5% respectively.

Among other major indices, the Bombay Stock Exchange Sensitive Index is the best performer, rising by 241.2% while the Nikkei 225, Taiwan's Weighted Index and the 30-stock Dow Jones Industrial Average are higher by 105.4%, 108.2% and 127.4% respectively, over the same period.

Not all about index

While the market has been having a torrid time, institutional investors have still been able to generate decent returns to investors or their members.

The FBMKLCI has gone through many changes over the years due to the ground rules which caused a particular constituent to be added or removed due to an increase or fall in market capitalisation.

However, the discipline instilled among institution fund managers, who are custodians of public trust, is not driven by these changes. Their performance is not entirely measured against the FBMKLCI but also other yardsticks to better reflect their mandates.

Hence, they have greater flexibility in making investment decisions and choices, and protecting capital values when markets turn.

A good example is some institutions' exposure to the glove industry. It was good during glove mania, but making the right call at the right time requires skill and determination.

Since the glove stocks rallied during the Covid-19 outbreak, if these institutions strictly used the FBMKLCI as their benchmark, their portfolios would suffer larger losses due to the high weightage of the glove sector.

- Among Asian, US and European indices, FBMKLCI had the second worst performance
- Gradual decline in foreign ownership of Malaysian equity markets over the years
- FBMKLCI needs to attract more new technology businesses and exporters

Benchmarking to the index provides good guidance on portfolio performance, but being flexible and investing beyond the benchmark can provide diversification benefits and opportunities to outperform the index.

Additionally, among institutional investors, the local market's equity exposure has become relatively small in relation to assets under management.

This is because more and more government-linked investment companies (GLICs) have diversified into other asset classes such as private equity, infrastructure and property, as well as investing overseas.

The move to other asset classes and investing in other markets has been quite large over the last few years, involving 10%-20% of GLICs' assets under management, and is expected to continue.

Institutions like the Employees Provident Fund, which invests 37.7% of its assets overseas. Other institutions are now pursuing the same objective by diversifying away from the local capital market.

There is an added push to move out of Malaysia since some of these institutions can invest only so much in the local market. Taking a look at the six major institutional investors, the total assets under management even exceed Bursa Malaysia's total market capitalisation if taken together.

As a result of the massive rate hikes in developed markets, particularly the US, against the modest rise in Malaysia, local institutions also took advantage of the yield spread in 2023. After all, how often can an investor generate more than 5% returns by just parking money in short-term US Treasuries or money market funds?

Foreign flows

Net foreign portfolio outflows were RM2.34bil in 2023, while net portfolio inflows were RM3.31bil in 2024. There was also an outflow of RM971mil from retail market participants last year.

There has been a gradual decline in foreign ownership of Malaysian equity markets over the years. Their shareholding has declined from 25.2% in May 2013 to 19.5%, according to the latest data.

This also includes strategic foreign holdings, estimated to be at least 13.5%.

In essence, non-strategic holdings account for approximately 6% of Bursa Malaysia listed companies, but their impact on the market's direction is significant, since foreign portfolio flows have driven FBMKLCI performance every year.

In eight of the last 10 years, the FBMKLCI's performance was correlated with net foreign portfolio inflows or outflows.

In spite of the push to invest in other markets, local institutions have been net buyers on Bursa Malaysia over the last 10 years with a total net inflow of RM38.55 billion.

It's all about earnings

Banking has a 42.3% sector weight in the FBMKLCI, making it the most concentrated sector on the index. Utilities and telecommunications rank second and third with 13.3% and 10.7% of total sector weights respectively.

Tenaga Nasional Bhd and Petroliam Nasional Bhd (Petronas)-related companies will gain more exposure to the National Energy Transition Roadmap and improve their earnings performance in the medium term as a result of their efforts.

The FBMKLCI needs to attract more new technology businesses and exporters.

Based on consensus estimates, the market is expected to grow 13.6% this year, with broking firms placing a fair value of 1,600 points on average.

For this year, the FBMKLCI has a reasonable 10% upside based on the index closing level for 2023. Ultimately, a company's valuation can only increase if its earnings grow.

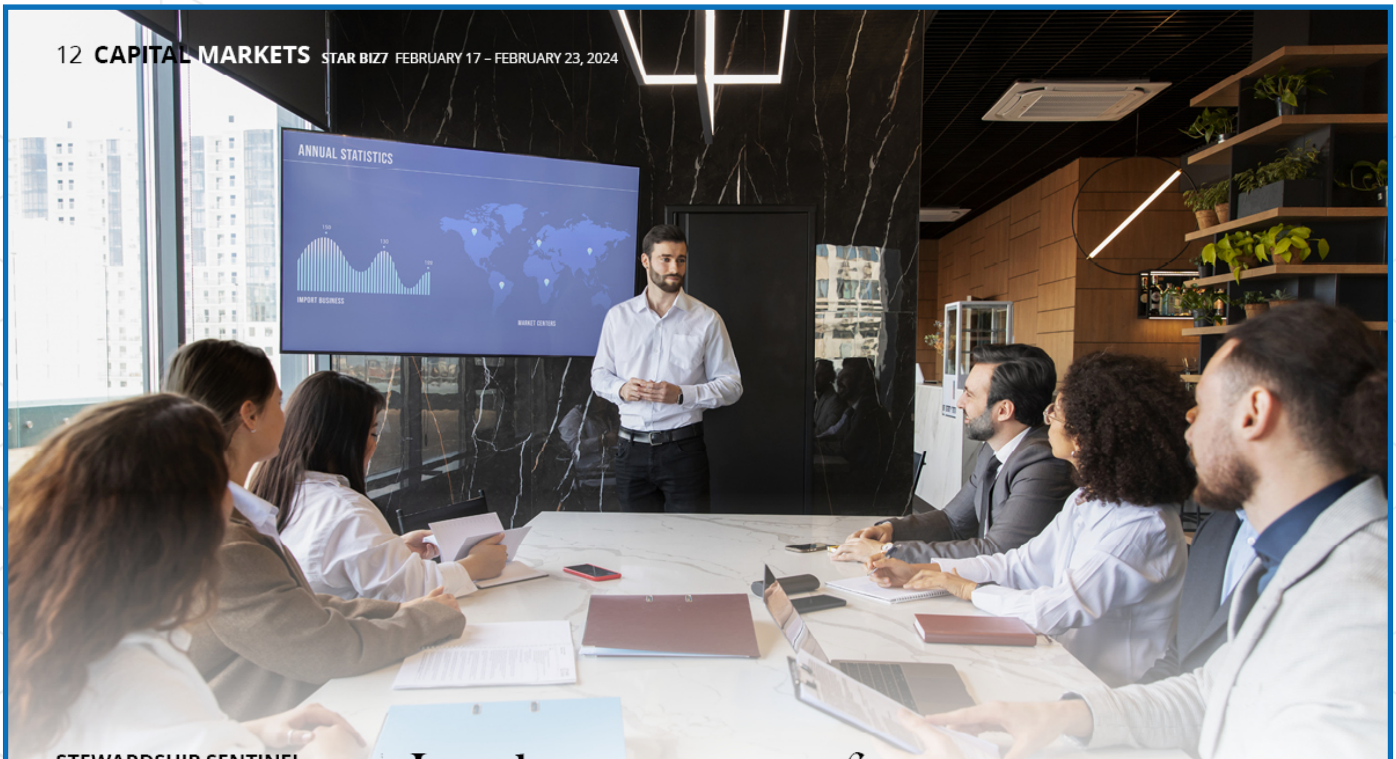
Overall, the market's earnings growth has been disappointing and perhaps that explains the lacklustre performance of the FBMKLCI.

The local corporate sector, however, is expected to deliver earnings growth not only this year but for many years to come.

It is only then that the index is likely to break out of its negative loop sustainably and convincingly.

IIC
INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

12 **CAPITAL MARKETS** STAR BIZ7 FEBRUARY 17 – FEBRUARY 23, 2024



STEWARDSHIP SENTINEL

by Institutional Investors Council Malaysia

In the name of duty and loyalty

COMPANIES incorporated in Malaysia are governed by the Companies Act, 2016. Companies listed on the local bourse are also subject to the Bursa Malaysia Listing Requirements and the Malaysian Code of Corporate Governance issued by the Securities Commission (SC).

Those in the capital market industry are also regulated by the Capital Markets and Services Act, 2007, which provides strict legislative guidance, while those in the banking sector are regulated by the Financial Services Act, 2013.

Furthermore, companies are required to adhere to financial reporting, accounting and auditing standards as well as comply with the Income Tax Act of 1967.

The Companies Act, 2016, also spells out directors' duties and responsibilities under Section 213, while Section 211 defines the functions of the board of a company.

The core duty of a board is to carry out its responsibilities with reasonable care, skill and diligence.

Directors also have a fiduciary duty to act in the best interests of the company. They should avoid conflicts of interest and self-dealing, and exercise discretion. Additionally, they are expected to maintain company confidentiality and not compete with the company.

- The core duty of a board is to carry out its responsibilities with reasonable care, skill and diligence
- A nominee director has the duty to act in the best interest of the company
- A board member should fulfil his fiduciary duties diligently

Nominee director

The board of directors is appointed by shareholders. At board level, there are non-independent executive directors, non-independent non-executive directors (NINED), and independent non-executive directors (INED).

Executive directors are likely to be major shareholders of the company, while NINEDs are likely to be representatives of major shareholders of a company.

In government-linked companies (GLCs), they represent government-linked investment companies (GLICs). NINED is essentially a nominee director, and although not specifically defined under the Companies Act, the concept is well-recognised under the Act.

Section 217 of the Act states that a nominee director is a director who is appointed by virtue of his position as an employee of a company, or who was appointed by or as a representative of a member, employer, or debenture holder.

The section further states that a nominee director has the duty to act in the best interest of the company. In the event of any conflict of interest, he shall not subordinate his duty to his nominator.

The SC takes a similar stance under the Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries, released in July 2020.

As a member of the Financial Action Task Force (FATF), Malaysia is expected to amend its Act to align the definition of a nominee director with that of the FATF.

The FATF defines a nominee director as an individual who routinely exercises the functions of the director in the company on behalf of and subject to the direct or indirect instructions of the nominator.

A nominee director is never the beneficial owner of a legal person. Additionally, Malaysia is also expected to amend the Act to include a register of nominee directors and nominee shareholders.

Prominent among GLICs

It is common for GLICs to appoint a nominee director in GLCs.

For example, Tenaga Nasional Berhad's board comprises three NINEDs — one each from Khazanah Nasional Berhad, the Employees Provident Fund (EPF) and Permodalan Nasional Berhad (PNB). Another NINED acts as an alternate director from Khazanah.

As the name suggests, an alternate director is only a temporary representative of a principal board member or director at board meetings when the board member himself/herself is unable to attend. Hence, the rights and powers of an alternate director are only in effect when the principal director is not available.

Focus on fiduciary duties

A board decision is always regarded from the outside as a collective decision, regardless of the actual vote on a resolution.

Nominee directors must act in the best interest of the company. Therefore, whether a board member is an INED or a nominee director, he should fulfill his fiduciary duties diligently.

Nominee directors' professional opinions on board matters may align with those of their nominators, but there can be instances where they differ during voting. Nominee directors must act in the best interest of the company, particularly minority shareholders, and not be influenced by their nominators.

Deviations that are not in the best interest of the company are a violation of Section 217 of the Companies Act, and can result in up to five years in jail or a maximum fine of RM3mil, or both.

12 CAPITAL MARKETS STAR BIZ7 MARCH 16 – MARCH 22, 2024

Stepping up corporate governance

STEWARDSHIP SENTINEL BY INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

CORPORATE governance in Malaysia has come a long way since the first Malaysian Code of Corporate Governance (MCCG) was published in 2000.

It has been almost three years since the last revision in 2021. Now may be a good time to reflect on what must be done for Malaysia to excel at corporate governance and reporting.

In the 2021 revision, the Securities Commission (SC) objective was to raise the bar in board selection, nominations and appointments.

The SC also introduced sustainability best practices in business operations as well as encouraged companies to improve their corporate governance scores.

Furthermore, the commission announced its Corporate Governance Strategic Priorities 2021-2023, which focused on five key thrusts and 11 strategic initiatives, such as enhancing board capacity to deal with sustainability, scaling up investor stewardship, and using digital tools to make corporate governance data more accessible.

The SC has been keeping track of corporate governance scores and based on the latest data on Jan 1, women's participation on the boards of the top 100 public listed companies is at 30.9%, marginally above the 30% threshold.

However, the overall participation level is still low at just 25.6%. This translates to 309 boardroom vacancies for women. Six public limited companies have the dubious distinction of all-male boards while 441 have only one woman, including 15 companies in the top 100.

The SC has yet to release the Corporate Governance Monitor 2023, but the 2022 report suggests that we are on track. For example, of the 48 best practices, 30 recorded adoption levels of 90% or more.

In its recent Corporate Governance Conference 2024, the Institutional Investors Council discussed ways to future-proof Malaysian corporations in terms of sustainability, board governance, and ESG reporting and disclosures. The conference was themed "Countdown to 2030: Investing Towards Sustainable Development in Malaysia."

Finance Minister II Datuk Seri Amir Hamzah set the tone in his keynote address by emphasising the importance of corporate governance and sustainability as the cornerstone of Malaysia's economic resilience and global competitiveness.

Malaysian government-linked investment companies (GLICs) and government-linked companies (GLCs) have a critical role to play in nation-building and not merely focus on profits.

Before sustainability became mainstream, corporations around the world were already carrying out corporate social responsibility by giving back to society and improving lives.

They do well by doing good and there are many examples of this globally.

Scaling up

As the world evolves and corporate boards and CEOs face multiple challenges, the regulatory framework will also likely need to evolve in order to keep up.

One area that regulators will likely tighten is transparent disclosures on certain MCCG practices that have low compliance rates.

This includes the remuneration of the top five management personnel as well as the legislative requirement of having all directors' fees/salaries approved at a general meeting instead of just directors' fees and benefits.

Another key area will be sustainability assurances — a sort of audit on non-financial disclosures made by a corporation to ensure they are accurate and not misleading or green-washing.

This will build trust and confidence among stakeholders on sustainability reporting.

Furthermore, regulators are likely to require large corporations to establish sustainability committees that are led by a member who is certified in the relevant area.

The impact of technology and generative artificial intelligence (AI) on businesses and the workforce are other areas of interest for corporates and boards.

Boards will need to prepare for these changes as well as cybersecurity and data protection. As such, the MCCG may require boards to work towards improving these areas.

- Women's participation on boards of the top 100 public listed companies is at 30.9%

- Of the 48 best practices, 30 recorded adoption levels of 90% or more

- Regulators will likely tighten transparent disclosures on certain MCCG practices

Beyond box-ticking

The "Governance" in Environment, Social and Governance (ESG) today is more than mere compliance with rules and regulations.

Corporations are meant to use it to preserve value, which means businesses can only create future value by coming up with ideas and innovations.

Hence, there is also an urgent need for corporates to go beyond the box-ticking and board to spend more time on things that matter to create value for stakeholders.

Malaysia is preparing to become an economic powerhouse within the next 10 years under the Madani framework.

Corporates, particularly GLICs and GLCs, have a crucial role to play in transforming the country through strong governance and focusing on profitability and sustainability.

Higher stakes for stakeholders

STEWARDSHIP SENTINEL BY INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

CORPORATE Malaysia has been facing many challenges other than the business environment in the past year or so due to unforeseen risks that have now become apparent elephants in the room.

There are no precedents or action plans for how a corporation, especially a listed one, should respond when faced with such publicity, which causes risk managers and consultants to struggle with solutions.

The absence of a response can have a significant impact on the business outlook, damage the brand name, result in legal disputes, result in customers leaving, or, in the worst case scenario, lead to business closure.

Employees of companies that are exposed to this risk have an added challenge – peer pressure as well as potential job loss.

The recent socks controversy is a clear case of how a sensitive incident can become explosive and damaging to a company. The authorities were quick to act but the repercussions can harm the reputation of not only the convenience store owners but also other businesses in the future if there is a similar incident.

An equally worrying factor for some businesses is the Gaza conflict which has degenerated to genocide by Israel. Corporations associated with Israel through licensing and franchise agreements have suffered the most despite protesters, governments, and even the United Nations calling for a ceasefire and the release of all hostages.

Companies like McDonald's and Starbucks have reported drop in sales and in some rare cases, outlet closure. McDonald's franchise in Malaysia and Singapore is owned by Reza Food Services, which is part of the Saudi conglomerate, Reza Investment Company, while Starbucks is owned by Berjaya Food, which in turn is 59.4% owned by Berjaya Corporation.

While these are franchises and there will be some form of association with their US-based parent companies in the form of royalty payments, the impact of boycotts on local business operations can be devastating.

Heightened risk

Corporate risk related to cultural and religious beliefs has increased over time, more so recently.

As of end of 2023, bumiputras made up 70.1% (57.9% Malays and 12.2% other bumiputras) of Malaysia's 33.7 million population, a significant shift since Merdeka. It is 1% higher than the 69.1% of the 32.6 million population in 2018.

In terms of religious background, based on the Population and Housing Census of Malaysia 2020, close to 63.5% of the country's population is Muslim, indicating that businesses need to take religious sensitivities into account when conducting business.

It would be wise for risk management in any corporation to take heed of this demographic shift in assessing overall risk.

Part of ESG

When dealing with religious or race-based sensitivities, the social element plays a central role in a corporation's ESG rating.

How a corporation deals with its internal and external stakeholders, understanding and taking remedial measures are key. With the right focus, a corporation can protect a brand name and ensure that a business is not affected.

With regards to the recent incident involving a convenience store operator, an updated Standard Operating Procedure (SOP) can ensure such issues do not recur or are minimised.

It should communicate to the public the action taken to ensure it will not happen again. In apologising and seeking damages from those responsible, the company has demonstrated that it is protecting its brand value.

Hence, it is crucial to ensure a sensitive matter is not blown out of proportion. It would be great for corporations to have an SOP to ensure swift action to contain public repercussion. This includes engaging with the relevant authorities, religious bodies, the public, employees, suppliers and shareholders, and assuring them that the company is addressing the issue with urgency and will ensure it does not happen again.

Geopolitical risk

In Malaysia, franchise holders of global food and beverage companies like McDonald's and Starbucks have been hard hit by boycotts with business volume plunging and losses mounting.

It is really up to the local franchise holders to put the record straight as to the actual ownership of the business in Malaysia. Some form of loss in business cannot be avoided but the damage can be minimised if these businesses show more compassion towards the Palestinian struggle.

Any corporation facing such public pressure should embark on a rallying campaign against Israel, carry out a donation drive, or even help the Palestinians in any way to improve its public image.

The impact of the call to boycott these franchises may be negligible at first, but as momentum builds, corporations cannot ignore it.

The rise of conservatism in Malaysia brings different risk perspectives and businesses ought to be prepared for this to ensure they remain relevant and sustainable.

Having said that, this also brings opportunities to businesses as they can explore more products and services that meet the demands of the rising conservative Muslim society.

- Absence of a response can have a significant impact on business outlook
- Impact of boycotts on local business operations can be devastating
- Social element plays central role in a corporation's ESG rating

8 **COVER STORY** STAR BIZ7 APRIL 13 – APRIL 19, 2024

Balancing act
for effective governance

By Institutional Investors Council

- Effective governance hinges on transparency and accountability
- Greater emphasis on governance in Malaysia but there's still much to be done
- Trust, communication and mutual respect are essential ingredients

IN the aftermath of high-profile corporate scandals like Enron,1MDB and most recently Serba Dinamik, questions surrounding the dynamics between the board, management, and auditors have come under intense scrutiny.

These scandals have highlighted the critical role that boards play in the oversight and monitoring of companies, as well as the complex interplay of interests and relationships within corporate governance structures.

As we delve into these dynamics, it becomes evident that effective governance hinges on transparency, accountability and the ability of all stakeholders to navigate the delicate balance of power and responsibility.

Institutional investors in Malaysia wield considerable influence as we remain net buyers of the capital markets, often mopping up what foreign investors sell off.

In a capital market size of RM3.8 trillion (where institutional investors' assets under management are RM2.4 trillion or more), and many of our members managing funds for the general rakyat's pension, social security, etc, our chosen board representatives play a pivotal role in shaping these dynamics, bringing an additional layer of scrutiny and accountability to the governance process.

As stewards of shareholder interests, institutional investors advocate and continue to demand for transparency, disclosure and alignment of interests between management and shareholders.

In the recent Asian Corporate Governance Association (ACGA) CG Watch 2023 report, Malaysia ranked first for the Auditors and Audit Regulators category an accolade that Malaysia has held for three consecutive years.

Malaysia ranked fifth overall out of the 12 markets, with so much still to be done.

In addition to regulatory reforms, corporate governance codes (including Malaysian Code for Institutional Investors, and investor activism from MSWG over the years, there has been a greater emphasis on governance, although given that we live in a permacrisis era, there is always room for improvement.

Let's look at the respective roles of the three main players:

Managing day-to-day operations and implementing the board's strategic vision is the responsibility of management. Managing performance and risks is their responsibility, and they are overseen by the board. The board also provides guidance, support, and resources to enable them to perform their duties efficiently.

On the other hand, auditors provide an independent assessment of a company's financial statements and internal controls. They offer assurance to stakeholders regarding the accuracy and reliability of financial information. While they report to the board, they maintain professional independence to ensure impartiality in their assessments.

The board serves as the cornerstone of corporate governance, entrusted with the task of safeguarding the interests of shareholders and stakeholders.

This tripartite relationship translates into a system of checks and balances.

However, navigating the tug-of-war between boards, management and auditors requires a delicate balancing act, as competing interests and priorities often come into play.

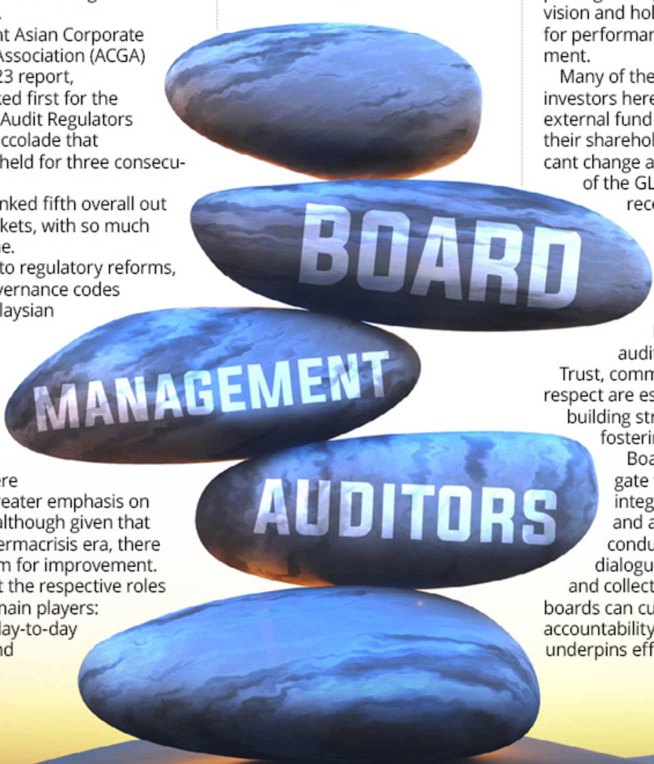
As institutional investors, we must strike a fine balance between supporting management's strategic vision and holding them accountable for performance and risk management.

Many of the major institutional investors here and its cohort of external fund managers have used their shareholding to demand significant change as can be seen in some of the GLCs such as FGV in the recent past.

Relationships form the bedrock of effective governance, shaping the dynamics between board members, management, and auditors.

Trust, communication and mutual respect are essential ingredients for building strong relationships and fostering collaboration.

Board members must navigate these relationships with integrity, professionalism, and a commitment to ethical conduct. By fostering open dialogue, constructive debate and collective decision-making, boards can cultivate a culture of accountability and transparency that underpins effective governance.



There are of course practical challenges. Listed companies with substantial family ownership can present unique challenges in terms of governance dynamics.

In these cases, founding families often wield significant influence over the board composition, management appointments and strategic decisions.

Balancing the interests of founding families with those of other shareholders requires a nuanced approach, grounded in principles of fairness, transparency, and accountability.

Boards must ensure that decisions are made in the best interests of all stakeholders, rather than serving the narrow interests of a privileged few.

In the Malaysian context, navigating the effectiveness of boards in overseeing corporate governance is influenced by a myriad of factors, including company culture, board composition, and concentrated ownership.

The presence of founding families involved in operations can pose additional challenges, as it may create conflicts of interest and impede independent decision-making.

However, Malaysia has made significant strides in strengthening corporate governance frameworks, enhancing board independence, and promoting transparency and accountability.

The dynamics between boards, management and auditors are central to the governance of companies, shaping the way decisions are made, risks are managed, and value is created.

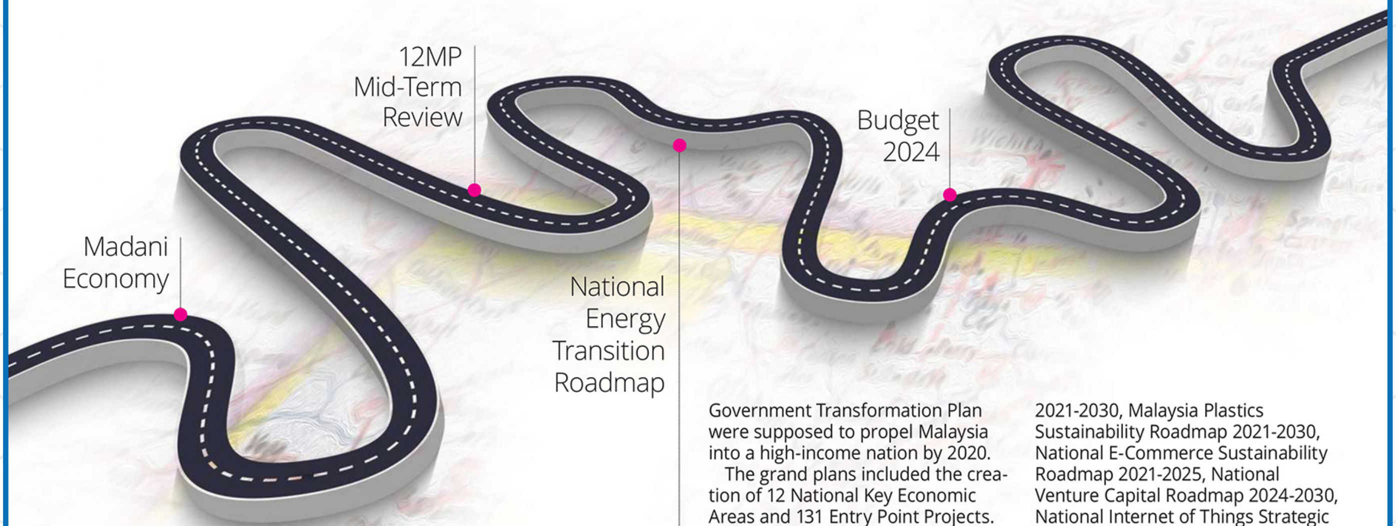
A note of caution, though. The best auditors and independent board members will be rendered ineffective if there is collusion to conduct fraud.

What is clear is effective governance requires a concerted effort from all stakeholders to uphold principles of integrity, transparency, and accountability including that of ensuring that the regulations are complied and applied consistently.

By fostering strong relationships, promoting diversity and independence on boards, and aligning interests with shareholder expectations, companies can build trust, mitigate risks and create long-term value for all stakeholders.

As we navigate the complexities of corporate governance, let us remain vigilant in our commitment to ethical conduct and responsible stewardship because we are after all guardians to a significant portion of our capital markets.

10 **PERSPECTIVES** STAR BIZ7 MAY 18 – MAY 24, 2024



Stay on course with roadmaps

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

IN the corporate world, having a plan as to where a company intends to be in the next year, via the annual budget, as well as over the medium to long term, is crucial in driving business growth, market share and profitability, which in turn benefits shareholders.

A roadmap is crucial in any organisation since stakeholders want to know where the company is headed, whether they are related to industry or regulatory changes. Failure for corporates is never an option and as Benjamin Franklin puts it "failing to plan is planning to fail".

It's understandable that the mantra is used by the private sector as it drives not only productivity, but also measures success and rewards achievement of targets. How about the public sector? How important are roadmaps for the government?

- A roadmap is crucial in any organisation since stakeholders want to know where the company is headed
- Past roadmaps, which looked good on paper, failed at the execution stage

New roadmaps

In the past, Malaysia has been at the forefront of future planning with clearly defined roadmaps. Some may have been successful, bringing Malaysia where it is today, while others have failed miserably, as their execution was poor while changes in the government and ministers in various portfolios have often led to policy changes.

Throughout the past year, the government has launched a number of roadmaps — the Madani Economy framework in late July, the National Energy Transition Roadmap Part 1 & Part 2 in August 2023, the Mid-Term Review (MTR) of the 12th Malaysia Plan (12MP) in September, as well as the Budget 2024 in October.

In addition, Malaysia recently touted Johor-Singapore Special Economic Zone in the Iskandar region, as well as Forest City Special Financial Zone. How will these roadmaps fare and how could investors benefit from it?

Past road maps

There have been many other roadmaps before the current incentives by the Madani government. Under Datuk Seri Najib Razak's government in 2010, the Economic Transformation Plan (ETP) and Government Transformation Plan were supposed to propel Malaysia into a high-income nation by 2020.

The grand plans included the creation of 12 National Key Economic Areas and 131 Entry Point Projects. Some ventures have had some measure of success, while others failed to take off.

Most importantly, the key objective of achieving high-income nation was not met. The ETP was a big roadmap for Malaysia, which got us on the radar of foreign direct investments, which spilled over into the local bourse to a large extent, enabling the benchmark FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBMKLCI) to scale a new all-time high in July 2014 as investors saw some results and deliverables.

Before that, Malaysia already had grand plans when it came to launching roadmaps and the most notable one was Vision 2020, launched in 1991 by fourth Prime Minister Tun Mahathir Mohamad.

To achieve Vision 2020, Malaysia aimed to register 7% GDP growth over the next 30 years under three separate 10-year development policies. Tun Mahathir had also launched the widely followed Look East Policy that saw Malaysia going into large infrastructure projects.

Other Malaysian prime ministers too had launched grand economic plans and perhaps the most notable one was the continuation of Vision 2020 based on Islam Hadhari principles by Tun Abdullah Badawi.

The government under Tan Sri Muhyiddin Yassin launched the Shared Prosperity Vision 2030 with lofty targets as well, which was followed by the launch of the 12MP by Datuk Seri Ismail Sabri Yaakob.

Overall, past roadmaps, which looked good on paper, failed at the execution stage. Nevertheless, there were notable successes under Vision 2020, Look East Policy, as well as those under the ETP.

Other roadmaps

Malaysia's current key roadmaps were launched mostly in the past year. There are also other roadmaps that are not always highlighted by the media.

This includes the National Artificial Intelligence (AI) Roadmap 2021-2025, National Blockchain Roadmap 2021-2025, National Robotics Roadmap 2021-2030, Malaysia Plastics Sustainability Roadmap 2021-2030, National E-Commerce Sustainability Roadmap 2021-2025, National Venture Capital Roadmap 2024-2030, National Internet of Things Strategic Roadmap, Malaysia Automotive Roadmap, Hydrogen Economy & Technology Roadmap and so forth.

Most of these were backed by lofty ambitions with little follow-up as not many investors even remember some of these roadmaps now. Similar to the corporate sector, the only way the government can have clear deliverables is by having accountability and ownership of these roadmaps, backed by KPIs that will not only reward success but encourage targets to be met.

What's driving investments?

Data centres have become increasingly popular over the last couple of years and more recently, along with large multinational companies infusing capital into Malaysia, a testament to the country's many roadmaps, especially those put in place by the present government, which have seen some early success.

Malaysia's unique geographical position, its infrastructure and relatively inexpensive labour force, as well as the weak ringgit, are driving investment into the country.

We must remain focused on our key targets despite the multitude of roadmaps and alphabet soups that accompany them, as failure will be detrimental to our growth goals.

Investors are key enablers

No government will succeed without the meaningful participation of the corporate sector and investors, both foreign and local, who are the key enablers for reforms.

However, their role in transforming Malaysia and taking it to the next level based on the current roadmaps must be clearly defined, encouraged and promoted.

To ensure business expansion, employment and profitability, they must be incentivised to take the risk of new economic agendas.

This could lead strengthen earnings of corporate Malaysia, which will be reflected in the improvement of their respective share prices, FBMKLCI's performance, as well as a stronger ringgit.

JUNE 15 – JUNE 21, 2024 STAR BIZ7 PERSPECTIVES 11

Resign with reasons

STEWARDSHIP SENTINEL
Institutional Investors Council Malaysia

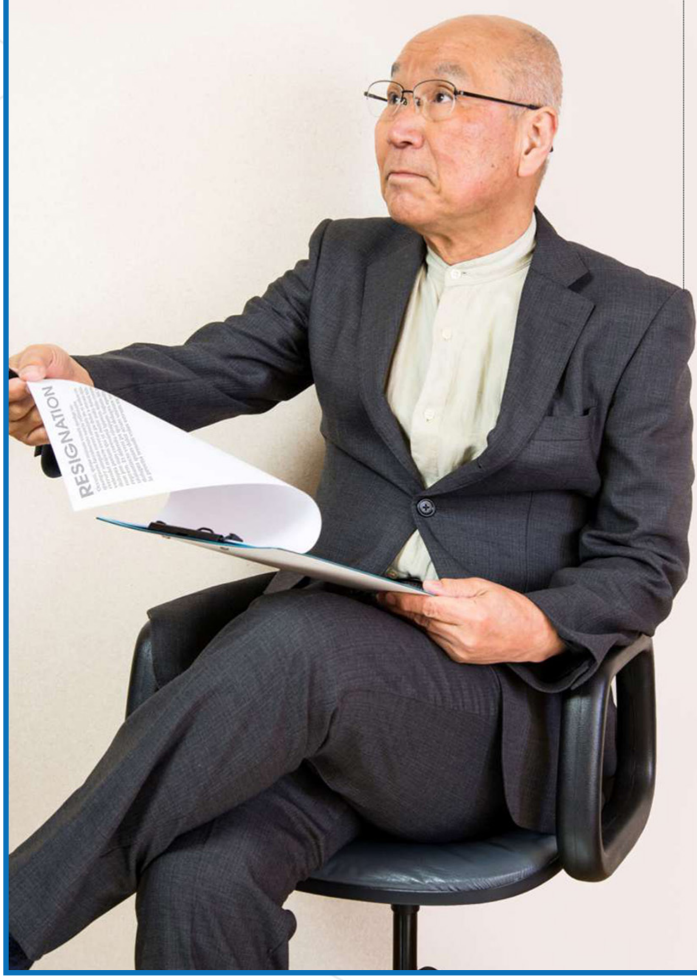
ACCORDING to the Securities Commission's (SC) Corporate Governance Monitor 2022, there are 6,834 board members representing 959 Bursa Malaysia listed companies. They include multiple board members as the total number of board members is 5,469 members.

Of the total, 3,550 board members are Independent Non-Executive Directors (INED), which translates to 51.9%, while another 2,183 or 31.9% are Executive Directors. The last category is Non-Independent Non-Executive Directors with 1,101 board members or 16.1%.

Interestingly, 64% of new board appointments in 2022 were for the position of INEDs, which reflects corporate Malaysia's ability to meet the stringent requirement of having more INEDs, especially among smaller capitalised companies.

- High INED turnover is usually a red flag i.e. a reflection of trouble within a company's leadership

- Timely for regulators to issue an updated guideline to compel directors to disclose reason for resignation



High turnover

Typically, a new board member, especially an INED, stays for a period of time, and in most cases, we do see an INED taking up the role rather seriously and serving the board for the period allowed under the Malaysian Code of Corporate Governance, which is set at nine years.

However, there are cases whereby INED turnover is rather high, and new board members — with tenure of less than one year or just one to two years or merely just a month or two into the new role — leave abruptly. They are then replaced with another new INED and the process repeats again and again to the extent so many changes are happening within a short space of time.

From a governance perspective, this is usually a red flag as a constant change in board composition is a reflection of trouble within the company's leadership. Perhaps, the voices and opinions of these new INEDs are not taken seriously.

Transparency

When an INED or any director leaves, an announcement to Bursa Malaysia is made with a simple explanation that the said director is resigning either to "pursue other interest" or "due to personal reasons or commitment".

However, in most instances, the truth is far from it.

As a board member who is leaving a corporation for whatever flimsy excuses, should they be compelled to reveal the truth to the public as well as to the authorities, like Bursa Malaysia or the SC?

While most companies have a Whistleblowing Policy that allows not only the company's employees but also other third-party providers to report to the designated person on matters that are improper or illegal, there appears to be little avenue, if any, available to hear the grouses of a descending board member for matters that are brought at the board level or board committee level for discussions, other than perhaps being captured in the minutes of the meeting itself.

In some cases, a high turnover of board members, especially INEDs, means trouble exists within the company, especially concerning governance issues as well as finances. This could later blow-up and cause significant damage to stakeholders as the matters raised had been brushed aside and ignored.

Exceptions

There are exceptions to the rule whereby a director resigns from the board due to valid reasons, especially when Conflict of Interest (COI), Potential COI and Perceived COI exist. COI arises when the interests of a person interfere with the interests of the corporation or the said person has interests that may make it difficult to perform his/her role objectively and effectively.

A director is required to make a declaration by completing the COI or Potential COI or Perceived COI Declaration as and when the COI situation arises at the earliest. The declaration will then be reviewed by the Audit Committee (AC) and the Board and recorded accordingly.

The person who has the COI or Potential COI or Perceived COI should abide by and comply with the AC's determination on the reasonable steps and measures to manage, resolve or eliminate the COI or Potential COI and mitigate the impact of it.

If it cannot be resolved, the said person ought to tender his resignation due to COI, Potential COI, or Perceived COI.

The resignation of a director could also be if he/she has served beyond the nine-year tenure as well as due to actual retirement. In both of these cases, the reasons are crystal clear.

Lately, corporate Malaysia has seen the resignation of INEDs due to COI or Potential COI but more often than not, directors, especially INEDs, simply resign and walk away without giving the real reason for their move.

Perhaps, it is time the regulators issue an updated guideline for the resignation of a director which will compel resigning directors to disclose the reason for their action, especially when it is more than "personal reasons or commitments".

Voting Guide at AGMs

The Institutional Investors Council Malaysia (IIC) has taken note of this development as it has an impact on how the IIC views the company's governance process overall.

For the IIC, there are clear guidelines that may not have been adopted by public listed companies. For example, among the guidelines where the IIC has recommended to its members to VOTE AGAINST or ABSTAIN in an AGM is for the re-election of the Board Nomination Committee (NC) members for failure to adhere to board composition and gender diversity issues, which includes the 30% women directors on the board.

Other agendas whereby the IIC recommends its members to either VOTE AGAINST or ABSTAIN include the election/re-election of active politicians, excessive remunerations paid to EDs and/or CEOs, the re-election of INEDs beyond the nine-year tenure, failure to have clear policy or guidelines on succession planning and matters related to board evaluation. The IIC also recommends a VOTE AGAINST any proposal that involves payment of any share options or performance-based incentive to non-EDs.

At the same time, corporates must respect the voting process done at AGMs, especially the vote against the re-election of directors.

The mandate given by shareholders must be respected and not turned into a sideshow as there have been instances whereby certain directors were re-elected by the board post-AGM even though these directors were rejected by the shareholders at the preceding AGM.

STEWARDSHIP SENTINEL

Institutional Investors Council Malaysia

Mopping up greenwashing

IN September 2022, Bursa Malaysia launched the enhanced sustainability reporting requirements in its Listing Requirements (LR) for both the Main Market and ACE Market companies, raising the bar on sustainability practices as well as reporting.

A company in the Main Market must disclose common sustainability matters for the financial year ending on or after Dec 31, 2023, culminating in climate change-related disclosures aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for the financial year ending on or after Dec 31, 2025.

The adoption of the updated LR has been encouraging for a select few companies, especially larger capitalised companies which have committed resources, time and money to meeting the LR.

Bursa Malaysia has also launched a Sustainability Reporting Guide and Toolkit to help listed companies comply.

It has also launched the Centralised Sustainability Intelligence (CSI), which allows listed companies to assess carbon emissions across their value chains and streamline their sustainability reporting.

At a glance, corporate Malaysia has taken sustainability reporting seriously with detailed disclosures in compliance with Bursa Malaysia regulations and other reporting frameworks as well.

Reporting on Material Sustainability Matters too is becoming the norm. Several companies even go the extra mile by having their sustainability statements validated by internal auditors and selected indicators by external independent assurance agencies.

How real?

Listed companies will never report a negative development with respect to ESG. With no guidelines or requirements for ESG matters, corporates are in essence free to report what they deem as fair reporting.

Specifically, if this is related to environmental matters, they are deemed to be greenwashing — which is reporting misleading information about how a company's product and services are environmentally sound.

We also see companies championing either a "sustainability" or "environment" agenda in their respective product or services.

Financial institutions or insurance companies that support these businesses by funding or insuring their businesses too are deemed to be guilty.

A plantation company embarking on new planting is likely engaging in deforestation and no amount of tree-planting can replace what is being cleared, which has a devastating and permanent impact on endangered or threatened wildlife and tree species as well.

Similarly, in the timber industry, logging has been long associated with deforestation and no amount of replanting of forests or certification can replace primary and forest reserve areas, especially those that are illegally logged or those that infringe native communities.

In the property sector, if new townships involve land clearing, no amount of sustainable materials or solar rooftops used to power the homes can replace the destruction to the environment. Banks or insurance companies funding the property market too are seen as greenwashing if they fail to see the impact of new developments on the environment and the ecosystem.

Those in the oil and gas industry too are caught between a rock and a hard place as oil itself is the biggest contributor to emissions globally but deploy the right communication and advertisement strategy to emphasise their net zero targets instead.

In the apparel industry, a well-known international brand was seen as misleading consumers into believing that the brand is sustainable and environmentally friendly through its marketing campaign, despite increasing its greenhouse gas emissions. This was alleged in a class action suit that was recently filed in the US against the company.

- At a glance, corporate Malaysia has taken sustainability reporting seriously
- Greenwashing has not been an issue in Malaysia, but the danger is real
- Companies involved in greenwashing will be the first to be hit if they do not change their narrative

Impact of greenwashing

Greenwashing has not been an issue in Malaysia, but the danger is real. Institutional investors will likely scrutinise the corporation's disclosure with greater depth and would either exit their position or vote against re-election of executive directors for failing to adhere to internationally accepted standards of disclosure.

Greenwashing is not limited to corporations or governments but also the fund management industry.

In the EU, recent changes to fund names using the term "ESG" or "Sustainability" are asked to address greenwashing risk as there has been a sharp increase in the use of sustainability-related terms in fund names in Europe.

With the changes, it is expected that some US$30bil in stocks and bonds, especially among energy companies, are at risk of being off-loaded if these funds intend to keep their names and adhere strictly to the new rules.

Under the new rules, investment funds with ESG or equivalent terms will need to have at least 80% of their assets under management related to the theme.

Funds are also disallowed to invest in companies that are on an exclusion list and are left with two choices, i.e. to either adhere to the new rules or simply change their fund name to remove any ambiguity.

In transition

The world is in transition when it comes to how ESG data is captured, measured and reported.

Industry standards are evolving and new regulations are beginning to take shape. Companies involved in greenwashing will be the first to be hit if they do not change their narrative.

The crucial test is to ensure that data published and reported is supported by internationally recognised standards and signed off by an independent third party as a true, fair, and accurate reflection of the company's ESG practices.

ESG reporting is not a public relations or storytelling exercise that is padded with glossy narrative in an annual report but involves real issues that matter to Mother Earth and all stakeholders.

It is vital that Malaysian listed companies are truthful and honest, or else they will face dire consequences, especially from institutional investors.

This visual is human-created, AI-aided

28 PERSPECTIVES STARBIZ 7 SATURDAY SEPTEMBER 21, 2024

Towards fairer compensation

STEWARDSHIP SENTINEL
Institutional Investors Council Malaysia

UNDER the Malaysian Code of Corporate Governance (MCCG), public listed companies must ensure they remunerate directors and senior management in a manner that is consistent with the company's interest in attracting and retaining the right talent on its board and senior management.

Remuneration policies and decisions are expected to be transparent and independent, while taking into consideration the demands, complexities and performance of the company as well as skills and experience required.

The policies and practices should reflect the different roles and responsibilities of non-executive directors (NEDs), executive directors (EDs) and senior management.

Little traction

Malaysian corporates are typically shy to disclose remuneration packages, especially for senior management.

According to the Securities Commission Corporate Governance Monitor 2022, the adoption of practices related to the disclosure of senior management remuneration remained disappointingly low. Only 22% of listed companies disclosed senior management remuneration in bands of RM50,000 or by the exact amount.

It is challenging to make comparisons of companies within the industry as the information is not disclosed in a standard format. Nevertheless, there has to be some form of benchmark on what is "fair compensation".

The Institute of Corporate Directors Malaysia (ICDM) in its "Malaysian Board & Senior Management Remuneration Practices Report" surveyed listed companies on their respective remuneration practices. The survey, between November 2022 and February 2023, saw some 176 respondents, across multiple sectors.

The result, which was heavily tilted towards companies with a market capitalisation of less than RM5bil (76% of sample size) and net profit of up to RM500mil (74% of sample size), showed that the median NEDs' remuneration across sectors is RM113,750 a year. Of this amount, 79% are related to board fees, 14% allowances paid, 1% benefits-in-kind, and 6% other emoluments.

- Remuneration policies and practices should reflect the different roles and responsibilities of directors
- Survey shows overall remuneration for Malaysian NEDs is about RM120,000 a year
- Shortfall in remunerations may be attributed to no proper benchmarking and affordability issues

Taking into consideration inflation and adjustments over the past year, it may be concluded that the overall remuneration for Malaysian NEDs is about RM120,000 a year or RM10,000 a month.

As the sample size is rather small, there is bias in the data points as most INEDs are paid between RM5,000-RM10,000 a month for Main Market listed companies and RM3,000-RM5,000 per month for ACE Market listed companies.

In larger companies with market capitalisation exceeding RM2bil, INEDs are paid much more and could hit RM20,000-RM30,000 per month, especially among financial institutions.

Regional comparison

Based on the Singapore Directorship Report 2023, 77.3.% of independent directors (IDs) and 67.6% of non-independent, non-executive directors (NI-NED) are paid below S$150,000.

According to the details of the remuneration bands, 42% and 35% of ID and NI-NED earn between S$100,000 and S$150,000, while 16% and 18.1% earn less than S$50,000.

There are 19.3% of IDs and 14.5% of NI-NEDs whose compensation is within the mid-range of S$50,000-S$100,000. Singapore IDs on average earned approximately S$100,000 per year based on the mid-values of various remuneration bands.

In Thailand, a survey by the Thai Institute of Directors Association in 2020 shows NEDs and EDs received between 740,000 and 690,000 baht annually.

Adjusting for inflation and adjustments, NED's remuneration probably would have reached 850,000 baht last year.

The Philippines saw a median salary of 850,000 pesos based on a recent report released by the Institute of Corporate Directors.

However, the interesting part of this report was that it also showed the wide range of remuneration, which was as low as 500,000 to as high as 2.4 million pesos.

The best way to compare the above data is to normalise the findings using the Purchasing Power Parity (PPP) factor.

For Singapore, this would mean remuneration of S$100,000 translates to about RM177,000 while for Thailand and the Philippines, it is RM114,000 and RM63,000 respectively. Hence, Malaysia's RM120,000 for the companies that were surveyed shows that we are almost on par with Thailand, rather lucrative when compared with the Philippines, but only two-thirds that of Singapore.

What's fair remuneration?

According to ICDM, there is room for improvement when it comes to remunerations paid to INEDs by Malaysian companies. This is mainly driven by the higher responsibility as well as having the right talents.

ICDM adds that the shortfall in remunerations may be attributed to no proper benchmarking and affordability issues.

Remuneration packages for INEDs should take into consideration what they bring to the board, and not forgetting the financial health of the company.

There are no perfect formula on how INEDs should be remunerated, mainly due to the complex nature of the role.

Nevertheless, the fees should take into consideration the fiduciary duties under the law and the duty of care that is demanded, the nature of the industry (there is a greater demand for regulated industries), the size of the company in terms of revenue, complexities of the listed corporate structure, and profitability of the company.

Not a retirement job

Being an INED is not a walk in the park and certainly not a retirement job. It is also not a part-time job as there are clear responsibilities and time commitment. Understanding board issues, keeping up with the dynamic nature of business, regulatory and legislation demands, are key to being an effective board member.

With issues related to environment, social and governance, climate change, cybersecurity, artificial intelligence and social media, board members today need to be an all-rounder to be able to contribute positively. The bottom-line is that directors should be paid what is deemed fair compensation, taking into consideration the value of their contribution given the risks they have to navigate through.

STEWARDSHIP SENTINEL
Institutional Investors Council Malaysia

Beta activism is here to stay

BETA activism is relatively new but institutional funds are increasingly adopting it as it mitigates systemic risk and improves the risk/return dynamics of the market as a whole.

In essence, beta activism widens the definition of what it means to be an investor. Traditionally, investors assume that the only way they can mitigate risk and improve returns is through trading and portfolio construction as well as diversification.

On the other hand, a beta activist pays attention to the real economy, rather than just the numbers on their screens. Issues like climate change, sustainability and good governance take precedence over financial returns.

The origin of beta activism can be traced back to former Chief Investment Officer of the Government Pension Investment Fund of Japan (GPIF), Hiro Mizuno.

According to Mizuno, "Large institutional investors are effectively universal owners, and because their portfolios are highly diverse, they have taken a slice through the whole economy and market.

"The environmental costs incurred by some companies in their portfolios will have an impact on companies elsewhere in the portfolio. This means that asset managers must develop investment strategies that contribute to making the whole system more sustainable".

Jon Lukomnik and James Hawley, the authors of "Moving Beyond Modern Portfolio Theory: Investing That Matters" have referred to Mizuno's style of investment at GPIF "beta activism".

Higher standards

Beta activism by GPIF not only lifted corporate governance standards in Japan but also its equity allocation by five fold over the past decade. Today the pension fund is benefiting from the rally in the Japanese stock market.

Japanese companies have been receptive to beta activism, especially in areas related to board independence and diversity. Even the Tokyo Stock Exchange (TSE) made radical moves by segmentising the exchange's constituents into three distinct groups. They are Prime, Standard and Growth, with each having a specific corporate governance rule.

> ■ Beta activism pays attention to issues like climate change, sustainability and good governance

> ■ Malaysian institutional investors should consider GPIF initiatives to enhance shareholder returns

> ■ Push from beta activists will ensure higher standards of compliance

The TSE also boldly upped the game in ensuring the valuation of the listed companies by requiring all companies with a price-to-book ratio of less than one or return on equity of less than 8% to devise a plan to improve capital efficiency and promote investment. Companies that do not develop such a plan could be delisted.

Malaysian institutional investors should consider the GPIF initiatives to enhance shareholder returns. With foreign institutional investors making up only 19.5% of the overall Bursa Malaysia's market capitalisation as at December 2023, these investors must take beta activism as a strategic means to lift total returns. This will make the market more vibrant, and perhaps even trade at a premium to our regional peers.

Impact investing

A key pillar in beta activism is how the institutional investor takes a crucial and critical role in managing climate risk. Other elements include institutional investors actively ensuring at least 30% women participation and more independent non-executive directors than non-independent executive directors on company boards.

Beta activism also looks at issues related to Diversity, Equity and Inclusivity to ensure the corporation has a governance structure that is cascaded down to senior management and below.

Other issues of interest to a beta activist include biodiversity, deforestation (especially those related to land clearing), and even mining in the oil and gas industry.

Malaysian beta activists

While shareholder activism has gained substantial traction over the years, more can be done to ensure corporations abide by the environmental, social and governance standards and that is where beta activism comes in.

Institutional investors in Malaysia have played an active role in shaping large listed corporations' governance standards. Institutional investors have also held a strong position and some do publish their respective voting principles as well as decision-making processes.

One clear example is political appointments to the board as well as opposition to any form of share-based compensation scheme for independent directors. Institutional investors also pay close attention to any form of greenwashing while on alert for any corporate manoeuvres that oppress minority shareholders.

NSRF raises the bar

Let's face it. Issues related to climate change, biodiversity and deforestation are real.

While corporations are under pressure to do the needful, especially under the new National Sustainability Reporting Framework (NSRF), the push from beta activists will ensure higher standards of compliance. The financial impact, which may cause a dent in profitability in the short to medium term, should be rewarding in the longer term, with improved total returns.

According to the Securities Commission, the NSRF is meant to ensure corporate Malaysia provides consistent, comparable, and reliable sustainability information to enhance Malaysia's competitiveness and attractiveness to investors.

Corporates are to implement the NSRF through a phased and developmental approach. With this, Malaysia joins more than 20 other markets, which represent more than half of the global economic output, that are adopting these new standards of reporting.

With NSRF, Malaysian-based beta activists will be given an added tool and mechanism to ensure that corporates in Malaysia will abide by the expected compliance under the NSRF, which will enhance portfolio returns in the long term.

In conclusion, beta activism is here to stay for the benefit of all stakeholders. Thanks to Mizuno, global markets are now well aware of the importance of beta activism and the added value it brings to the table.

Upholding duty of **care** as a board member

STEWARDSHIP SENTINEL
Institutional Investors Council Malaysia

IN recent times, there has been a growing trend of companies taking the legal route on past actions of not only board members, but also key management staff for a host of alleged offences committed during their tenure.

These actions typically stem from decisions that resulted in significant losses for the company.

Recent examples include SP Setia Bhd, which took legal action against its former senior management and a former director for alleged breaches of duties linked to land acquisitions and the sale of a business unit.

In another case, Sarawak Cable Bhd's board members, group chief executive officer (CEO) and a former company secretary were also taken to court by a white knight over the wrongful termination of a memorandum of understanding to revive the loss-making company.

Earlier this year, KNM Group Bhd sued its former executive directors for €3.44mil after the company had called off the sale of Borsig GMBH.

In the case of KPJ Healthcare Bhd, it took action against 11 former directors and sought damages to the tune of RM96mil in relation to the sale of a business unit.

Breaches of duties are also common among government-link companies as seen in the case of Mara Corp's CEO, who was ordered to pay RM3.4mil for breaches of duties during his tenure.

Outside Malaysia, cases against boards and senior management are also common as seen in the case of Australian Securities and Investments Commission against Healy & Ors.

The Australian Federal Court ruled that the CEO and six other non-executive directors, including the non-executive chairman, had contravened the statutory duty of care and diligence by approving the financial statement of Centro Group.

Similarly, in the United Kingdom, the case against two former directors of British Home Stores remains one of the most high-profile cases as they were ordered to pay £19.5mil to the liquidators of the once high-flying retail group for wrongful trading and misfeasance.

The legal perspective

Board members and senior management are well governed by various legislative requirements and regulatory frameworks.

These include the Companies Act 2016, the Capital Market and Services Act 2007, the Malaysian Code of Corporate Governance 2021 (MCCG), the Malaysian Anti-Corruption Commission Act 2009, the Income Tax Act 1965, and various accounting and auditing standards.

For financial institutions, legislations that are related to these institutions include the Financial Services Act 2013, the Insurance Act 1996 and the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001.

Given the extensive legal oversight, the duties of directors and senior management are no walk in the park.

First and foremost, directors are duty bound to exercise reasonable care, skill and diligence, as well as have a fiduciary duty to ensure he/she acts in good faith for the benefit of the company.

They must also ensure the financial statements presented reflect the true affairs of the company.

They are also required to exercise their powers under the various legislations for proper purpose, while at the same time avoiding any situations that are deemed as conflict of interest or even perceived conflict of interest.

Directors must also avoid self-dealing and exercise their discretionary powers properly.

Under Bursa Malaysia's Listing Requirements, directors must ensure that they observe the timeline imposed on them for the quarterly and annual financial reporting, and ensure that the final audited financial statements do not deviate by more than 10% from the unaudited full-year annual results.

Investors' expectations

Investors or shareholders of companies, especially publicly listed ones, demand that board members – whether independent or otherwise, and regardless of whether they are executive or non-executive directors – take appropriate steps to ensure the affairs of the company are conducted within the ambits of the laws and relevant regulatory frameworks and guidelines.

Investors expect company directors and officers to be transparent and accountable for their actions.

They expect the directors not to be involved in any form of activities that are deemed to be fraudulent, including embezzlement, the issuance of false or misleading financial statements, or misleading investors.

Investors also expect directors to avoid any form of false representation, particularly regarding the company's financial or business prospects, which could potentially be used to deceive or mislead the public.

Last but not least, directors and key management personnel must avoid at all costs being involved in any form of insider trading activities.

As officers of the company, they would rightly have knowledge of confidential information prior to it being made public.

Investors also expect directors to avoid any form of conflicts of interest, or even the appearance of such conflicts.

> ■ To reduce likelihood of being personally liable, directors must perform their duties in accordance with statutory requirements

> ■ All directors must exercise their powers with utmost due care and diligence, adhering to strong corporate governance at all times

What can directors do?

Directors face legal liabilities if they do not carry out their duties with utmost care.

To reduce the likelihood of being personally liable, directors must ensure that they perform their duties in accordance with statutory requirements and fulfil their fiduciary duties.

They should avoid being involved in any misuse of company funds or assets, and fraudulent activities.

It is imperative that directors uphold the highest ethical standards and in accordance with the MCCG as well as other guidelines.

They must ensure that compliance matters and internal controls are clearly defined, monitored and addressed.

Companies' business affairs must also be carried out transparently with clear authority limit mandates, responsibilities and accountability.

This will ensure that directors do not breach their fiduciary duties and avoid any form of misappropriation of funds or fraudulent conduct.

To avoid conflict of interest situations, directors and officers are now required to declare on a timely basis or as and when a conflict or potential conflict situation arises.

Directors and board members who are not well-versed in certain corporate matters or issues are allowed to seek professional advice or opinion before making a decision.

This will help to protect directors and board members from potential legal action if the matter decided upon has caused losses to the company.

This is also known as the business judgement rule, which encourages directors and officers to take calculated risks and make decisions in the best interests of the company.

While a director's position is seen as a plum position, especially among independent directors or nominee directors, the legal requirements and expectations are high.

All directors must exercise their powers with utmost due care and diligence, upholding strong corporate governance at all times.

Feature Article 1

Transitioning IIC to a Company Limited by Guarantee: Progress and Milestones

Background

Following extensive discussions in the Council meetings held in 2022 and 2023, the Institutional Investors Council (IIC) made the strategic decision to convert its status from an Association registered under the Registry of Societies (ROS) to a Company Limited by Guarantee (CLBG) under the purview of the Companies Commission of Malaysia (SSM). This transition is designed to enhance governance, operational efficiency, and long-term sustainability.

Progress Made

The first milestone in the conversion process was achieved in September 2023 when IIC appointed a secretarial service firm to oversee the conversion process. A name search was conducted, and the Companies Commission of Malaysia (SSM) subsequently approved **"IICM Berhad"** as the new name upon successful conversion to a CLBG. Following the name approval, IIC embarked on converting its existing constitution into a CLBG-compliant constitution. Between March to May 2024, IIC convened several Working Group meetings to draft and refine the new constitution, ensuring alignment with the CLBG requirement and best practices. The final document was presented and approved by the IIC Council during its June 2024 meeting

Submission of Final Documentation

Throughout the application process, the SSM requested several rounds of additional information. The complete set of documentation was successfully submitted in November 2024, marking a crucial milestone in the transformation journey. IIC was informed that the standard processing time for the conversion may take between six to nine months from the date of the last submission. Based on the progress to date, IIC anticipates completing the transition to a CLBG by the end of the second quarter of 2025.

Benefits of CLBG Status

The conversion to CLBG will bring the following benefits:
- **Limited liability:** Members' liability will be restricted to their guaranteed contribution in the event of winding up;
- **Separate legal entity:** CLBG status allows IIC to operate an independent legal entity, enabling it to enter into contracts and own assets in its name; and
- **Enhanced transparency and accountability:** CLBG is subject to stricter regulatory oversight, including mandatory filing of audited financial statements, fostering greater public confidence.

Major Highlights: Membership Classification & Honorary Membership under CLBG

Under the CLBG structure, IIC will introduce an enhanced membership classification system, expanding beyond the existing Ordinary Members. The three membership categories are as follows:

(i) Ordinary Members

This membership class mirrors the existing membership under the association, open to asset owners and fund managers.

Ordinary Members will be categorised into three tiers based on their Assets Under Management (AUM), with differentiated annual fees:

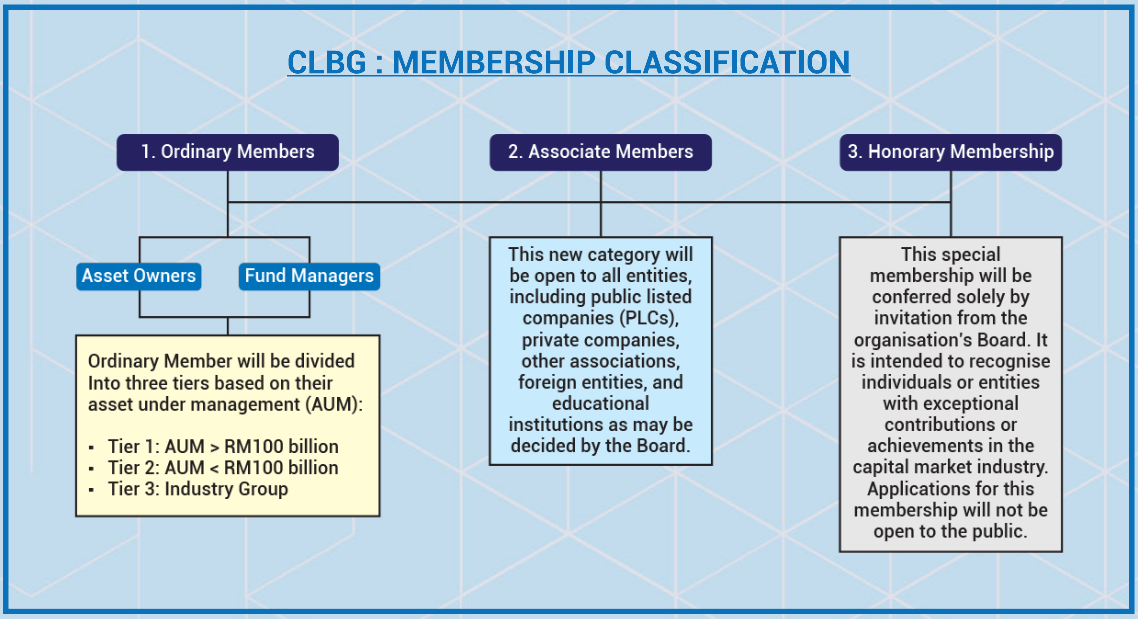
- Tier 1: AUM ≥ RM 100 billion
- Tier 2: AUM < RM 100 billion
- Tier 3: Industry groups

(ii) Associate Members

This new category will be open to all entities, including public listed companies (PLCs), private companies, other associations, foreign entities, and educational institutions as may be decided by the Board. This inclusivity aims to provide a platform for gaining knowledge, particularly in Environmental, Social, and Governance (ESG) matters, sustainability, and corporate governance.

(iii) Honorary Membership

A new category, Honorary Membership, will be introduced. This special membership will be conferred solely by invitation from the organisation's Board. It is intended to recognise individuals or entities with exceptional contributions or achievements in the capital market industry. Applications for this membership will not be open to the public.



Note: Other differences between an association and a CLBG are summarised in the attachment.

Conclusion

The transition of IIC to a CLBG marks a pivotal step in strengthening its governance framework, operational capacity, and long-term sustainability. With key milestones achieved - including the development of a CLBG-compliant constitution, submission of final documentation to the Companies Commission of Malaysia, and the introduction of a more inclusive membership structure - IIC is well-positioned to complete the conversion by mid-2025. This transformation not only aligns IIC with best practices in regulatory compliance and corporate governance but also reinforces its commitment to serving the capital market community with greater transparency, accountability, and impact.

Feature Article 1

Differences Between an Association and a Company Limited by Guarantee in Malaysia

No.	Key Area	Current (Association under ROS)	After Transition (CLBG under SSM)
1	**Name**	Institutional Investors Council (IIC) Malaysia	IICM Berhad
2	**Objectives**	a) 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; b) 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 (Code); c) advocate, provide guidance and monitor the adoption of the Code among institutional investors and encouraging institutional investors to become signatories of the Code; and d) be the platform to influence good corporate governance culture by public listed companies as envisaged in the Corporate Governance Blueprint 2011.	a) 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 as well as to be the platform to influence good corporate governance culture by public listed companies; b) To provide vision and strategic direction in relation to the development of the Institutional Investors Council and future enhancement to the Code; and c) To advocate, provide guidance and monitor the adoption of the Code among institutional investors and encourage institutional investors to become signatories of the Code.
3	**Legal Structure**	Registered as a society under the Societies Act 1966, with governance based on a constitution approved by the Registrar of Societies Malaysia (ROS). Members have direct influence over decisions through general meetings.	Incorporated as a Company Limited by Guarantee (CLBG) under the Companies Act 2016. It operates as a corporate entity with a separate legal identity, meaning it can enter contracts, own assets, and sue or be sued in its own name. Governance shifts to a Board of Directors, with decisions made at the board level rather than by members.

IIC
INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

No.	Key Area	Current (Association under ROS)	After Transition (CLBG under SSM)
4	**Governance**	Managed by a council elected by members, following the constitution approved by ROS. Decision-making is more member-driven, with major resolutions passed in general meetings. **IIC Governance:** Managed by a Council of 15 members, which includes a Council Board comprising the Chairman, Vice Chairman, Secretary, and Treasurer.	Governed by a Board of Directors, who have fiduciary duties under the Companies Act 2016. Decision-making is more corporate-driven, with strategic and operational matters handled at the board level. Members no longer have direct governance authority unless specified in the constitution. Directors must comply with statutory duties, including acting in the best interest of the company and ensuring regulatory compliance. **IICM Berhad Governance:** • Pioneer Board of Directors: Datuk Nik Hajah Amlizan Mohamed & Datuk Wira Ismitz Matthew De Alwis • According to Clause 53 of the IICM Berhad Constitution under the Power and Duties of the Board of Directors, the IICM Board shall consist of not less than Two (2) members and not more than fifteen (15) members.
5	**Regulatory Body**	Registrar of Societies (ROS)	Companies Commission of Malaysia (SSM)
6	**Financial Reporting**	Financial reporting is done based on ROS requirements, with audited financial statements submitted to ROS annually. The level of disclosure and compliance is less stringent compared to companies under SSM.	Must comply with the Companies Act 2016, which requires statutory audits, annual financial statements, and submission of reports to SSM. Financial records must follow Malaysian Financial Reporting Standards (MFRS) or Private Entity Reporting Standards (PERS), depending on company size. Greater transparency and accountability are expected.
7	**Tax Status**	Annual membership fees are generally not taxable as societies are considered non-profit entities under ROS. Other income sources may be taxable unless an exemption is granted.	IICM Berhad, as a CLBG under SSM, does not automatically qualify for tax exemption. However, it may apply for exemptions.
8	**Tax Calculation**	Under ROS, membership fees are not taxable, and members only pay the annual membership fee.	Since IICM Berhad qualifies as an SME (company with paid-up capital of RM2.5 million or less and annual revenue below RM50 million), the tax treatment for a Company Limited by Guarantee (CLBG) under SSM follows the SME corporate tax rate structure in Malaysia.

Feature Article 1

No.	Key Area	Current (Association under ROS)	After Transition (CLBG under SSM)
9	**Membership Structure**	IIC has a tiered membership structure based on Assets Under Management (AUM): • Tier 1: AUM ≥ RM 100 billion • Tier 2: AUM < RM 100 billion • Tier 3: Industry Group All members have voting rights and can appoint a proxy from the same organization. Members play a direct role in governance, including electing council members.	Membership will be categorised into two classes: **(i) Ordinary Members** - Institutional investors, asset owners, and fund managers. • Tier 1: AUM ≥ RM 100 billion • Tier 2: AUM < RM 100 billion • Tier 3: Industry Group - Ordinary Members retain voting rights, allowing them to vote on board elections, resolutions, and policies. **(ii) Associate Members** - Open to PLCs, private companies, associations, foreign entities, and educational institutions. Must adopt MCII for admission. - Associate Members do not have voting rights but may participate in discussions and attend AGMs. Their role is advisory, without direct governance influence.
10	**Fundraising & Grants**	• Can receive donations, sponsorships, and grants, but subject to ROS regulations. • Limited ability to engage in large-scale fundraising activities, as societies are generally restricted from commercial ventures. • No direct tax deductibility for donors. • Funding largely depends on membership fees and sponsorships.	• Can engage in fundraising and receive grants more flexibly. • May conduct commercial activities to generate revenue, provided it aligns with the company's objectives. • If granted tax exemption under Subsection 44(6) of ITA 1967, donations received may be tax-deductible for donors, making fundraising more attractive. • Can apply for government and private sector grants, with better eligibility due to CLBG's corporate structure.
11	**Liability of Members**	• Members of IIC under ROS have unlimited liability, meaning they may be personally liable for any debts or legal issues incurred by the society. • The society and its members are not separate legal entities, so personal assets may be at risk in legal disputes.	• IICM Berhad as a CLBG is a separate legal entity, meaning members have limited liability. • Members are not personally liable for the company's debts or obligations, except for any unpaid membership fees or guarantees they have committed. • Provides better legal protection for members compared to the ROS structure.

Feature Article 1

No.	Key Area	Current (Association under ROS)	After Transition (CLBG under SSM)
12	**Compliance & Filing**	• Must comply with Registrar of Societies (ROS) Act 1966. • Annual submission of financial statements and activity reports to ROS. • Meeting minutes and constitution changes must be submitted for approval.	• Must comply with Companies Act 2016 (as a Company Limited by Guarantee - CLBG). • Annual Return must be submitted to SSM. • Audited Financial Statements must be filed with SSM. • Board resolutions must be documented and kept for regulatory audits.
13	**Contracts & Agreements**	• Limited legal standing as an association. • Can enter into contracts, but the liability is on office bearers personally. • Contracts may require personal guarantees from office bearers.	• As a separate legal entity, IICM Berhad can enter contracts in its own name. • No personal liability for directors unless proven misconduct. • Stronger legal standing for agreements with vendors, partners, and government agencies.
14	**Operational Autonomy**	• Must operate within the ROS-approved constitution. • Major decisions (e.g., funding, projects, partnerships) may need approval from AGM. • More restrictive due to constitutional constraints.	• Greater operational flexibility under Companies Act 2016. • Decisions can be made via Board Resolutions, reducing delays. • Can freely enter agreements, apply for grants, and expand operations.
15	**Dissolution Process**	• Members must vote to dissolve the association. • Any remaining funds/assets must be distributed as per constitution or donated. • Requires approval from ROS.	• Dissolution follows Companies Act 2016. • Must settle all liabilities before closing. • Remaining assets must be transferred to another CLBG or an approved charity (cannot be distributed to members). • Requires approval from SSM and the High Court (if necessary).

Feature Article 2

Developing a Local Proxy Voting Platform

Overview

In line with the Institutional Investors Council Malaysia (IIC)'s continued commitment to strengthening corporate governance and empowering shareholder engagement, 2024 marked a pivotal milestone with the commencement of the Proxy Voting Platform (PVP) project. This strategic initiative aims to provide a cost-effective, local alternative to foreign proxy advisory services, reinforcing IIC's role in building a more inclusive, transparent and independent Malaysian capital market ecosystem.

Background and Objectives

The Proxy Voting Platform (PVP) was conceived in response to the growing need for a locally developed solution that supports institutional investors in making informed, consistent and effective voting decisions during shareholder meetings.

Currently, many IIC members rely on expensive foreign-based proxy advisory services such as Institutional Shareholder Services (ISS) and Glass Lewis, while others depend on their limited in-house research capabilities. This PVP seeks to reduce this dependency, foster local expertise and enhance transparency in the proxy voting process.

With funding support from the Capital Market Development Fund (CMDF) over the 2024–2026 period, the initiative will be implemented in two phases:

- **Phase I:** Development of a central repository for proxy voting outcomes, allowing stakeholders to access and analyse voting records and trends across companies. This phase constitutes 60% of the overall project and is expected to be completed by the end of the second of 2025.
- **Phase II:** Full deployment of a digital proxy voting platform, enabling real-time voting, enhancing investor participation, and improving the efficiency and accountability of the voting process. This phase represents the remaining 40% of the project and is targeted for completion by early 2026.

This platform is envisioned to benefit not only IIC members but also other fund managers, whom may consider adopting in their capacity as asset managers. Once fully operational, the Proxy Voting Platform will help standardise and streamline the proxy voting process across the industry.

While CMDF's support covers the development cost, IIC will assume responsibility for the platform's long-term maintenance and management, reinforcing its leadership in governance reform and sustainable investing.

Milestones and Progress in 2024

The Proxy Voting Platform project made substantial progress in 2024, transitioning from a conceptual idea into an actively developing solution. With the support of the Capital Market Development Fund (CMDF) and the commitment from the dedicated Working Group (WG), several key milestones were achieved throughout the year, as shown in the summary below.

PROXY VOTING PLATFORM

Milestone & Progress

Jan 2024 — **Initial Planning and Working Group Formation**

The project kicked off with the formation of a dedicated Working Group (WG), consisting of representatives from IIC Members. The WG was tasked with leading the strategic and technical planning for the Proxy Voting Platform.

Mar 2024 — **Drafting of the Request for Proposal (RFP)**

Using insights gathered from a member survey, the WG developed the draft RFP. The document was carefully crafted to reflect the platform's required functionalities while meeting both governance standards and technical needs.

May 2024 — **RFP Finalisation and Publication**

The RFP was finalised and officially released on the IIC website and LinkedIn page. This call for proposals invited qualified vendors to design and develop the Proxy Voting Platform.

June 2024 — **Vendor Evaluation and Presentation**

Vendor proposals were evaluated through a structured scoring matrix to ensure fairness and transparency. Four shortlisted vendors presented their proposals, which included system designs, timelines, and budgets.

Aug 2024 — **Vendor Appointment and Project Kick-Off**

The IIC Council approved InspireNow Sdn Bhd as the selected vendor based on the highest evaluation score. A formal letter of award was issued, and a kick-off meeting was held to align on scope, contract terms, and project expectations.

Oct 2024 — **Requirement Study and Documentation**

Three key documents were drafted and reviewed to ensure alignment between IIC and InspireNow on all technical and operational aspects: Business Requirement Specification (BRS), Functional Specification Document (FSD), and UI/UX Guidelines.

Dec 2024 — **System Development Phase**

With all documents signed off, InspireNow began the system development phase, which involved coding, configuring databases, building user interfaces, and integrating system functionalities as specified in the BRS and FSD.

Feature Article 2

Looking Ahead

As the Proxy Voting Platform enters its implementation phase, IIC remains focused on ensuring the initiative delivers long-term value to members and the wider investment community. Several strategic efforts are already in motion to support the platform's sustainability and effectiveness:

Strategic Collaboration with Bursa Malaysia

- IIC is exploring a working relationship with Bursa Malaysia, especially to integrate its Application Programming Interface (API) into the platform. This collaboration is crucial for streamlining data access and automating the retrieval of voting information, which would significantly improve operational efficiency. This initiative aligns with Bursa Malaysia's broader objectives of enhancing market transparency, promoting investor stewardship, and advancing responsible investing in Malaysia.

Monetisation Strategy and Long-Term Sustainability

- To ensure the platform's ongoing viability, IIC is proactively evaluating monetisation models that strike a balance between affordability for members and financial sustainability. These models will help support platform operation, maintenance and future enhancements.

Conclusion

The Proxy Voting Platform represents a significant leap forward in Malaysia's investor stewardship landscape. By empowering institutional investors with a local, efficient, and transparent voting tool, IIC is advancing its mission to promote sound governance and responsible investment practices.
Through collaborative efforts, strategic foresight, and member engagement, the Proxy Voting Platform is poised to become a cornerstone of Malaysia's capital market infrastructure - one that continues to deliver impact well into the future.

Moving Forward

In reflecting on 2024, the Institutional Investors Council Malaysia (IIC) continued to strengthen its role as a catalyst for corporate governance, sustainable investing, and responsible stewardship within the Malaysian capital market. Now, as we move further into 2025, the year holds special significance - it marks a decade since IIC's inception and the journey we have taken together to foster a more accountable and resilient investment landscape.

To commemorate this milestone, IIC will host a 10th Anniversary Dinner in July 2025. This momentous occasion will celebrate our collective achievements, honour the invaluable contributions of our members, and reaffirm our shared vision for the future. We warmly invite all members to take part in this celebration, as we reflect on the progress made and look ahead to new possibilities with renewed purpose and unity.

In the year ahead, IIC remains steadfast in its commitment to delivering value to our members. We will continue to foster meaningful collaboration with local and international experts, bringing forward a curated series of webinars and technical workshops. These initiatives aim to equip our members with the insights and tools needed to navigate the dynamic challenges shaping the investment ecosystem. We also encourage members to share their ideas and recommendations for speakers and trainers to further enrich the quality and relevance of our programmes.

A key highlight of 2025 will be the IIC Members' Dialogue Series—a dedicated platform for in-depth engagement on critical capital market issues. This series will serve as a cornerstone for peer learning, constructive dialogue, and collaborative solutions, reinforcing our commitment to advancing corporate governance and ESG leadership in Malaysia.

Our progress continues alongside IIC's transformation into a Company Limited by Guarantee (CLBG), a move that will further strengthen our governance structure and operational effectiveness. Complementing this evolution is the upcoming launch of the Proxy Voting Platform, supported by the Capital Market Development Fund (CMDF) – a pivotal step toward building a modern, resilient, and impactful institution.

As we embrace this new chapter, we invite all stakeholders to move forward with us - to champion excellence, drive innovation, and shape a capital market that is inclusive, sustainable, and future-ready.

Together, let us forge the next decade of IIC with unity, resolve, and a shared commitment to long-term value creation.

Report of the Treasurer for the Financial Year 2024

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 the financial year 2024, IIC recorded total revenue of RM1,284,614, derived from membership and joining fees, contributions or commissions from events, and grants received in cash.

During the financial year, IIC incurred operating expenditures amounting to RM841,517, which mainly consisted of staff expenses, including adviser fees, event management, professional expenses, proxy voting expenses, website expenses, office rental expenses, as well as materials and supplies.

Overall, during its seventh year of operation, IIC generated a net surplus of RM440,326 and reported a cash balance of RM1,305,106 at the year's end.

In order to ensure the Council's continued financial sustainability and capacity to deliver greater value to its members, the Council Board has decided to implement a revision of the annual membership fees effective January 2025. This adjustment will help broaden the Council's revenue base, allowing IIC to strengthen its high-quality programmes, training, and services in line with members' evolving needs.

Society No.
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INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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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 2024

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 2024.

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	RM 440,326

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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 2024

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:

Nik Amlizan Mohamed	**Chairman**
Ismitz Matthew De Alwis	**Vice Chairman**
Husaini Hussin	**Treasurer**
Rejina Rahim	**Secretary**
Rizal Rickman Ramli (Resigned on 6 January 2025)	**Council Member**
Rohaya Mohammad Yusof	**Council Member**
Syhiful Zamri Abdul Azid	**Council Member**
Munirah Khairuddin	**Council Member**
Mushida Muhammad (Resigned on 12 March 2025)	**Council Member**
Muhammad Fitri Othman (Resigned on 1 September 2024)	**Council Member**
Ahmad Farouk Mohamed (Appointed 1 October 2024)	**Council Member**
Amran Hafiz Affifudin (Resigned on 27 March 2024)	**Council Member**
Hisham Hamdan (Appointed 1 April 2024)	**Council Member**
Raymond Tang Chee Kin (Retired on 30 June 2024)	**Council Member**
Anouk Hanafiah (Appointed on 1 July 2024)	**Council Member**
Gerald Michael Ambrose (Retired on 31 May 2024)	**Council Member**
Mohd Farid Kamarudin (Appointed on 1 June 2024)	**Council Member**
Mohd Najman Md Isa (Appointed on 20 May 2024)	**Council Member**
Sharifatu Laila (Resigned on 1 March 2024)	**Council Member**
Meor Khairi Meor Mohd Bazid (Appointed on 29 May 2024)	**Council Member**

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.

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INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

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COUNCIL BOARD MEMBERS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

OTHER STATUTORY INFORMATION (CONTINUED)

(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.

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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 2024

AUDITORS' REMUNERATION

The amount of statutory audit fee amounted to RM13,500 for the financial year ended 31 December 2024.

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 13 June 2025. Signed on behalf of the Council Board Members:

NIK AMLIZAN MOHAMED
COUNCIL BOARD MEMBER

ISMITZ MATTHEW DE ALWIS
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 2024

	Note	2024 RM	2023 RM
REVENUE			
Membership fees		330,000	310,000
Joining fees		6,000	-
Contribution/Commission from events	4	494,273	-
Grant received in cash	8	386,820	-
		1,217,093	310,000
OTHER OPERATING INCOME			
Other Income		67,521	-
		67,521	-
Total income		1,284,614	-
LESS:EXPENSES			
Operating expenses	5	(841,517)	(243,745)
Total expenses		(841,517)	(243,745)
Surplus before taxation		443,097	66,255
Tax expense	6	(2,771)	-
Net surplus for the financial year		440,326	66,255

The accompanying material accounting policies and notes to the financial statements form an integral part of these financial statements.

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 RM	2023 RM
CURRENT ASSET			
Cash and cash equivalents		785,995	375,783
Fixed deposit at licensed bank	7	500,000	-
Office equipment		19,111	-
		1,305,106	375,783
LESS: CURRENT LIABILITIES			
Deferred grant income received in cash	8	463,180	-
Payables	9	15,546	7,500
Deferred income	10	15,000	-
Provision for taxation	6	2,771	-
		496,497	7,500
NET ASSETS		808,609	368,283
FINANCED BY:			
Accumulated funds		808,609	368,283

The accompanying material accounting policies and notes to the financial statements form an integral part of these financial statements.

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INSTITUTIONAL INVESTORS COUNCIL MALAYSIA
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STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Total RM
As at 1 January 2024	368,283
Net surplus for the financial year	440,326
As at 31 December 2024	808,609
As at 1 January 2023	302,028
Net surplus for the financial year	66,255
As at 31 December 2023	368,283

The accompanying material accounting policies and notes to the financial statements form an integral part of these financial statements.

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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 2024

	2024 RM	2023 RM
Cash flows from operating activities		
Membership fees received	330,000	330,000
Joining fees received	6,000	-
Contribution from events	494,273	-
Grant received in cash	850,000	-
Advance fee	15,000	-
Other income	67,521	-
Payment for adviser fee	(135,617)	(119,187)
Payment for staff expenses	(233,419)	(119,336)
Payment for payroll service	(5,082)	(1,548)
Payment for professional expenses	(52,285)	(51,890)
Payment for other staff expenses	(10,308)	-
Payment for material and supplies	(5,284)	(11,850)
Payment for ICGN membership	(3,730)	(3,686)
Payment for other operating expenses	(5,758)	(4,310)
Payment for event management	(222,984)	(157,175)
Payment for office rental expenses	(12,000)	(385)
Payment for Proxy Voting Project expenses	(86,910)	-
Payment for stamping expenses	(7,152)	-
Payment for CLBG application expenses	(14,040)	-
Payment for Website expenses	(26,162)	-
Net cash flows generated from/(used in) from operating activities	942,063	(139,367)
Cash flows from investing activities		
Payment for fixed deposits	(500,000)	-
Purchase of equipment	(31,851)	-
Net cash flows used in investing activities	(531,851)	-
Net increase/(decrease) in cash and cash equivalents	410,212	(139,367)
Cash and cash equivalents at beginning of the financial year	375,783	515,150
Cash and cash equivalents at the end of the financial year	785,995	375,783

The accompanying material accounting policies and notes to the financial statements form an integral part of these financial statements.

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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 2024

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 Level 13A, Bangunan Tierra Crest, No.3A, Jalan SS 6/3, 47301 Pertaling Jaya, Selangor.

2 BASIS OF PREPARATION

The Council incurred a surplus of RM440,326 (2023: RM66,255) during the financial year ended 31 December 2024. The appropriateness of preparing the financial statements on a going concern basis is dependent on the membership fees collected from the Council members.

The financial statements of the Council have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Societies Act 1966 in Malaysia.

The financial statements of the Council have been prepared under the historical cost convention, unless otherwise indicated in this summary of material accounting policies.

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. It also requires Board Members to exercise their judgement in process of applying the Council's accounting policies. Although these estimates and judgement are based on the Board Members' best knowledge of current events and actions, actual result may differ. There were no critical accounting estimates and assumptions significant to the financial statements.

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

<u>Standards, amendments to published standards and interpretations that are effective and applicable to the Council</u>

Below are the annual improvements and amendments to MFRS effective for the financial year beginning 1 January 2024:

- Amendments to MFRS 101 'Presentation of Financial Statements'

The adoption of other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

<u>Standards, amendments to published standards and interpretations that are applicable to the Council but not yet effective:</u>

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning on or after 1 January 2025.

- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026) have:

    o require financial assets to be derecognised on the date the contractual rights to the cash flows expire and financial liabilities to be derecognised when obligation under the contract Is discharged (i.e. settlement date). In addition, there is an optional exception to derecognise financial liabilitieis before the settlement date for settlement using electronic payment systems (if specified criteria are met);

    o clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

    o add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and

    o update the disclosures for equity instruments desiganted at fair value through other comprehensive income (FVOCI).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

Standards, amendments to published standards and interpretations that are applicable to the Council but not yet effective (continued)

- Annual improvements to MFRS Accounting Standards for enhanced consistency (effective 1 January 2026) have:

  The annual improvements comprise the following amendments:

  - Amendments to MFRS 7 on gain or loss on derecognition - obsolete cross-referencing is removed
  - Additionally, the implementation guidance is revised to address the inconsistency within MFRS 7 on disclosure of deferred difference between fair value and transaction price. The amendments also clarify that the credit risk guidance does not cover all MFRS requirements.
  - Amendments to MFRS 9 clarify that the derecognition principle of MFRS 9 should be applied by lessees to account for extinguished lease liabilities.
  - In addition, the term "transaction price" as defined in MFRS 15 has also been removed from MFRS 9.
  - Amendments to MFRS 10 resolve an inconsistency in determining whether a party is acting as a de facto agent.
  - Amendments to MFRS 107 replace the term 'cost method' which is not a defined term in MFRS

  An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

Standards, amendments to published standards and interpretations that are applicable to the Council but not yet effective (continued)

- MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'.

  The new MFRS introduces a new structure of profit or loss statements.

  (a) Income and expenses are classified into 3 main categories:

  - Operating category which typically includes results from main business activities;
  - Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
  - Financing category that presents income and expenses from financing liabilities

  (b) Entities are required to present two new specified subtotals:
  'Operating profit and loss' and 'Profit and loss before financing and income taxes'.

  - Management-defined performance measures ("MPMs") are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.

  - Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

The adoption of the accounting standards, amendments to published standards and interpretations to existing standard above are not expected to give rise to any material impact to the Council, except for the adoption of MFRS 18 of which the Council is in the midst of assessing the financial and disclosure impact.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the financial statements.

2.2 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Council’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

2.3 Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES

3.1 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 and receivables 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.

(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.

<u>Significant increase in credit risk</u>

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.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (continued)

(iii) Impairment (continued)

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.

3.2 Equipment

All items of equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all equipment, are stated at cost less accumulated depreciation and any impairment losses.

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 Equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Council and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of equipment are recognised in statement of comprehensive income as incurred.

Depreciation on equipment is charged to statement of comprehensive income (unless it is included in the carrying amount of another asset) on a reducing balance method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Computer hardware	40%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the different between the net disposal proceeds and the carrying amount, is recognised in statement of comprehensive income.

Fully depreciated equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these equipment.

INSTITUTIONAL INVESTORS COUNCIL MALAYSIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Income Taxes

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

3.4 Cash and cash equivalents

Cash and cash equivalents consist of cash at bank.

3.5 Government grants

Grants from government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Council will comply with all attached conditions.

Government grants relating to costs are recognised in profit or loss over the period to match the related costs for which the grants are intended to compensate.

3.6 Payables

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

3.7 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4 CONTRIBUTION/COMMISSION FROM EVENTS

	2024 RM	2023 RM
Contribution from IIC-SIDC Governance		
Sponsorship	427,672	-
Paid Participation	56,526	-
Training Fee	75	-
Late Fees Collected	10,000	-
	494,273	-

5 OPERATING EXPENSES

	2024 RM	2023 RM
Staff expenses	233,419	113,602
Payroll services	5,082	1,548
Adviser fee	135,617	79,187
Other staff expenses	10,308	-
Professional expenses*	60,331	39,890
Material and supplies	5,284	2,505
ICGN membership	3,730	3,686
Other operating expenses	5,758	3,327
Event management	222,984	-
Office rental expenses	12,000	-
CLBG application expenses	14,040	-
Stamping expenses	7,152	-
Proxy Voting Project expenses	86,910	-
Website expenses	26,162	-
Depreciation for equipment	12,740	-
	841,517	243,745

*Included in professional expenses is the statutory audit fees amounting to RM13,500 (2023: RM5,000).

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(Registered under the Societies Act, 1966)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6 TAXATION

The Council was established for the purpose of 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 MCII. Pursuant to the subsection 53A(2) of the Income Tax Act 1967,income arising from the transaction with members is not subject to taxation.

The taxable income of a club is attributed to taxable incomes and related expenses arising from non members, taxed at scale rates that are applicable to individuals as in Paragraph 1, Part, Schedule 1 of the Income Tax Act.

	2024 RM	2023 RM
Income tax for current financial year	2,771	-

A reconciliation of income tax expense applicable to the surplus before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Council is as follows:

	2024 RM	2023 RM
Surplus before taxation	443,097	66,255
Tax at:		
Fixed amount for first RMS0,000	1,500	1,500
Statutory tax rate of 11% on remaining	43,241	1,788
	44,741	3,288
Tax effects of:		
Net income exempted from income tax	(41,970)	(3,288)
Income tax expense for the financial year	2,771	-

7 FIXED DEPOSITS AT LICENSED BANK

	2024 RM	2023 RM
Fixed Deposit	500,000	-

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

8 DEFERRED GRANT INCOME RECEIVED IN CASH

	2024 RM	2023 RM
At 1 January		
Grant in cash received during the financial year	850,000	-
Grant in cash recognised as income during the financial year	(386,820)	-
At 31 December	463,180	-

9 PAYABLES

	2024 RM	2023 RM
Professional fees payable	15,546	7,500
	15,546	7,500

10 Deferred Income

	2024 RM	2023 RM
Advance payment received from member	15,000	-
	15,000	-

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INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Council's overall financial risk management objective is to categorise the potential adverse effects of these factors to protect and enhanced the interest of its members.

Market risk

(i) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Council does not hold any debUequity instruments as at the date of the statement of financial position.

(ii) Interest rate risk

Interest rate risk is the risk that the cost or value of financial instruments will fluctuate due to changes in market profit rates. The Council's comprises of deposits with financial institutions, which is short-term in nature. Therefore, exposure to interest rate fluctuations is minimal.

(iii) Currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Council is not exposed to foreign exchange risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For the financial assets recognised in the statement of financial position, the maximum exposure to credit risk equals the carrying amount as at 31 December 2024 and 31 December 2023.The Council does not have any major concentration of credit risk related to any individual customer or counterparty.

Liquidity risk

Liquidity risk is the risk of the Council being unable to meet its obligations at reasonable cost or at any time. The Council's liquidity risk management policy is to maintain sufficient cash balances to meet its daily working capital requirements.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued):

The table below summarises the maturity profile of the Council's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Below 1 year RM	Contractual undiscounted cash flows RM	Total carrying amount RM
31 December 2024			
Payables	15,546	15,546	15,546
Provision for taxation	2,771	2,771	2,771
	18,317	18,317	18,317
31 December 2023			
Payables	7,500	7,500	7,500
	7,500	7,500	7,500

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of financial assets and liabilities of the Council at the date of the statement of financial position approximated their fair values due to the short-term nature of the financial instruments.

12. CAPITAL MANAGEMENT

The Council manages it capital by maintaining an optimal capital structure so as to support its businesses and maximise council members value. To achieve this objective, the Council may make adjustments to the capital structure in view of changes in economic conditions.

13. 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 13 June 2025.

Society No.
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INSTITUTIONAL INVESTORS COUNCIL MALAYSIA
(Registered under the Societies Act, 1966)

STATEMENT BY COUNCIL BOARD MEMBERS

We, Nik Amlizan Mohamed and Ismitz Matthew De Alwis, two of the Council Board Members of Institutional Investors Council Malaysia., do hereby state that, in the oprnion of the Council Board Members, the accompanying financial statements set out on pages 5 to 22 are drawn up so as to give a true and fair view of the financial position of the Council as at 31 December 2024 and financial performance of the Council for the financial year ended 31 December 2024 in acc;;ordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the S0cieties Act, 1966 in Malaysia.

Signed on behalf of the Council Board Members in accordance with a resolution of the Council dated 13th June 2025.

NIK AMLIZAN MOHAMED
COUNCIL BOARD MEMBER

ISMITZ MATTHEW DE ALWIS
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 5 to 22 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 Kuala Lumpur, Malaysia on 13th June 2025.

Before me,

PESURUHJAYA SUMPAH
W927
RADZILAN BIN MAHMOOD
01 JAN 2025 - 14 MEI 2027
MALAYSIA
Lot 6.16D, Level 6,
Wisma Central, Jalan Ampang
50450 Kuala Lumpur

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Incorporated in Malaysia)
(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 2024, and of its financial performance and its cash flows for the financial year then ended 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 2024, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 5 to 22.

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' 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.

Information other than the financial statements and auditors' report thereon

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

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF INSTITUTIONAL INVESTORS COUNCIL MALAYSIA
(Incorporated in Malaysia)
(Society No. PPM-006-14-29122017)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 are 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 orto cease operations, or have no realistic alternative but to do so.

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.

pwc

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF INSTITUTIONAL INVESTORS COUNCIL MALAYSIA
(Incorporated in Malaysia)
(Society No. PPM-006-14-29122017)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 of the Council represent the underlying transactions and events in a manner that achieves fair presentation.

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Incorporated in Malaysia)
(Society No. PPM-006-14-29122017)

OTHER MATTERS

This report is made solely to the members of the Council, as a body, in accordance with 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

LEE TZE WOON KELVIN
03482/01/2026 J
Chartered Accountant

Kuala Lumpur
13June 2025

IIC
INSTITUTIONAL INVESTORS COUNCIL
MALAYSIA

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