Suruhanjaya Sekuriti
Securities Commission
Malaysia

Corporate Governance Monitor 2019

CORPORATE GOVERNANCE MONITOR 2019

Suruhanjaya Sekuriti
Securities Commission
Malaysia

Securities Commission Malaysia
3 Persiaran Bukit Kiara
Bukit Kiara
50490 Kuala Lumpur
Tel: +603–6204 8000 Fax: +603–6201 5078

Website: www.sc.com.my

Published in April 2019.
Revised in May 2019.

Cover image: Joel Filipe/Unsplash.com

CONTENTS

EXECUTIVE SUMMARY

In 2017, the Securities Commission Malaysia (SC) announced its *Corporate Governance Strategic Priorities* (2017-2020) (CG Priorities) which included the development of an internal web-based system that leverages advanced analytics capabilities to analyse both quantitative and qualitative data on corporate governance.

The SC's use of technology is a critical enabler for monitoring and analysing corporate governance policies and practices. In the CG Priorities, the SC committed to publish the analysis and observations through the release of a *Corporate Governance Monitor* (CG Monitor) publication.

The CG Monitor will be produced annually by the SC to present the overall state of play in relation to the adoption of the *Malaysian Code on Corporate Governance* (MCCG) and observations from the selected thematic reviews for the year. The content of the CG Monitor is organised as follows:

- **Key Highlights** present statistics on the landscape of listed issuers, boards, directors, the adoption of the MCCG and the thematic reviews selected for the year;

- **Adoption of the MCCG** provides an overview of the adoption of the MCCG by listed companies, including Step Up practices and Practices Identified for Large Companies;

- **Quality of Disclosure** maps the current quality of disclosure provided in the CG Reports, followed by observations on the quality of disclosure of selected practices; and

- **Thematic Reviews** which present observations on selected corporate governance issues selected for the year. This inaugural edition features thematic reviews on the following:

    - Long-serving independent directors – policies and practices of listed companies;
    - Gender diversity on boards and senior management; and
    - CEO remuneration on the top 100 listed companies on the Main Market of Bursa Malaysia.

The data presented in this CG Monitor were gathered from information available as at 31 December 2018, namely:

- The *Corporate Governance Reports* (CG Reports) of 841 listed companies on the Main Market and ACE Market of Bursa Malaysia. The CG Reports were released between 28 February and 31 December 2018; and

- Relevant announcements made by listed issuers via the website of Bursa Malaysia.

Some of the main observations from the review in 2018 are as follows:

- 27 of the MCCG best practices had an adoption level of more than 70% i.e. these practices were adopted by more than 70% of the 841 listed companies;

- 74% of companies adopted at least 1 Step Up practice;

- Listed companies generally provide disclosures which contained the minimum information required to explain the adoption or departure from the MCCG practices;

- 131 listed companies disclosed the top 5 senior management remuneration in bands of RM50,000 and a further 25 listed companies disclosed the detailed remuneration of senior management on a named basis;

- Malaysia made steady progress in terms of gender diversity on boards. Comparing figures between December 2016 and December 2018, there was a 7 percentage point increase for the top 100 listed companies (from 16.6% to 23.68%) and a 4 percentage point increase (from 12% to 15.69%) for all listed companies;

- Target set in 2017 to have no all-male boards in the top 100 listed companies by the end of 2018 was achieved. In January 2018, the SC announced the 7 top 100 listed companies with all male boards. All 7 companies have since appointed a woman director on their board;

- 242 resolutions to retain long-serving independent directors with tenure of more than 12 years were put to vote using the two-tier voting process. One of the resolutions was defeated with dissenting votes of more than 70% in Tier 2; and

- 81% of CEOs of the top 100 listed companies by market capitalisation received RM10 million or less in remuneration.

Through the CG Monitor, the SC aims to provide data and observations to facilitate stakeholders including boards, management, shareholders and the investment community in driving corporate governance excellence. The SC and Bursa Malaysia will engage companies on breaches of mandatory requirements, areas of concern and will closely monitor the developments of these companies to ensure the necessary measures are undertaken to bridge the gaps in their corporate governance practices.

In 2019, the SC will review the anti-corruption measures of listed companies as part of our efforts to implement the National Anti-Corruption Plan (2019-2023) (NACP) launched on 29 January 2019. The NACP identified corporate governance as one of the six priority areas under the plan, and has outlined several measures under Strategy 6 – Inculcating Good Governance in Corporate Entity. The findings of the review will be published in the next edition of the CG Monitor.

01 KEY HIGHLIGHTS

Landscape of listed issuers

930 total number of listed issuers

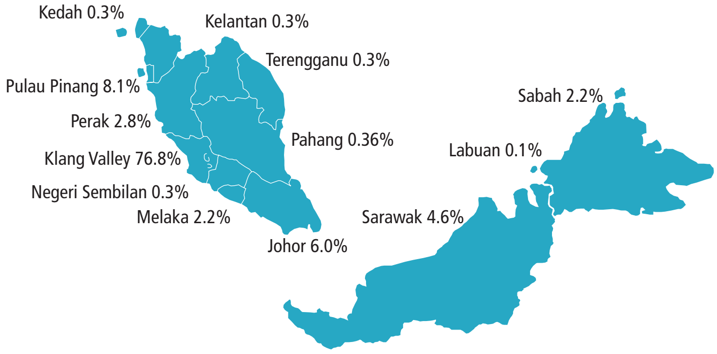
Excluding LEAP market

801 Main Market | **119** ACE Market | **10** ETF

by market capitalisation

106 Large listed issuers | **54** Mid-cap listed Issuers | **770** Small-cap listed Issuers

Majority of listed issuers have registered offices in the Klang Valley



Landscape of boards and directors

5,231 total number of individual directors

Breakdown of director population by gender

4,398 (84.08%) Men | **833** (15.92%) Women

5,231 individual directors holding 6,497 board positions

2,116 Executive | **1,137** Non–Independent Non–Executive | **3,244** Independent Non-Executive

83% of directors hold only 1 board position

50 years tenure of the longest-serving executive director

40 years tenure of the longest-serving independent director

Gender diversity on boards and senior management

634 listed issuers have at least 1 woman director on the board

23.68% (2016: 16.6%) of board positions on the top 100 listed issuers were held by women

15.69% (2016: 12%) of board positions on all listed issuers were held by women

134 listed issuers with 30% or more women directors → **16** listed issuers have 50% or more women directors

Target achieved

No all–male boards on the top 100 listed companies

Note: In January 2018, the SC announced the 7 top 100 listed companies with all–male boards. All 7 companies have since appointed a woman director.

28% women in senior management positions; above the Asia Pacific average of 23%.

Grant Thornton, 2018

Long-serving independent directors

785 independent directors had tenure of ≥ 9 years

Tenure	Directors
between 9 to 12 years	394
between 13 to 20 years	322
between 21 to 30 years	66
between 31 to 40 years	3

447 listed companies have long-serving independent directors on their boards

Tenure	Companies*
between 9 to 12 years	287
between 13 to 20 years	218
between 21 to 30 years	52
between 31 to 40 years	3

** Some companies may have more than one long-serving independent director*

24.2% of independent board positions were served by the same director for more than 9 years

242 resolutions were voted using the two-tier voting process

116 independent directors with tenure > 12 years resigned from the board after the introduction of the two-tier voting process

CEO remuneration

(Top 100 listed companies)

RM168 million highest CEO remuneration

RM33.9 million highest CEO remuneration among GLCs

RM7.98 million highest median by sector – Telecommunications and Media

81% of CEOs on the top 100 listed companies received RM10 million or less in remuneration

MCCG Adoption

27 MCCG best practices had an adoption level of above 70%

74% of listed companies adopted at least one Step Up practice

12 listed companies adopted at least 3 Step Up practices → **6** Mid-cap and small-cap companies

25 listed companies disclosed detailed senior management remuneration → **22** Mid-cap and small-cap companies

163 listed companies have a 9-year tenure limit with annual shareholders approval for extension → **135** Mid-cap and small-cap companies

25 listed companies have a 9-year tenure limit without further extension → **14** Mid-cap and small-cap companies

02 ADOPTION OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE

The enhanced MCCG was released in April 2017 and the first batch of companies to begin reporting on the adoption of the MCCG were companies with financial year ending 31 December 2017. As at 31 December 2018, a total of 841 CG Reports were released on the Bursa Malaysia website. This chapter presents key observations on the adoption of the MCCG based on the disclosure made in the CG Reports.

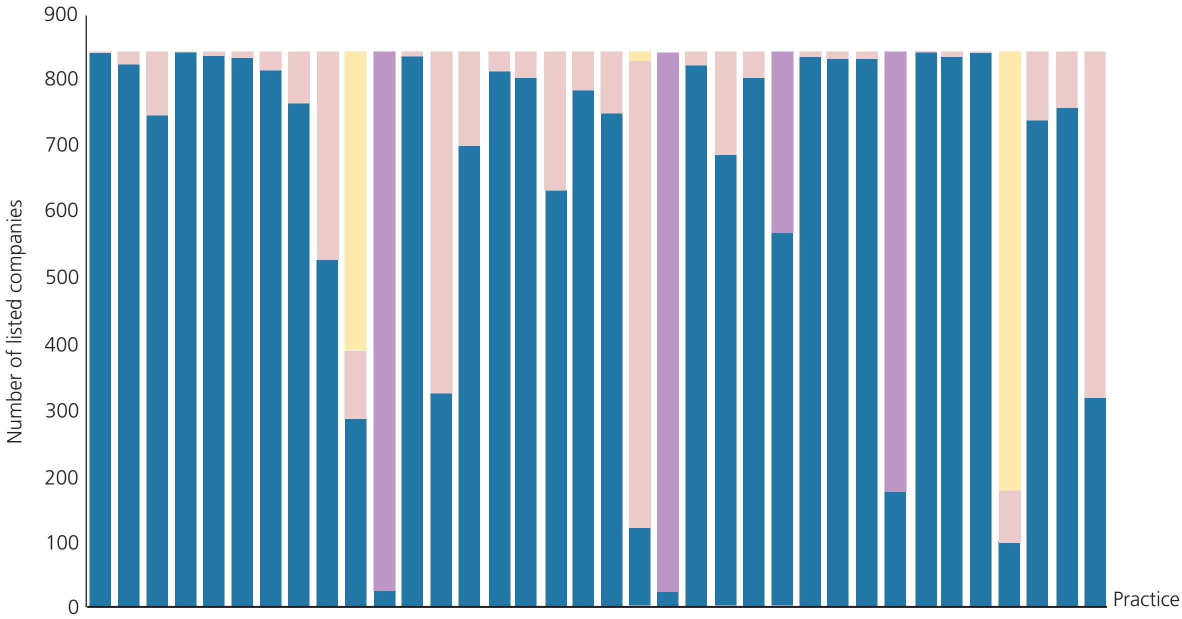
OBSERVATIONS

Throughout 2018, the SC observed positive levels of adoption across a majority of the MCCG best practices. A total of 27 best practices had an adoption level of above 70% i.e. of the 841 listed companies, more than 70% had adopted these practices. Best practices related to board responsibilities, the audit committee and risk management and internal control framework had among the highest levels of adoption.

Some of the best practices which were enhanced or newly introduced in 2017 such as the Step Up practices, disclosure of senior management remuneration, adoption of integrated reporting and the use of technology to facilitate shareholder participation recorded relatively lower adoption levels. However the SC is encouraged to note that there were a number of early adopters including mid-cap and small-cap companies. The overall level of adoption across all best practices is presented in Figure 1, followed by discussions on the adoption of the best practices, including Step Up practices and Practices Identified for Large Companies.

Figure 1

MCCG – Level of Adoption



Practice	1.1	1.2	1.3	1.4	1.5	2.1	3.1	3.2	4.1	4.2	4.3	4.4	4.5	4.6	4.7	5.1	6.1	6.2	7.1	7.2
Applied	839	821	745	840	835	831	812	762	525	284	25	835	323	696	812	800	632	782	750	131
Departure	2	20	96	1	6	10	29	79	316	104		6	518	145	29	41	209	59	91	685
Not Applicable										453										25
Not Adopted (For Step-Up practices)											816									

Practice	7.3	8.1	8.2	8.3	8.4	8.5	9.1	9.2	9.3	10.1	10.2	11.1	11.2	12.1	12.2	12.3
Applied	25	820	686	800	567	831	828	830	176	839	833	840	100	736	756	317
Departure		21	155	41		10	13	11		2	8	1	78	105	85	524
Not Applicable													663			
Not Adopted (For Step-Up practices)	816				274				665							

BEST PRACTICES WITH HIGH LEVELS OF ADOPTION

Seven best practices had among the highest level of adoption and less than 10 departures. These practices are presented in Table 1, followed by observations on the reasons for departure.

Table 1

Practices with the highest level of adoption and less than 10 departures

(Sorted by the least number of departures)

Practice	Number of departure(s)
Practice 1.4 – The board is supported by a suitably qualified and competent Company Secretary.	1
Practice 11.1 – The board ensures there is effective, transparent and regular communication with its stakeholders.	1
Practice 1.1 - The board should set the company's strategic aims, ensure the necessary resources are in place to meet the company's objectives and review management performance.	2
Practice 10.1 – The Audit Committee should ensure that the internal audit function is effective and able to function independently.	2
Practice 1.5 – Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.	6
Practice 4.4 – Appointment of the board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.	6
Practice 10.2 – The board should disclose among others whether the internal audit personnel are free from any relationships or conflicts of interest and whether the internal audit function is carried out in accordance with a recognised framework	8

Note: The practices are summarised for brevity. For full description of the practices, refer to the MCCG.

Practice 1.1

There were 2 companies which reported departure from Practice 1.1, which recommends that the board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to the shareholders and other stakeholders are understood and met.

One of the companies provided no explanation for the departure and only stated that the company "*Will adopt at a later stage*". This is unacceptable as it is a blatant disregard of a fundamental corporate governance practice, reflecting poorly on the corporate governance standards of this company and failure of its board.

The other company provided the following explanation for its departure–

"The Board consists of 3 (three) Independent and Non-Executive Directors 'INEDs' and 5 (five) Executive Directors 'EDs'. The INEDs are not involved in setting the business's strategies and plans. Due to our INEDs are not involve with the business operation and all the EDs are actively dealing with the day to day business operations, therefore all the business strategic and objectives are set by the EDs and they will provide an overview of the resulting plan and update on key issues to the board. The bi-monthly Risk Management Meeting minutes and action plans are briefed to the Board during Board Meeting for Board's assurance"[1].

The SC would like to emphasise that all directors have fiduciary duties and are required to act in the best interest of the company. Directors should not absolve completely its duties to management without having proper oversight of the company. Therefore the independent directors should not completely delegate the responsibility of setting the business strategies and plans of the company to the executives.

The following judgments affirms the fiduciary duties of the board and the role of the non-executive directors.

Ravichanthiran a/l Ganesan v Percetakan Wawasan Maju Sdn Bhd & Ors [2008] 8 MLJ 450,

Per Ramly Ali J

"… Even, assuming that the plaintiff is a non-executive director, nevertheless he is still a director in the eyes of the law and his roles and duties are governed by the Companies Act 1965 in particular, s 132. Furthermore a non-executive director is entrusted to look after the affairs of the company and to keep a close watch on the company's managers and other directors in order to safeguard the investment of shareholders."

Sime Darby Bhd vs Dato Seri Ahmad Zubair @ Ahmad Zubir bin Hj Murshid & Ors and Tun Musa Hitam & Ors (third parties) [2012] MLJ 464

Per Lee Swee Seng JC

"… Thus, when the authorities and regulators bring an action against the Directors, none of the Non-Executive Directors can wriggle their way out of liability especially when the statute imposes personal liability on all. In that context I would agree that although a certain degree of delegation is permitted, the Board retains an overall duty of supervision and control."

1 The disclosure are original extracts from the companies' CG Report. The name of the companies were removed.

Practice 1.4

In one company which reported departure from Practice 1.4, its Chief Financial Officer is currently assuming the role of acting company secretary. Based on the disclosure provided in the CG Report, this appears to be an interim arrangement of the company.

Practice 1.5

The companies which reported departure from Practice 1.5 disclosed that generally, meeting materials are provided to directors at least 5 business days in advance of the board meeting. However, the companies highlighted that there were occasions when documents such as financial reports were not able to be prepared in time. Given the volume of information that directors are expected to review, it is critical that directors are provided with sufficient time to prepare accordingly. The Chairman and the company secretary must ensure this is the case in order to facilitate robust board deliberations.

Practice 4.4

Based on the disclosures made in the CG Reports of these companies, it appears that aspects of diversity may be considered by the board in identifying candidates for board and senior management positions. However, the criteria for board diversity including selection and evaluation of candidates is not formalised. This increases the risks of board diversity being considered on an ad-hoc basis compared to the board being guided by clear policies and processes to select and evaluate candidates for board and senior management positions.

Practice 10.1

Two companies reported departure from Practice 10.1. One company was classified as a PN17 company in November 2017 which affected the adoption of best practices related to the internal audit function i.e. practices 10.1 and 10.2 The board reported that it will only be able to implement an organisation risk management and internal control framework as part of its regularisation plan.

The other company explained that it was in the middle of disposing the company's core business, which affected the provision of an outsourced internal audit function. The company committed to re-establish the internal audit function once the new core business is in place.

Practice 10.2

The companies which reported departure from Practice 10.2 had outsourced internal audit functions. Practice 10.2 expects the disclosure of salient information to enable stakeholders to evaluate whether the internal audit function is independent, objective, sufficiently resourced to undertake its functions, and is carried out in accordance with a recognised framework. Having an outsourced internal audit function is not considered to be a departure from Practice 10.2, provided it does not compromise on the independence and effectiveness of the internal audit function.

BEST PRACTICES WITH HIGH LEVELS OF DEPARTURE

Apart from the Step Up practices, the following best practices had among the highest level of departures, as presented in Table 2.

Table 2
Practices with the highest level of departures
(Sorted by the highest number of departures)

Practice	Number of departures
Practice 7.2 – The board discloses on a named basis the top 5 senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000	685
Practice 12.3 – Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate– • voting including voting in absentia; and • remote shareholders' participation at General Meetings	524
Practice 4.5 – The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.	518

Observations on the adoption of Step Up practices is presented in the following section of this chapter including the adoption of Practice 7.2 as it is related to Step Up Practice 7.3 on the disclosure of detailed senior management remuneration. Observations on the adoption of Practice 4.5 which relates to disclosure is presented in Chapter 3 – Quality of Disclosure.

In relation to Practice 12.3, a majority of companies which reported departures explained that the companies' general meeting were held in accessible locations and/or the company did not have large number of shareholders. While this may be the case, companies should be open to consider the use of relevant technology to provide ease for shareholders participation and improve the conduct of general meetings. On March 2019, Bursa Malaysia successfully conducted its 42nd Annual General Meeting with the use of an online tool to facilitate remote shareholder participation.

STEP UP PRACTICES

In 2018, 74% of listed companies adopted at least one Step Up practice (Table 3), including 12 listed companies which adopted at least 3 practices (Table 4). The SC observed that among the trailblazers were mid-cap and small-cap companies. For example, 20 small-cap companies adopted Step Up Practice 7.3 (disclosure of detailed senior management remuneration), compared to only 3 Large Companies, which reflected the degree of appreciation for transparency in relation to senior management remuneration even among smaller companies. The SC commends these companies for their commitment and effort towards achieving corporate governance excellence.

Table 3

Adoption of Step Up practices

Step Up practice	Total number of companies	Breakdown by size		
		Large Companies	Mid-cap Companies	Small-cap Companies
Step Up Practice 4.3: 9-year tenure limit for independent directors, without further extension	25	11	1	13
Step Up Practice 7.3: Disclosure of detailed senior management remuneration on a named basis	25	3	2	20
Step Up Practice 8.4: Audit Committee comprises solely of independent directors	567	65	31	471
Step Up Practice 9.3: Board establishes a Risk Management Committee	176	42	9	125

Table 4

Adoption of at least three Step Up practices by listed companies

Company	Number of Step Up practices adopted	Step Up practices
1. Bursa Malaysia Bhd	4	(4.3, 7.3, 8.4 & 9.3)
2. Nova Wellness Group Bhd	3	(4.3, 8.4 & 9.3)
3. AMMB Holdings Bhd	3	(4.3, 8.4 & 9.3)
4. CIMB Group Holdings Bhd	3	(4.3, 8.4 & 9.3)
5. Public Bank Bhd	3	(4.3, 8.4 & 9.3)
6. Iskandar Waterfront City Bhd	3	(7.3, 8.4 & 9.3)
7. Media Prima Bhd	3	(7.3, 8.4 & 9.3)
8. Protasco Bhd	3	(4.3, 8.4 & 9.3)
9. Pantech Group Holdings Bhd	3	(4.3, 8.4 & 9.3)
10. Affin Bank Bhd	3	(4.3, 8.4 & 9.3)
11. CCM Duopharma Biotech Bhd	3	(4.3, 8.4 & 9.3)
12. KPJ Healthcare Bhd	3	(4.3, 8.4 & 9.3)

A total of 188 listed companies reported the adoption of Step Up Practice 4.3. However, upon verification, the SC found that the policies of 163 companies still provide an avenue for extension of the independent director beyond 9 years, subject to shareholders approval, which is contrary to the representation in the companies' CG Reports. These companies will not be considered as having adopted Step Up Practice 4.3. Thus, only 25 companies adopted Step Up Practice 4.3. The SC expects the 163 companies to review their policies and reflect it accurately in the relevant documents including the CG Report and the company's board charter, to avoid misleading its stakeholders. Fair and accurate disclosure is a key tenet of corporate governance.

Practice 7.1[2], 7.2[3] and Step Up Practice 7.3[4] of the MCCG encourage companies to disclose the remuneration of directors and senior management to enable shareholders to assess whether directors and senior management remuneration are appropriate, taking into consideration the individual's responsibilities, contribution and whether it is aligned with the performance, strategy and long-term objectives of the company. In November 2017, the *Bursa Malaysia Listing Requirements* mandated the disclosure of detailed directors remuneration on a named basis.

Practice 7.2 (disclosure of senior management remuneration) has a relatively low adoption level with most companies citing confidentiality, concerns over the safety of members of senior management and the poaching of talent as reasons for non-disclosure.

Despite the level of adoption of Practice 7.2 being relatively low as compared to other practices, the SC would like to highlight that 131 listed companies disclosed the top 5 senior management's remuneration in bands of RM50,000, and a further 25 companies went a step further and disclosed the detailed remuneration of each member of senior management on a named basis (Step Up Practice 7.3). The list of companies that adopted Step Up Practice 7.3 is presented in Table 5, and the SC strongly encourages other companies to follow suit.

Table 5

List of companies that disclosed detailed remuneration of senior management on a named basis

1. B.I.G Industries Bhd	13. Iskandar Waterfront City Bhd
2. Bonia Corporation Bhd	14. Kerjaya Prospek Group Bhd
3. Bursa Malaysia Bhd	15. Media Prima Bhd
4. CCK Consolidated Holdings Bhd	16. Minetech Resources Bhd
5. CNI Holdings Bhd	17. MLabs Systems Bhd#
6. E.A. Technique (M) Bhd	18. NetX holdings Bhd#
7. Focus Lumber Bhd	19. Panasonic Manufacturing Malaysia Bhd
8. Gamuda Bhd	20. Pantech Group Holdings Bhd
9. GD Express Carrier Bhd	21. Rhone Ma Holdings Bhd
10. Green Ocean Corporation Bhd#	22. Sinotop Holdings Bhd
11. GSB Group Berhad	23. TAFI Industries Bhd
12. Ire-Tex Corporation Bhd	24. Xidelang Holdings Ltd
	25. Xinghe Holdings Bhd#
# ACE Market	

2 Disclosure of detailed director remuneration on a named basis. Detailed disclosure included fees, salary, bonus, benefits in-kind and other emoluments.

3 Disclosure of detailed remuneration of the top 5 senior management on a named basis in bands of RM50,000.

4 Disclosure of detailed remuneration of senior management on a named basis.

PRACTICES IDENTIFIED FOR LARGE COMPANIES

In addition to the Step Up practices, the MCCG also identified best practices which Large Companies are encouraged to adopt (Table 6).

While these practices have been identified for Large Companies, it is encouraging to note that a number of mid-cap and small-cap companies have adopted them.

The SC will undertake a review of the adoption of integrated reporting by listed companies, and the results of the review will be shared in the next edition of the CG Monitor.

Table 6

Level of adoption for Practices Identified for Large Companies

Practice	Large companies	Mid-cap companies	Small-cap companies
Practice 4.1: The board comprises a majority independent directors.	58	18	280
Practice 4.5: The board has 30% or more women directors on board.	31	11	92
Practice 5.1: The board engages independent experts periodically to facilitate board evaluations.[5]	81	N/A	N/A
Practice 11.2: Adoption of integrated reporting based on a globally recognised framework.	28	10	62

Note: The practices are summarised for brevity. For full description of the practices, refer to the MCCG.

MOVING FORWARD

The SC will continue to introduce new regulatory measures as well as apply behavioural economics insights to nudge listed companies towards higher adoption of corporate governance best practices.

The SC is confident that with the collective effort of all stakeholders, including engagements between companies and their stakeholders, there will continue to be improvements in the corporate governance practices of listed companies. The SC will closely monitor the progress of companies and collaborate with relevant stakeholders to further strengthen the corporate governance standards of companies. For breaches of the Listing Requirements, Bursa will evaluate the facts surrounding the non-adherence before taking any actions.

[5] In Practice 5.1, Large Companies are encouraged to engage independent experts periodically to facilitate board evaluations, hence the table does not include statistics in relation to adoption by mid-cap and small-cap companies.

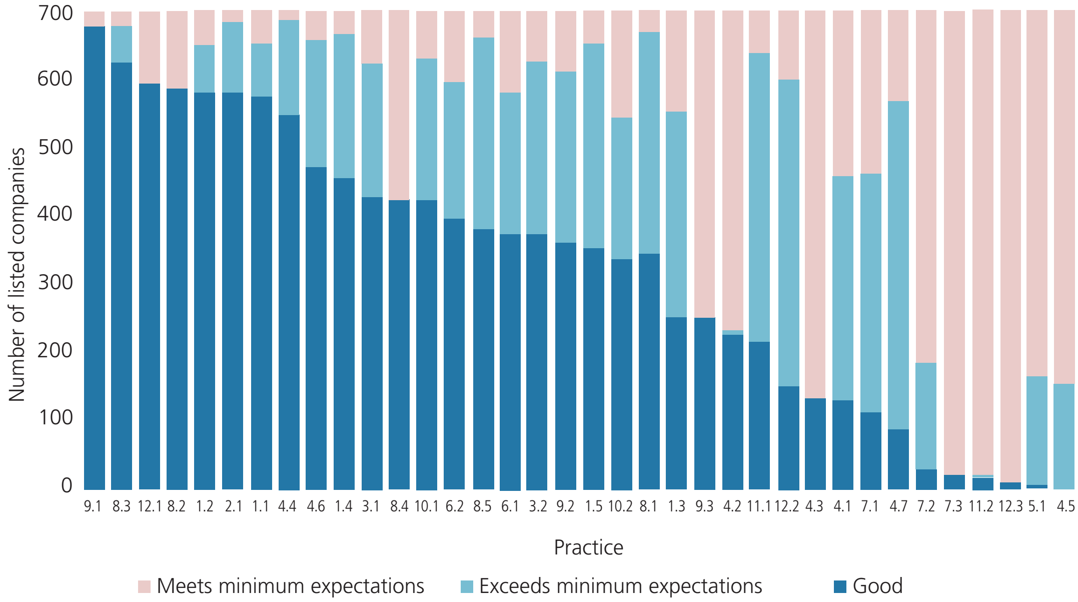
03 QUALITY OF DISCLOSURE

One of the key tenets of the Comprehend, Apply, and Report (CARE) approach espoused by the MCCG is the need to provide reliable and meaningful disclosure on the company's corporate governance practices. Companies should put themselves in the shoes of the users of this information and ensure that the disclosure provides the explanation, discussion and data (where relevant) required for users to understand and assess the company's corporate governance practices. Disclosure which promotes real transparency is a pivotal feature of market-based monitoring of companies, and critical to enable shareholders to exercise their rights on an informed basis. Disclosure can also be a powerful tool for influencing the behavior of companies and protecting investors[1].

In 2018, the SC began leveraging technology including text analytics to monitor the adoption of the MCCG and the quality of disclosures in the CG Reports of listed companies. Manual review was still undertaken to complement the development of the text analytics, and the capacity of the text analytics is expected to improve as more data is analysed. The evaluation of disclosure is guided by a matrix which considers among others the information disclosed, depth of explanation, strength of alternative practices and the timeframe for adoption. A mapping of the quality of disclosures is provided below (Figure 1).

Figure 1

Quality of disclosure (Total listed companies – 715)



[1] Principle V – Disclosure and Transparency, G20/OECD Principles on Corporate Governance

In 2018, 843 listed companies were expected to release their CG Reports on the website of Bursa Malaysia using the prescribed format. The prescribed format was introduced to facilitate monitoring, improve readability of corporate governance disclosures, and to provide a system-friendly format to enable data collection and analysis. However, in 2018, 126 listed companies amended the prescribed format, which is a breach of the Listing Requirements[2] and the changes affected the ability of the system to analyse information in these CG Reports. Two other companies failed to release their CG Reports altogether. Hence the total number of CG Reports evaluated by the system for quality of disclosure in 2018 was 715 companies.

OBSERVATIONS

Companies generally provide disclosures which contain the minimum information required to explain adoption or departure from the MCCG best practices. However, it is important for companies to provide more than the minimum expected, and ensure there is sufficient depth in the explanation, particularly when explaining reasons for departure and the adoption of alternative practices. In doing so, companies should be guided by the Intended Outcomes and Guidance provided in the MCCG.

Some of the common gaps found when explaining departures included:

- Companies using the corporate governance requirements under the Listing Requirements as the reason for departure or as an alternative practice. For example, companies relying on compliance with the requirement of having one third independent directors on the board (Paragraph 15.02, Listing Requirements) as an alternative to adopting MCCG Practice 4.1 which recommends at least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

  Practice Note 9 of the Listing Requirements explicitly states that listed issuers must not merely state that it has complied with the requirements under the Listing Requirements as the reason for departure. The listed issuer must still provide an explanation for the departure and disclose the alternative practice and how the alternative practice has achieved the Intended Outcome.

- Large Companies failing to provide meaningful explanation for departures, the measures the company has or will undertake and the timeframe for adoption. Companies which stated 'in the future', 'as and when necessary' or 'when the need arises in the future' are considered to have failed to provide a reasonable timeframe for adoption. Such open ended statements do not provide stakeholders with any indication of time nor can it be relied on to track the company's progress. It also reflects poorly on the commitment of the board to adopt corporate governance best practices.

---

2 Listing Requirements FAQs – 15.30A – The listed issuer must strictly comply with the prescribed format of the CG Report with no exception whatsoever.

Paragraph 3.2A Practice Note 9 of Listing Requirements

In disclosing the application of each Practice in the CG Report, a listed issuer must provide meaningful explanation on how it has applied the Practice. If the listed issuer has departed from a Practice, it must–

(a) provide an explanation for the departure; and
(b) disclose the alternative practice it has adopted and how such alternative practice achieves the Intended Outcome as set out in the MCCG (Intended Outcome).

Paragraph 3.2B Practice Note 9 of Listing Requirements

In explaining the departure from a Practice as required under paragraph 3.2A(a), a listed issuer must not merely state that it has complied with the requirements under the Listing Requirements as the reason for the departure. The listed issuer must still provide an explanation for the departure and disclose the alternative practice and how the alternative practice has achieved the Intended Outcome as required under paragraph 3.2A(b).

Paragraph 3.2C Practice Note 9 of Listing Requirements

In addition to the information in paragraph 3.2A above, a listed issuer defined as a Large Company under the MCCG (Large Company) must also disclose the following if it departs from a Practice:

(a) actions which it has taken or intends to take; and
(b) timeframe required,

to achieve application of the Practice.

The following are observations on the quality of disclosures for practices 4.5 and 5.1 which have among the lowest number of disclosures categorized as 'Good' compared to the other best practices.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Out of 841 companies, only 323 listed companies adopted Practice 4.5. The SC expected the level of adoption to be higher given the consistent emphasis by various stakeholders including the government, regulators, investors and advocates on the need for gender diversity on boards and senior management.

When companies explain the adoption of Practice 4.5, the explanation often does not include discussion on the company's target and measures to achieve the target. Companies tend to explain that the board is supportive of gender diversity, strives to promote diversity and considers gender balance in the appointment of new directors without any further elaboration. Such explanation falls short of the expectation. The target provides a measure to track the company's progress or lack thereof – what gets measured gets done. Sharing the company's measures allows stakeholders to evaluate its commitment and determination in achieving its target.

On the other hand, the common explanation provided by listed companies to explain departure from the practice is that the board considers appointments based on merit and not gender.

It has to be made clear that it is expected of boards to ensure that any individual appointed to the board (regardless of gender) possess the qualification, skills and experience required for the position. Setting a gender diversity policy and target does not dilute this expectation.

Below are examples of disclosures made in the CG Reports of two companies; one which is unsatisfactory while the other is what 'good looks like'.

Unsaticfactory Disclosure

"In its evaluation, the Board does not favour any particular gender or ethnicity. Instead, the Board makes its decision on the appointment based on the qualities of the candidate. The Board currently does not comprise any women directors. However, when such an appointment becomes necessary, the Board is prepared to consider the appointment of a women director if the candidate has the desired merits."
"The Nomination Committee and the Board of Directors had deliberated on the issue and concluded that the selection of candidate for directorship should preferably be based on qualification, skill, capability and experience of a person instead of just base on gender. However, the Board is receptive to the appointment of suitably qualified women director when there is a vacancy."[1]

[1] The disclosure are original extract from the companies' CG Report. The name of the companies were removed.

What 'good looks like'

"The Board recognises the importance of having a diverse Board in terms of experience, skills, competence, ethnicity, gender, culture and age. A diverse Board facilitates optimal decision making by harnessing different insights, perspectives, experience and exposure. The Board's commitment to diversity permeates throughout all levels of the organisation, including the appointment of candidate to the Board. While the Board supports the universal move to appoint more female Directors to the Board, the Board is guided by the principal that appointment of new Board member shall not be based solely on gender but rather the candidate's skill set, competencies, experience and knowledge in areas identified by the Board. Nevertheless, the Board fully endorsed that female candidates should be included in the evaluation process for appointment of new Directors to the Board. As at 31 December 2017, there was 1 woman Director on the Board, which made up to 20% of the Board. The Board intensified its effort to source for another suitable female candidate for appointment to the Board. To date, the effort for sourcing of a female candidate is fruitful and the Board is confident that the Board will be able to meet the 30% female Directors target by the year end of 2018. The NRC performs an annual review of the composition of the Board in terms of the appropriate size and mix of skills, balance between Executive, Non-Executive and Independent Non-Executive Directors as well as diversity including gender diversity and other core competencies required ('Composition Mix') to ensure that Composition Mix is appropriate and relevant to the business of the Company. The Group recognises the importance of a diverse workforce and abides by the principle of non-discrimination at the workplace based on age, disability, gender, race, religion, political preference and support diversity by recruiting according to skills, knowledge, experience, talents and ability rather than based on gender, race and ethnicity. "

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome. For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Practice 5.1 has a relatively high level of adoption with 800 listed companies adopting the practice. Despite this, the explanations provided by the companies on the adoption of the practice lacks details particularly in relation to the outcomes of the board effectiveness evaluation.

There is considerably more information being provided on how the evaluation was conducted and whether an independent expert was engaged. However, the explanation often does not include discussion on the key strengths and/or weakness that were identified from the evaluation, nor the measures that will or have been undertaken to address any weaknesses. The explanations provided usually stop at "the outcomes were reported to the board for further consideration and action".

[2] *Ibid*.

Such explanation lacks the information required for stakeholders to appreciate the board evaluation process and more importantly be informed of its outcomes. Disclosing the method of evaluation is only half of the picture, as it describes the 'how'. For the disclosure to be meaningful and useful, boards must ensure there is sufficient discussion on the outcomes of the evaluations, and the board's next steps.

In relation to the explanation for departures, the SC found that a number of companies disclosed that the board evaluation is undertaken by the Nomination Committee. Such practice is not considered as a departure from Practice 5.1, provided the evaluation covers the effectiveness of the board, its committees, and each individual director. In addition, the board takes ultimate responsibility to ensure that necessary measures are undertaken to address any gaps and that shareholders are informed accordingly.

Below are examples of disclosure provided in the CG Reports of two companies; one which failed to provide a description of the evaluation methodology and its outcomes. In contrast is an explanation provided by another company on the findings of the evaluation and the next steps that the board will be taking in relation to it.

Unsaticfactory Disclosure

During the year, the Board conducted an internally facilitated Board assessment via the Nomination Committee. The results and recommendations from the evaluation of the Board and Committees are reported to the full Board for full consideration and action. The Board was comfortable with the outcome and that the skills and experience of the current Directors satisfy the requirements of the skills matrix and that the Chairman possesses the leadership to safeguard the stakeholders' interest and ensure the Group's profitable performance[3].

What 'good looks like'

Based on the average ratings to the areas of assessment under the Board Effectiveness Evaluation (BEE) 2016/2017, the key strengths were visible in the Responsibility and Conduct, Composition, Process and Administration. The Board is strong and clear in the strategic direction, ethics oversight as well as legal and regulatory compliance of the Company. The Board as a whole operates effectively as a team and has shown synergy amongst its members. The Board Committees are very effective in assisting the Board to carry out its duties, through their respective members who have brought with them the required functional knowledge and expertise. As the average rating of BEE 2016/2017 for the Board was relatively high, no apparent weakness/shortcoming had been identified. However, with the view to raise the bar on the performance of the Board and its Committees, the Nomination and Remuneration Committee (NRC) reviewed the specific questions in the BEE 2016/2017 in relation to the Board and Board Committees effectiveness which had scored below 4.0 (full score is 5.0), to ascertain possible enhancement areas. Based on the findings in the BEE 2016/2017, the Board agreed on two enhancement areas relating to training needs of the Directors to upskill and/or further equip the Directors with the necessary competencies and knowledge to meet the needs of the Board[4].

---

3 *Ibid.*
4 *Ibid.*

MOVING FORWARD

The SC urges companies to improve the quality of disclosures as meaningful and reliable disclosures are crucial to promote market discipline and facilitate shareholders' activism.

The SC through Bursa Malaysia will be engaging the listed companies which have breached the Listing Requirements in relation to disclosure on the adoption of the MCCG, and to improve the quality of disclosures overall.

04 THEMATIC REVIEW 1
Long-Serving Independent Directors: Policies and Practices

In earlier iterations of the MCCG and as early as 2012, it was recommended that the tenure of independent directors should not exceed a cumulative term of 9 years. The practice was in recognition of the risk of familiarity impeding the objectivity of the independent director. Setting a tenure limit is also recognised as a means of controlling the risk of entrenchment and facilitating board refreshment to ensure it has the optimum mix of skills and experience required to lead and navigate the company.

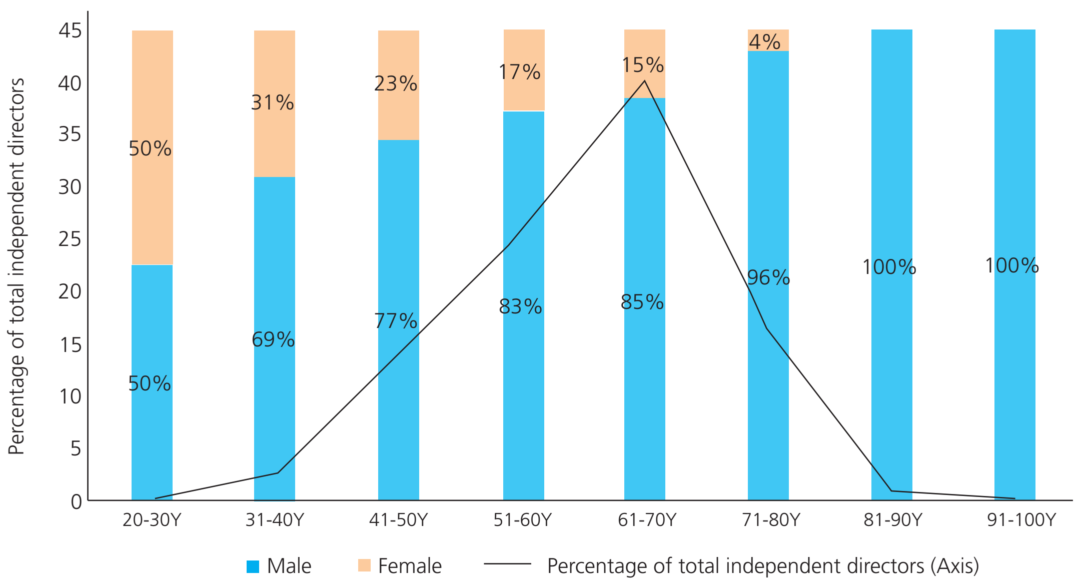
The requirement was further strengthened in the revision of the MCCG in 2017 by introducing another nudge to alert boards and shareholders on the retention of long-serving independent directors who have served for more than 12 years. Practice 4.2 states that if the board continues to retain an independent director after the 12th year, the board should seek annual shareholders' approval annually through a two-tier voting process (Refer to Appendix 1 for details of two-tier voting process). This process allows shareholders to assess and determine whether the long-serving independent director is still able to provide objective and independent challenge, and to nudge boards to consider refreshing its composition.

As at 31 December 2018, there were 3,244 independent board positions that were occupied by 2,503 independent directors.

AGE

Most of the independent directors are between the age of 61 to 70 years. The average age of a male independent director is 62 years while the average age of a woman director is 57 years.The youngest independent director is 26 years old (woman) while the most senior independent director is 92 (male). The latter has held the same position for the past 24 years. The breakdown of independent directors by age group is presented in Figure 1.

Figure 1
Breakdown of independent directors' age group

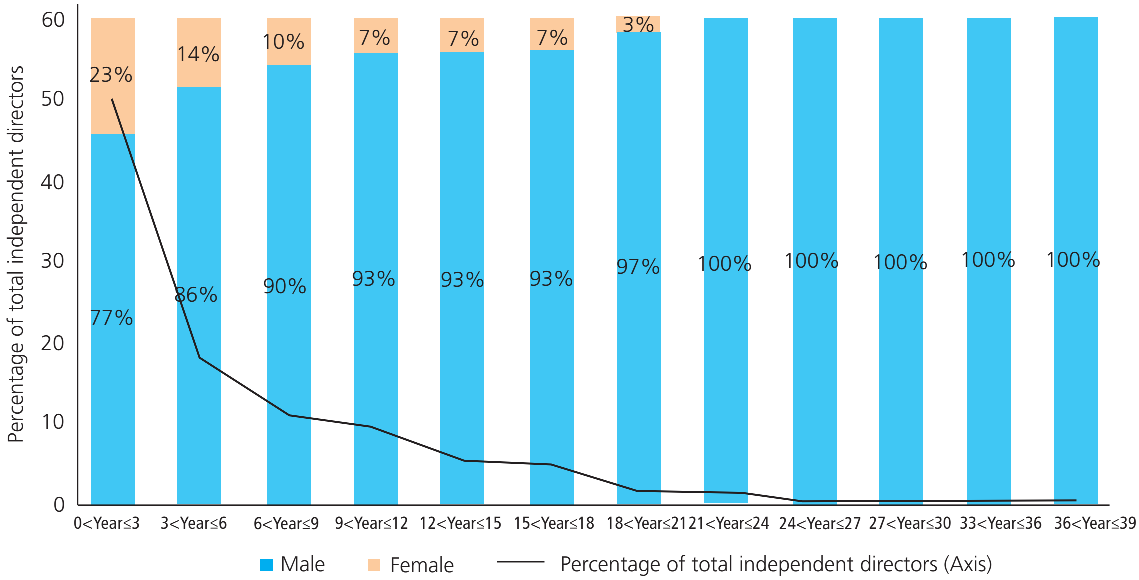


TENURE

There has been a reduction in the average tenure of independent directors from 7 years in 2015 to 5 years as at 31 December 2018. This may be attributed to greater scrutiny by shareholders and the need to seek shareholders' annual approval to retain long-serving independent directors beyond 9 years. The breakdown of independent directors' tenure is presented in Figure 2.

Figure 2

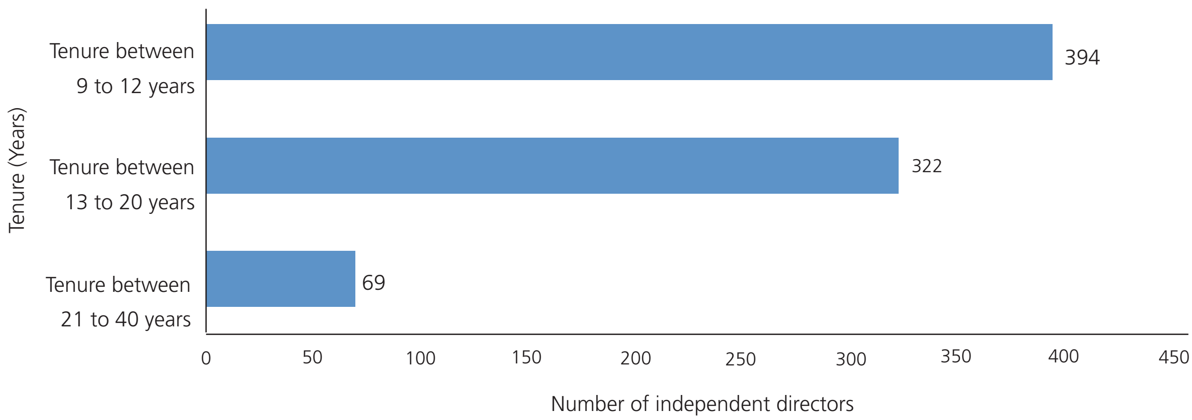
Breakdown of independent directors' tenure



Out of 3,244 independent director positions, 1,622 (50%) were held by independent directors with tenure of less than 3 years while 785 positions (24.2%) were held by independent directors with tenure of more than 9 years. The longest-serving independent director had a tenure of 40 years. The breakdown of the tenure of long-serving independent directors is presented in Figure 3.

Figure 3

Breakdown of independent directors with tenure of more than 9 years



There are 273 companies that have independent directors serving more than 12 years as presented in Table 1.

Table 1

Breakdown of companies with long-serving independent directors

Tenure	Total number of companies
Between 13 to 20 years	218
Between 21 to 30 years	52
Between 31 to 40 years	3

The implementation of the two-tier voting process took effect for resolutions which were tabled for shareholders' approval at general meetings held after 1 January 2018. Throughout 2018, the SC observed that 116 independent directors with tenure of more than 12 years resigned from the board and did not seek re-election/retention.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of 9 years. Upon completion of the 9 years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond 9 years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the 12th year, the board should also seek annual shareholders' approval through a two-tier voting process.

Practice 4.3

The board has a policy which limits the tenure of its independent directors to 9 years.

RETENTION

In 2018, a total of 414 listed companies sought shareholders' approval with a stand-alone resolution (special business) to retain 742 long-serving independent directors. However, the SC observed that 43 long-serving independent directors did not seek annual shareholders' approval as recommended under Practice 4.2. The breakdown of resolutions tabled is presented in Figure 5.

Figure 5

Application of voting methods

	Retention of independent directors with tenure **between 9 – 12 years** through **annual shareholders' approval**	**316 resolutions**
	Retention of independent directors with tenure of **more than 12 years** through **annual shareholders' approval (simple majority)**	**155 resolutions**
	Retention of independent directors with tenure of **more than 12 years** through the **two-tier voting process**	**242 resolutions**[1]

A total of 316 resolutions to retain independent directors with tenure between 9 to 12 years were tabled for shareholders' approval via simple majority. One resolution to retain an independent director who had served for 9 years was defeated with more than 99% dissenting votes.

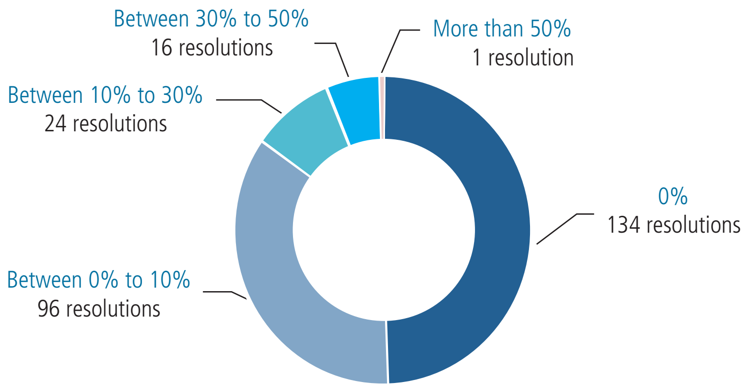
Another 242 resolutions were tabled to retain independent directors with tenure of more than 12 years using the two-tier voting process. One resolution to retain an independent director who had served the board for 21 years was defeated with more than 70% dissenting votes recorded in Tier 2.

The SC also observed that 29 resolutions using the two-tier voting process were tabled by companies to retain independent directors serving exactly 12 years. These companies went a step further, by adopting the two-tier voting process exactly at the 12th year mark and not after.

There were also significant dissenting votes cast in Tier 2, reflecting the position of shareholders on the retention of long-serving independent directors. The percentage of dissenting votes in Tier 2 is presented in Figure 6.

Figure 6

Percentage of dissenting votes in Tier 2



[1] In addition to the 242 resolutions, 29 resolutions were tabled to retain independent directors with tenure of exactly 12 years.

MOVING FORWARD

Boards and shareholders must seriously evaluate the ability of long-serving independent directors to provide objective and independent challenge to board deliberations and decisions. Shareholders should be informed on the outcomes of the board's assessment in order to decide whether the director should be retained.

In 2019, the SC will engage companies with long-serving independent directors, starting with those with tenure of more 20 years. This is to enable the SC to understand the circumstance of the company, the methodology used to evaluate the effectiveness directors and challenges, if any in identifying suitable board candidates.

The SC strongly encourages companies to adopt Step Up Practice 4.3 to limit the tenure of an independent director to 9 years.

For resolutions to retain an independent director which recorded high dissenting votes, the Nomination Committee should re-evaluate the effectiveness of the said director and carefully consider whether to propose the director for retention at its next general meeting.

> *"An independent director is both a coach and referee. He or she acts as a guide, mentor, and wise counsellor to the firm's executive. Good independent directors bring with them a wealth of knowledge from their own executive careers. They help guide and shape strategic thinking, perception and the understanding of risk. If independent directors detect failing of governance, then it is his or her duty to speak out and warn the board of what is happening, even if the board does not want to hear it. This takes courage, and courage is one of the key attributes of any successful independent directors."*[2]

---

[2] Brown, G (2015) *The Independent Director: The Non-Executive Director's Guide to Effective Board Presence.*

05 THEMATIC REVIEW 2
Gender Diversity

Diversity is a key attribute of a well-functioning board and an essential measure of good governance. While gender is not the only aspect of board diversity, it has been prioritised given the predominance of all male boards worldwide, including listed companies in Malaysia. There is also the critical need to infuse different perspectives to boardroom discussions, as diversity of thoughts results in better decision-making, and less likelihood of the board sinking into the quagmire of groupthink and unconscious biases. The composition of a company's board has a strong impact on its operation and management, and decision-making and ultimately its success.

> *"If we're all from the same group, from the same kind of background, if we're given a problem we tend to get stuck at the same place. If we have different backgrounds and different skills and different cultural heritage, we come out of problems more quickly."*
>
> *The late Dame Helen Alexander, former Chief Executive of the Economist and first woman President of the Confederation of British Industry*[1]

Gender diversity on boards has also become an established part of investment criteria, as reflected in the firm stance adopted by leading global asset managers such as BlackRock and State Street Global Advisors. The latter announced that starting in 2020 in the US, UK and Australia markets, and in 2021 in Japan, Canada and Europe, State Street Global Advisors will vote against the entire slate of board members on the nominating committee if a company does not have at least 1 woman on its board, and has not engaged in successful dialogue on State Street Global Advisors' board gender diversity programme for 3 consecutive years.[2]

OVERALL STATE OF PLAY

Malaysia has made slow but steady progress in improving gender diversity on boards. It is important to acknowledge that the progress has been achieved without instituting mandatory quotas, but instead through the combination of mandatory disclosure requirements, best practices and the concerted efforts by stakeholders including the government, regulators, shareholders and corporate governance advocates.

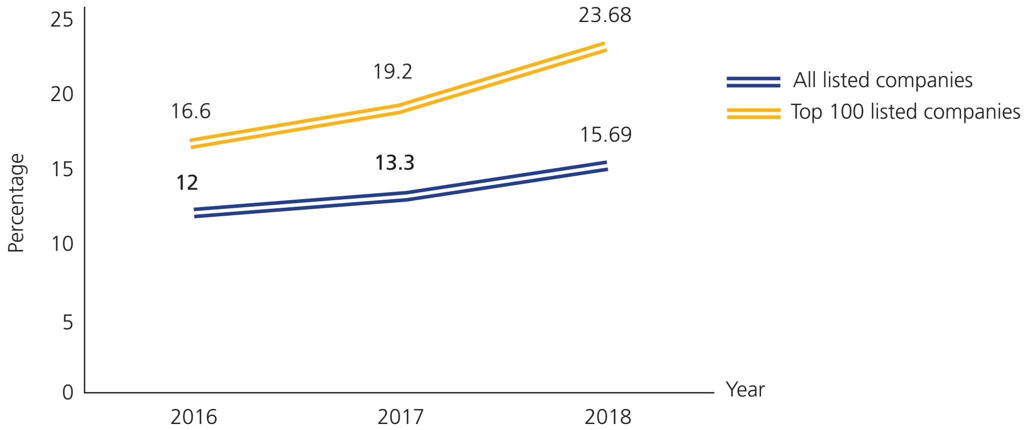
In December 2018, there was a 7 percentage point increase in women participation for the top 100 listed companies when compared to the corresponding period in December 2016. There was also a 4 percentage point increase for all listed companies (from 12% to 15.69%) as presented in Figure 1.

---

1 Extracted from a speech by Christine Lagarde (Managing Director, IMF) delivered at The Helen Alexander Lecture 2018: The Case for Sustainable Development Goals.

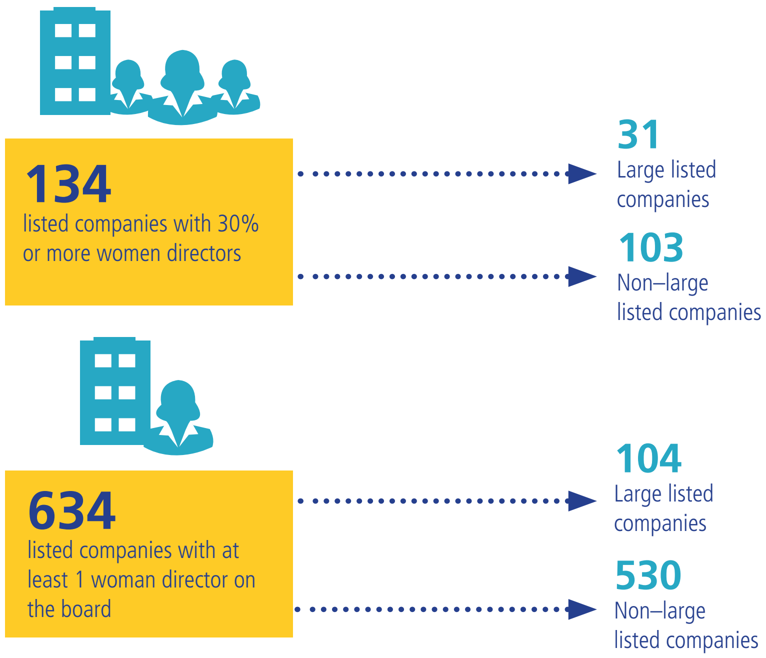
2 Press release by State Street Global Advisors, 27 September 2018.

Figure 1
Progress of gender diversity on boards



The SC urges all listed companies to work towards having 30% or more women directors on their boards. Figure 2 shows the progress made on gender diversity on boards with non-large listed companies outnumbering the large listed companies in relation to having 30% or more women on their boards.

Figure 2
Number of companies with women directors



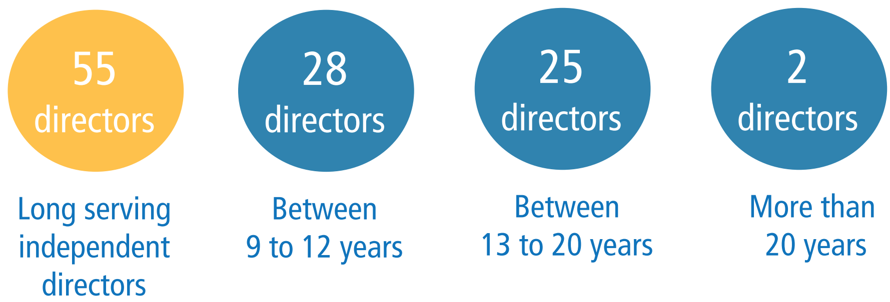
In 2017, the SC had set a target to have no all male boards on the top 100 listed companies by the end of 2018. In January 2018, the SC made public the names of 7 of the top 100 listed companies which had all male boards. All 7 companies have since appointed a woman director on their boards.

THE 30% TARGET

The SC's target is to have 30% women on the board of the top 100 listed companies by end 2020. The SC believes this target is achievable given that the participation level is now at 23.7%. Assuming that the number of board positions remain constant, women need to hold another 54 board positions in the top 100 listed companies to achieve the 30% target.

As at 31 December 2018, there were 55 (male) independent directors who had served for more than 9 years on the boards of the top 100 listed companies (Figure 3). These boards should take the opportunity to refresh its composition to meet the challenges ahead.

Figure 3
Long-serving male independent directors on the board of the top 100 listed companies



The SC commends the 134 listed companies which have achieved the target of having 30% or more women on their boards. Of the 134 listed companies, 16 have 50% or more women directors as listed in Table 1.

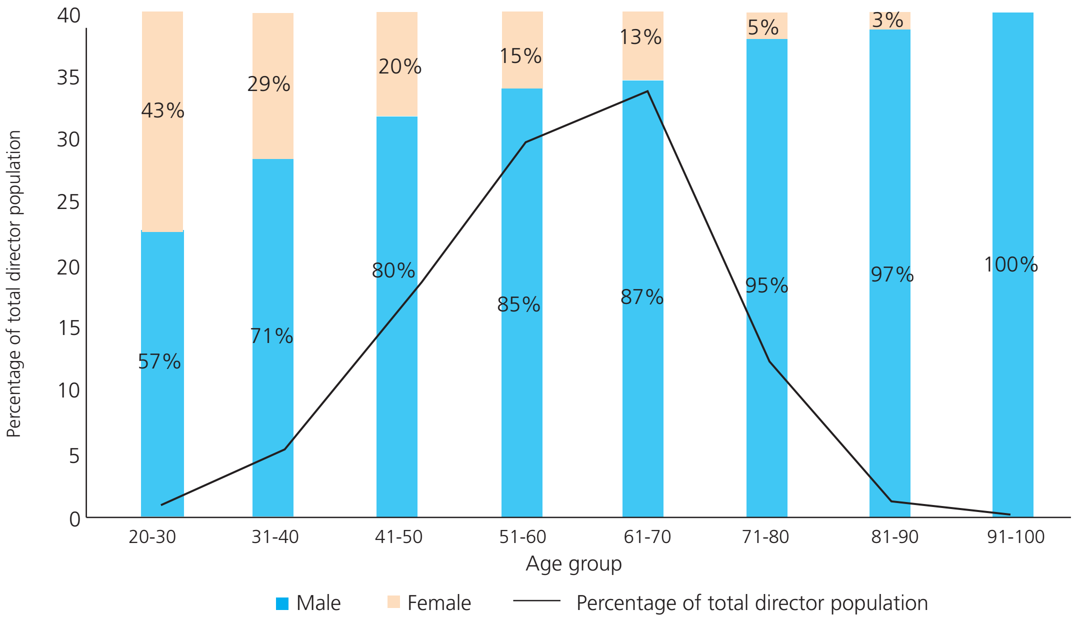
Table 1
Breakdown of the 16 listed companies with 50% or more women directors on their boards

Large Companies	3
Mid-cap companies	2
Small-cap companies	11

TWO-PRONG EFFECT OF GENDER DIVERSITY

Data from the SC's review show that efforts to improve gender diversity on boards also had an impact on the overall diversity of boards in terms of age. In 2018, women accounted for 25% of new board appointments and 41% of these women were below 50 years old, while 10% were below 40.

Figure 4
Breakdown of directors' age group



The data in Figure 4 also shows that as we move towards the younger age groups, there is an increase in the percentage of women directors within each group e.g. 15% (51- 60 years) to 43% (20- 30 years). Women directors below the age of 40 are mainly holding executive position on the boards of listed companies in the Industrial Products and Services and Consumer Products and Services sector.

The SC believes if the percentage of women continues to grow within the younger age groups, then this can support the continuity of women participation on boards in the future. Conclusive observations will be made as more data is gathered and analysed.

WOMEN IN SENIOR MANAGEMENT

As at 31 June 2018, women also accounted for 28% of senior management positions in all listed companies. This is above the Asia Pacific average of 23% (Grant Thornton, 2018)[3]. It is important that equal attention is given to the participation of women in senior management as it is a critical pipeline for future representation of women on boards.

MOVING FORWARD

Boards must fully embrace and understand the value as well as the need to have gender diversity on boards and in senior management. Gender diversity should not be seen as a woman's agenda as there is a real economic rationale behind it.

[3] Grant Thornton International Ltd. (2018). *Women in Business: Beyond Policy to Progress, March 2018.*

Gender equality is a major issue in modern management. Firstly, social justice demands equal opportunities for men and women in terms of access to jobs, including senior management roles. Second, there is growing evidence in academic business literature that when teams are more diverse (also in terms of gender), companies experience significant business enhancements. Both these realities can enable companies to capture the attention of a growing crowd of more responsible investors and commercial allies.

Boards often argue that there are 'not enough women candidates', when asked about the lack (or absence) of gender diversity on their boards. The statistics do not seem to favour this argument, as women continue to account for the majority of university enrolments and graduates as seen in Table 2. According to the Department of Statistics Malaysia, in 1989, there were 8,666 women graduates, accounting for close to half (44.3%) of the total graduates that year. Today, these women should make up the pool of women for senior management and board positions.

Table 2

University enrolments and graduates[4]

Ratios	2017	2016	2015
Women to men enrolment	333,488 : 205,067 (62%)	330,210 : 201,839 (62%)	335,254 : 205,384 (62%)
Women to men graduates	77,146 : 42,412 (65%)	89,267 : 49,359 (64%)	77,086 : 45,368 (63%)
Women to men enrolment in STEM related degrees[5]	54,043 : 30,229 (64%)	52,588 : 28,474 (65%)	53,740 : 29,236 (65%)

To continue making progress, it is important that the economic rationale behind gender diversity is understood and accepted. There is a growing body of research which find women participation on boards and senior management having a positive impact on company performance. In 2018, a study was conducted to measure the impact of gender diversity on the board to company performance. The study covered 403 listed companies on the Main Market of Bursa Malaysia, representing slightly more than 50% of the total listed companies. The financial performance indicators of these companies were gathered from their annual financial reports. The results of the study showed that women participation contributed positively to the company's performance. There was a correlation between the company's overall return on assets to the number of women directors on its board – the more women on the board, the better the return on asset. The study also observed that for companies with 30% or more women on the board, it contributed to an increase of up to 8% of the total return on assets of the company.[6]

The *2016 Credit Suisse Gender 3000 Report*, covering 3,400 companies worldwide found that companies with at least one female director generated a compound excess return of 3.5% for investors over the previous decade. Companies where more than 15% of senior managers were women had a 50% higher profitability than companies with fewer than 10% female senior managers.

On a country level, the IMF research in 2018 further showed that the new skills and productivity levels that women introduced to the workforce yields higher economic benefits than previously thought. Hence, it is an imperative to ensure there is a healthy level of women participation in the economy to reap the benefits of diversity.

---

4 *Statistik Pendidikan Tinggi: Kementerian Pendidikan Tinggi.*

5 Degrees related to the field of Science, Mathematics and Computer Science.

6 This study was undertaken by Ismet Al-Bakri, Senior Manager, Chief Regulatory Office, SC as part of his doctoral thesis.

06 CEO REMUNERATION

In 2017, two best practices were introduced in the MCCG on the disclosure of senior management remuneration; Practice 7.2 and Step Up Practice 7.3 (Figure 1). Both practices are meant to facilitate stakeholders in their assessment on whether the remuneration received by members of senior management commensurates with their individual performance, taking into consideration the company's performance, and is able to attract and retain talent.

Figure 1

Practices on remuneration of senior management

Practice 7.2

The board discloses on a named basis the top 5 senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Step Up Practice 7.3

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

The CG Monitor 2019 looks at the remuneration of Chief Executive Officer (CEO) of the top 100 listed companies on the Main Market of Bursa Malaysia, which were selected based on their market capitalisation as at 31 December 2018. The total market capitalisation of these companies stood at RM1.44 trillion, representing more than 80% of Malaysia's total equity market capitalisation. The CEO's total remuneration represents the sum of salary, bonus, benefits-in-kind and other emoluments.

In this exercise, the CEO refers to the individual identified:

- in the annual report as either the CEO or Managing Director; or
- by the company as the person in-charge of the business or day-to-day management of the company.

While 100 listed companies were selected, data on CEO remuneration were only available for 84 listed companies; 8 listed companies did not disclose their CEO's remuneration in their annual reports while 8 listed companies disclosed the CEO's remuneration in bands of RM50,000. Listed companies which are family-controlled and government-linked companies (GLCs) were also identified (refer to Glossary for the definition). Out of the 84 listed companies, 25 were family-controlled, 28 were GLCs and the remaining 31 were categorised as other listed companies.

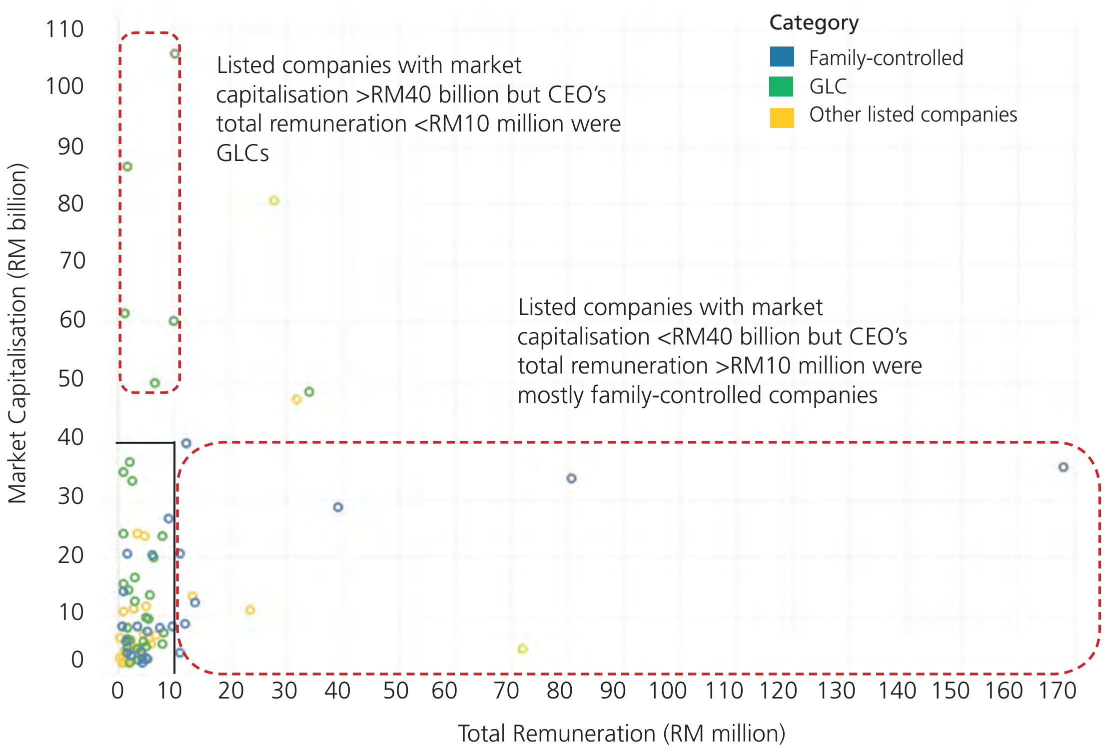
A large part (76.74%) or 64 out of the 84 listed companies had market capitalisation below RM40 billion with their CEOs earning RM10 million or less. The breakdown of these 65 companies is as follows:

- 17 family-controlled companies;
- 23 GLCs; and
- 25 other listed companies.

The remaining 19 companies consist of 8 family-controlled companies, 5 GLCs and 6 other listed companies. The companies with market capitalisation of more than RM40 billion and with CEOs earning less than RM10 million were GLCs. In contrast, the companies with market capitalisation of less than RM40 billion and CEOs earning more than RM10 million were mostly family-controlled companies.

Figure 2

CEO remuneration and market capitalisation

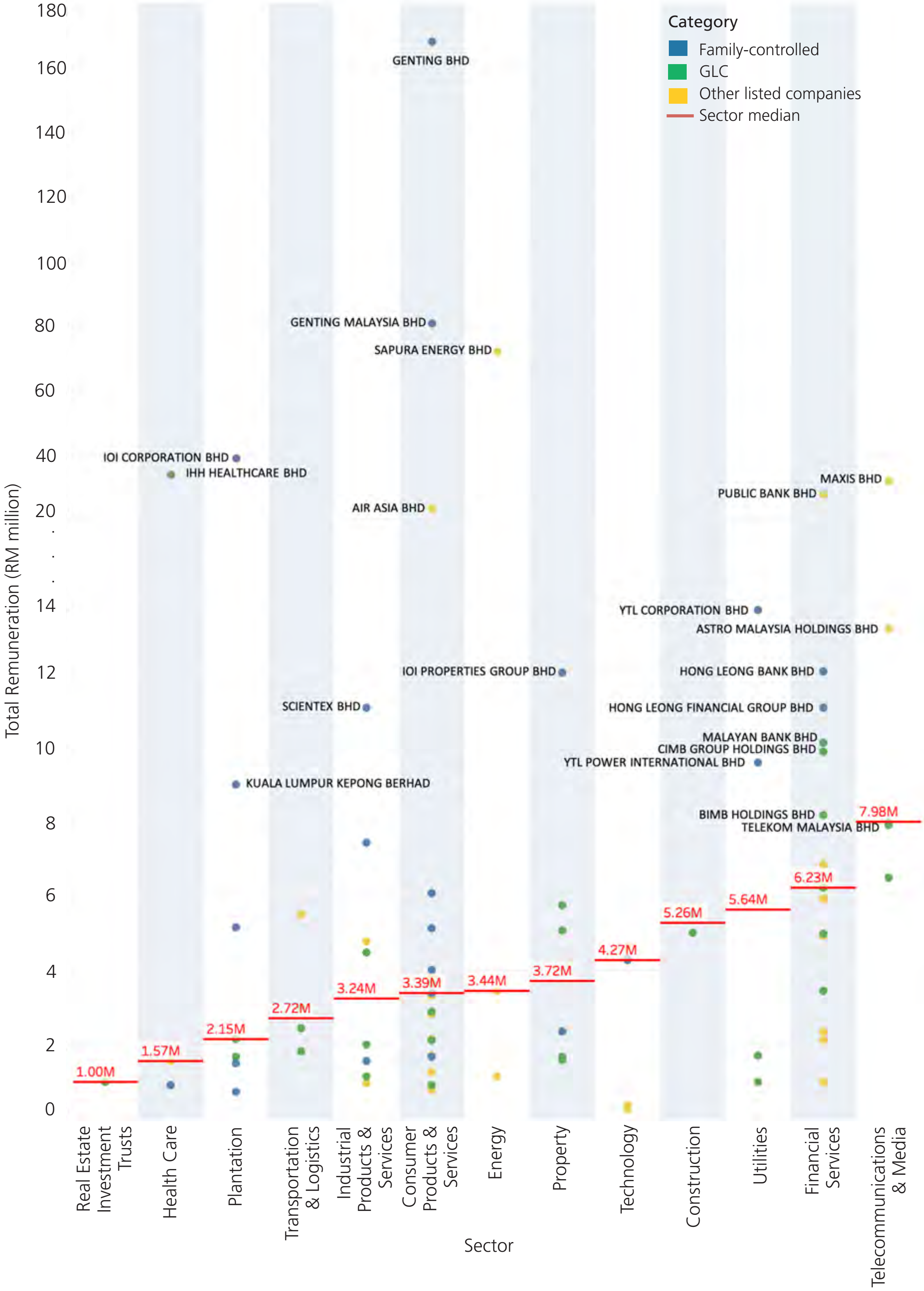


The CEO remuneration were also plotted by sector in Figure 3, with the red line in each sector representing the sector's median CEO remuneration.

- The median CEO remuneration ranges from RM1 million to RM7.98 million across 13 sectors.
- The top three sectors with the highest median CEO remuneration were Telecommunications and Media followed by Financial Services, and Utilities sector. REITs recorded the lowest median for CEO remuneration.
- The Consumer Products and Services sector had the highest number of companies on the top 10 listed companies with the highest paid CEOs. The companies were Genting Bhd, Genting Malaysia Bhd and AirAsia Bhd.
- The top 3 companies with the highest paid CEOs were Genting Bhd, Genting Malaysia Bhd and Sapura Energy Bhd.
- 10 out of the top 20 listed companies with the highest paid CEOs were family-controlled companies (Table 1).

Figure 3

CEOs total remuneration based on sector



TOP 20 HIGHEST PAID CEOS AND SECTOR ANALYSIS

The listed companies were also ranked by CEO remuneration alongside the company's market capitalisation, profit after tax, return on equity (ROE) and return on asset (ROA) in Table 1. ROE and ROA were calculated based on information provided in the latest audited financial statements of the listed companies. The intensity of the colour in the 'Rank' column is an indication of the relative rankings of the CEO remuneration, ROE and ROA. As the rank increases, the colour is darker.

It is observed that listed companies which are ranked high in terms of CEO remuneration may not necessarily be ranked high in terms of ROE and ROA, and vice versa. Table 1 reinforces the observations as highlighted previously in Figure 3.

The rank of the top 100 listed companies according to their CEO remuneration by sector is presented in Appendix 2. The data for CEO remuneration for several companies were not available, and therefore the CEO remuneration of these companies was not ranked. Both ROE and ROA are also ranked within each sector.

Table 1

The list of the top 20 highest paid CEOs

Stock Code	Company Name	Sector	Total Remuneration		Market Capitalisation	Profit After Tax RM million	ROE		ROA	
			RM Million	Rank	RM Billion		%	Rank	%	Rank
3182	GENTING BHD[1]	Consumer Products & Services	168.00	1	35.44	3,242.80	5.7	81	3.5	68
4715	GENTING MALAYSIA BHD	Consumer Products & Services	80.61	2	33.43	1,071.00	5.6	82	3.6	67
5218	SAPURA ENERGY BHD	Energy	71.92	3	4.52	-2,504.82	-26.5	100	-8.4	100
1961	IOI CORPORATION BHD	Plantation	39.01	4	28.53	3,068.30	32.6	8	18.3	10
5225	IHH HEALTHCARE BHD	Health Care	33.89	5	48.28	829.83	3.2	94	2.1	73
6012	MAXIS BHD	Telecommunications & Media	31.80	6	46.94	2,191.55	31.1	9	11.4	23
1295	PUBLIC BANK BHD	Financial Services	27.84	7	80.67	5,546.98	14.4	39	1.4	83
5099	AIRASIA GROUP BHD	Consumer Products & Services	23.50	8	11.20	1,571.37	23.4	23	7.3	42
4677	YTL CORPORATION BHD	Utilities	13.67	9	12.33	1,003.14	4.6	88	1.4	82
6399	ASTRO MALAYSIA HOLDINGS BHD	Telecommunications & Media	13.17	10	13.56	763.98	116.9	3	11.2	24
5819	HONG LEONG BANK BHD	Financial Services	12.02	11	39.45	2,638.08	11.0	50	1.3	84
5249	IOI PROPERTIES GROUP BHD	Property	11.98	12	8.81	808.14	4.4	89	2.5	72
4731	SCIENTEX BHD	Industrial Products & Services	11.06	13	3.86	294.03	16.0	33	8.7	35
1082	HONG LEONG FINANCIAL GROUP BHD	Financial Services	11.05	14	20.66	2,894.53	10.8	52	1.3	85
1155	MALAYAN BANKING BHD	Financial Services	10.11	15	105.67	7,796.87	10.4	54	1.0	90
1023	CIMB GROUP HOLDINGS BHD	Financial Services	9.89	16	60.34	4,607.97	9.3	58	0.9	94
6742	YTL POWER INTERNATIONAL BHD	Utilities	9.57	17	8.40	718.39	5.5	84	1.6	81
2445	KUALA LUMPUR KEPONG BHD	Plantation	8.98	18	26.64	804.10	6.5	77	4.2	60
5258	BIMB HOLDINGS BHD[2]	Financial Services	8.17	19	7.21	703.63	14.3	40	1.1	88
4863	TELEKOM MALAYSIA BHD[3]	Telecommunications & Media	7.98	20	23.67	730.50	9.4	56	3.0	70

[1] The amount received by the CEO of Genting Bhd includes remuneration received from Genting Malaysia Bhd, Genting Singapore Limited and Genting Plantations Bhd. For further information, refer to *Genting Bhd Annual Report 2017* and *Corporate Governance Report 2017*.

[2] CEO of BIMB Holding Bhd was appointed on 9 August 2017 after the previous CEO retired on 9 June 2017. Total remuneration paid to both CEOs was aggregated for this report.

[3] CEO of Telekom Malaysia Bhd was appointed on 1 May 2017 after the previous CEO retired on 30 April 2017. Total remuneration paid to both CEOs was aggregated for this report.

APPENDIX 1

TWO-TIER VOTING PROCESS

For Practice 4.2, companies should use the two-tier voting process in seeking annual shareholders' approval to retain an independent director beyond 12 years.

Under the two-tier voting process, shareholders' votes will be cast in the following manner at the same shareholders meeting:

- Tier 1: Only the Large Shareholder(s) of the company votes; and
- Tier 2: Shareholders other than Large Shareholder(s) votes.

For the purpose of Practice 4.2, Large Shareholder(s) means a person who–

- is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the company;
- is the largest shareholder of voting shares in the company;
- has the power to appoint or cause to be appointed a majority of the directors of the company; or
- has the power to make or cause to be made, decisions in respect of the business or administration of the company, and to give effect to such decisions or cause them to be given effect to.

The decision for the above resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote.

The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution.

However, the resolution is deemed to be defeated where the vote between the two-tiers differs or where Tier 1 voter(s) abstained from voting.

For further information on the two-tier voting process, companies can refer to the MCCG FAQs available on the SC website (www.sc.com.my).

APPENDIX 2

This section presents the following information – (1) total remuneration of CEO; and (2) company's performance based on return on equity (ROE), return on assets (ROA) and market capitalisation and profit after tax. The data is segregated by sector.

Table 1

Consumer Products & Services

Stock Code	Company Name	Total Remuneration		Market Capitalisation	Profit After Tax RM million	ROE		ROA	
		RM Million	Rank	RM Billion		%	Rank	%	Rank
3182	GENTING BHD[1]	168.00	1	35.44	3,242.80	5.7	20	3.5	21
4715	GENTING MALAYSIA BHD	80.61	2	33.43	1,071.00	5.6	21	3.6	20
5099	AIRASIA GROUP BHD	23.50	8	11.20	1,571.37	23.4	11	7.3	14
4065	PPB GROUP BHD	6.07	26	20.44	1,238.69	5.7	19	5.4	18
1562	BERJAYA SPORTS TOTO BHD	5.12	32	2.84	237.94	30.3	6	9.0	12
4006	ORIENTAL HOLDINGS BHD	4.01	42	4.06	422.24	6.0	18	4.6	19
3026	DUTCH LADY MILK INDUSTRIES BHD	3.84	43	3.97	117.72	113.2	2	30.0	4
2836	CARLSBERG BREWERY MALAYSIA BHD	3.79	44	4.68	232.38	74.4	5	35.7	2
1619	DRB-HICOM BHD	3.73	45	4.72	295.31	2.9	22	0.7	22
5248	BERMAZ AUTO BHD	3.65	46	2.58	150.96	28.8	7	17.7	8
7084	QL RESOURCES BHD	3.39	49	8.26	215.68	11.4	15	6.5	15
4707	NESTLE (M) BHD	3.33	50	24.20	645.80	100.9	3	25.3	5
4197	SIME DARBY BHD[2]	2.89	52	16.66	2,063.00	14.0	14	8.3	13
4162	BRITISH AMERICAN TOBACCO (M) BHD	2.82	53	11.42	492.64	128.9	1	47.2	1
3255	HEINEKEN MALAYSIA BHD	2.16	57	5.71	270.06	74.9	4	31.1	3
4588	UMW HOLDINGS BHD	2.12	60	6.08	-660.47	-15.8	23	-6.5	23
3859	MAGNUM BHD	1.70	64	2.50	209.31	8.3	16	5.9	16
7052	PADINI HOLDINGS BHD	1.68	65	3.93	178.17	27.3	8	19.3	7
5517	SHANGRI-LA HOTELS (M) BHD	1.26	72	2.23	82.02	6.9	17	5.5	17
5681	PETRONAS DAGANGAN BHD	0.91	79	24.10	1,544.97	25.6	9	15.8	9
3719	PANASONIC MANUFACTURING MALAYSIA BHD	0.81	81	2.10	131.03	14.9	13	12.2	10
3301	HONG LEONG INDUSTRIES BHD	N/A	Not Ranked	3.72	402.36	25.4	10	20.0	6
3689	FRASER & NEAVE HOLDINGS BHD	N/A	Not Ranked	13.83	385.10	16.7	12	11.5	11

[1] The amount received by the CEO of Genting Bhd includes remuneration received from Genting Malaysia Bhd, Genting Singapore Limited and Genting Plantations Bhd. For further information, refer to *Genting Bhd Annual Report 2017* and *Corporate Governance Report 2017*.

[2] CEO of Sime Darby Bhd was appointed on 21 November 2017 after the previous CEO retired on 20 November 2017. Total remuneration paid to both CEOs was aggregated for this report.

Table 2

Plantation

Stock Code	Company Name	Total Remuneration		Market Capitalisation	Profit After Tax RM million	ROE		ROA	
		RM Million	Rank	RM Billion		%	Rank	%	Rank
1961	IOI CORPORATION BHD	39.01	4	28.53	3,068.30	32.6	1	18.3	1
2445	KUALA LUMPUR KEPONG BHD	8.98	18	26.64	804.10	6.5	6	4.2	5
1899	BATU KAWAN BHD	5.17	31	7.41	925.68	7.0	5	4.5	4
5285	SIME DARBY PLANTATION BHD[3]	2.15	58	36.25	1,885.40	11.6	3	6.9	3
5222	FGV HOLDING BHD	1.67	67	6.17	208.05	2.6	7	1.0	7
2089	UNITED PLANTATIONS BHD	1.49	71	5.84	392.29	15.6	2	13.9	2
2291	GENTING PLANTATIONS BHD	0.73	82	8.44	344.79	7.5	4	4.1	6

[3] CEO of Sime Darby Bhd was appointed on 21 November 2017 after the previous CEO retired on 20 November 2017. Total remuneration paid to both CEOs was aggregated for this report.

Table 3

Health Care

Stock Code	Company Name	Total Remuneration		Market Capitalisation	Profit After Tax RM million	ROE		ROA	
		RM Million	Rank	RM Billion		%	Rank	%	Rank
5225	IHH HEALTHCARE BHD	33.89	5	48.28	829.83	3.2	6	2.1	6
5878	KPJ HEALTHCARE BHD	1.57	69	4.15	166.91	9.2	5	3.9	5
7113	TOP GLOVE CORPORATION BHD	0.90	80	14.26	437.91	18.3	2	8.3	3
7106	SUPERMAX CORPORATION BHD	N/A	Not Ranked	2.84	110.14	10.8	4	6.5	4
7153	KOSSAN RUBBER INDUSTRIES BHD	N/A	Not Ranked	5.19	184.24	15.6	3	9.9	2
5168	HARTALEGA HOLDINGS BHD	N/A	Not Ranked	20.04	439.63	22.0	1	16.7	1

Table 4

Financial Services

Stock Code	Company Name	Total Remuneration		Market Capitalisation	Profit After Tax RM million	ROE		ROA	
		RM Million	Rank	RM Billion		%	Rank	%	Rank
1295	PUBLIC BANK BHD	27.84	7	80.67	5,546.98	14.4	5	1.4	7
5819	HONG LEONG BANK BHD	12.02	11	39.45	2,638.08	11.0	7	1.3	8
1082	HONG LEONG FINANCIAL GROUP BHD	11.05	14	20.66	2,894.53	10.8	8	1.3	9
1155	MALAYAN BANKING BHD	10.11	15	105.67	7,796.87	10.4	9	1.0	11
1023	CIMB GROUP HOLDINGS BHD	9.89	16	60.34	4,607.97	9.3	11	0.9	14
5258	BIMB HOLDINGS BHD[4]	8.17	19	7.21	703.63	14.3	6	1.1	10
2488	ALLIANCE BANK MALAYSIA BHD	6.85	23	6.77	493.23	9.0	13	0.9	13
1066	RHB BANK BHD	6.23	25	20.05	1,956.04	8.4	14	0.8	16
1818	BURSA MALAYSIA BHD	5.92	27	5.44	230.21	26.7	1	10.3	1
6139	SYARIKAT TAKAFUL MALAYSIA KELUARGA BHD	4.99	35	3.10	205.07	24.6	2	2.5	4
1015	AMMB HOLDINGS BHD	4.92	36	11.73	1,253.82	7.1	15	0.9	15
5185	AFFIN HOLDINGS BHD	3.46	47	4.49	424.44	5.1	17	0.6	17
8621	LPI CAPITAL BHD	2.35	56	6.03	313.79	16.3	3	8.2	2
1163	ALLIANZ MALAYSIA BHD[5]	2.12	59	2.36	287.96	9.2	12	1.7	5
5139	AEON CREDIT SERVICE (M) BHD	0.99	77	3.30	300.06	16.2	4	3.9	3
5274	HONG LEONG CAPITAL BERHAD	N/A	Not Ranked	2.42	71.32	9.3	10	1.6	6
1171	MALAYSIA BUILDING SOCIETY BHD	N/A	Not Ranked	6.16	417.13	5.9	16	0.9	12

4 CEO of BIMB Holding Bhd was appointed on 9 August 2017 after the previous CEO retired on 9 June 2017. Total remuneration paid to both CEOs was aggregated for this report.

5 CEO of Allianz Malaysia Bhd resigned from the company on 25 May 2017. Total remuneration reported is for the period of Jan 2017 to May 2017.

Table 5

Energy

Stock Code	Company Name	Total Remuneration		Market Capitalisation	Profit After Tax RM million	ROE		ROA	
		RM Million	Rank	RM Billion		%	Rank	%	Rank
5218	SAPURA ENERGY BHD	71.92	3	4.52	-2,504.82	-26.5	4	-8.4	4
7293	YINSON HOLDINGS BHD	3.44	48	4.61	292.07	11.1	3	4.5	3
5279	SERBA DINAMIK HOLDINGS BHD	1.15	74	4.33	304.79	22.0	1	11.9	1
7277	DIALOG GROUP BHD	N/A	Not Ranked	17.43	528.29	14.7	2	8.3	2

Table 6

Industrial Products & Services

Stock Code	Company Name	Total Remuneration		Market Capitalisation	Profit After Tax RM million	ROE		ROA	
		RM Million	Rank	RM Billion		%	Rank	%	Rank
4731	SCIENTEX BHD	11.06	13	3.86	294.03	16.0	4	8.7	5
5211	SUNWAY BHD	7.44	22	8.02	732.81	8.6	9	3.6	9
3034	HAP SENG CONSOLIDATED BHD	4.76	37	23.78	1,182.45	18.4	3	9.7	3
2771	BOUSTEAD HOLDINGS BHD	4.48	39	5.86	923.30	10.4	6	5.2	8
1368	UEM EDGENTA BHD	1.99	61	2.08	434.76	27.1	1	14.5	1
8869	PRESS METAL ALUMINIUM HOLDINGS BHD	1.56	70	20.66	746.44	25.1	2	9.5	4
5183	PETRONAS CHEMICALS GROUP BHD	1.16	73	61.60	4,414.00	15.3	5	13.3	2
5284	LOTTE CHEMICAL TITAN HOLDING BHD[6]	0.98	78	10.85	1,063.57	9.2	8	8.1	6
2852	CAHYA MATA SARAWAK BHD	N/A	Not Ranked	4.19	247.01	9.2	7	6.0	7

6 CEO of Lotte Chemical Titan Holding Bhd resigned from the company on 3 March 2017. Total remuneration reported is for the period of March 2017 to December 2017.

Table 7

Utilities

Stock Code	Company Name	Total Remuneration		Market Capitalisation	Profit After Tax RM million	ROE		ROA	
		RM Million	Rank	RM Billion		%	Rank	%	Rank
4677	YTL CORPORATION BHD	13.67	9	12.33	1,003.14	4.6	6	1.4	5
6742	YTL POWER INTERNATIONAL BHD	9.57	17	8.40	718.39	5.5	4	1.6	4
5347	TENAGA NASIONAL BHD	1.71	63	86.46	6,912.10	12.0	3	4.9	3
6033	PETRONAS GAS BHD[7]	1.00	76	34.59	1,816.93	14.2	2	10.3	1
5209	GAS MALAYSIA BERHAD	N/A	Not Ranked	3.71	194.15	18.5	1	8.4	2
5264	MALAKOFF CORPORATION BERHAD	N/A	Not Ranked	4.90	376.94	5.4	5	1.3	6

[7] CEO of Petronas Gas Bhd was appointed on 1 June 2017 after the previous CEO retired on 1 June 2017. Total remuneration paid to both CEOs was aggregated for this report.

Table 8

Technology

Stock Code	Company Name	Total Remuneration		Market Capitalisation	Profit After Tax RM million	ROE		ROA	
		RM Million	Rank	RM Billion		%	Rank	%	Rank
166	INARI AMERTRON BHD	4.65	38	7.10	260.13	24.3	2	19.5	1
3867	MALAYSIAN PACIFIC INDUSTRIES BHD	4.32	40	2.15	172.44	12.3	4	10.2	4
5005	UNISEM (M) BHD	4.27	41	2.68	161.40	11.0	5	8.7	5
97	VITROX CORPORATION BHD	0.38	83	2.92	83.02	25.1	1	17.0	2
138	MY E.G. SERVICES BHD	0.26	84	6.31	125.97	22.3	3	14.2	3

Table 9

Property

Stock Code	Company Name	Total Remuneration		Market Capitalisation	Profit After Tax RM million	ROE		ROA	
		RM Million	Rank	RM Billion		%	Rank	%	Rank
5249	IOI PROPERTIES GROUP BHD	11.98	12	8.81	808.14	4.4	6	2.5	5
8664	SP SETIA BHD	5.76	28	13.71	1,069.03	7.7	2	3.9	4
1651	MALAYSIAN RESOURCES CORPORATION BHD	5.07	33	4.91	181.81	3.7	8	1.8	8
8583	MAH SING GROUP BHD	2.37	55	3.52	359.16	7.7	3	5.0	2
5288	SIME DARBY PROPERTY BHD[8]	1.67	66	8.16	684.29	6.9	4	4.6	3
5148	UEM SUNRISE BHD	1.59	68	4.72	281.61	3.8	7	2.0	7
5200	UOA DEVELOPMENT BHD	N/A	Not Ranked	4.14	526.78	11.6	1	9.5	1
8206	ECO WORLD DEVELOPMENT GROUP BHD	N/A	Not Ranked	4.56	209.65	4.9	5	2.1	6

8 Managing Director of Sime Darby Property Bhd was appointed on 12 July 2017 and subsequently as Group Managing Director on 24 August 2017. Total remuneration reported is for his services as Executive Director and Managing Director during the period of July 2017 to June 2018.

Table 10

Transportation & Logistics

Stock Code	Company Name	Total Remuneration		Market Capitalisation	Profit After Tax RM million	ROE		ROA	
		RM Million	Rank	RM Billion		%	Rank	%	Rank
2194	MMC CORPORATION BHD	5.50	30	6.24	267.46	2.6	6	1.2	5
5246	WESTPORTS HOLDINGS BHD	3.00	51	12.62	651.51	28.6	1	12.8	1
3816	MISC BHD	2.45	54	33.12	1,990.69	5.5	4	3.9	4
5014	MALAYSIA AIRPORTS HOLDINGS BHD	1.82	61	14.58	237.10	2.6	5	1.1	6
6645	LINGKARAN TRANS KOTA HOLDINGS BHD	N/A	Not Ranked	3.00	228.55	27.8	2	10.1	2
5032	BINTULU PORT HOLDINGS BHD	N/A	Not Ranked	2.74	154.17	12.7	3	4.9	3

Table 11

Telecommunications & Media

Stock Code	Company Name	Total Remuneration		Market Capitalisation	Profit After Tax RM million	ROE		ROA	
		RM Million	Rank	RM Billion		%	Rank	%	Rank
6012	MAXIS BHD	31.80	6	46.94	2,191.55	31.1	3	11.4	2
6399	ASTRO MALAYSIA HOLDINGS BHD	13.17	10	13.56	763.98	116.9	2	11.2	3
4863	TELEKOM MALAYSIA BHD[9]	7.98	20	23.67	730.50	9.4	4	3.0	5
5031	TIME DOTCOM BHD	7.91	21	5.29	175.36	7.7	5	5.7	4
6888	AXIATA GROUP BHD	6.47	24	49.67	1,162.48	3.8	6	1.7	6
6947	DIGI.COM BHD	N/A	Not Ranked	39.65	1,476.70	284.7	1	25.3	1

[9] CEO of Telekom Malaysia Bhd was appointed on 1 May 2017 after the previous CEO retired on 30 April 2017. Total remuneration paid to both CEO was aggregrated for this report.

Table 12

Construction

Stock Code	Company Name	Total Remuneration		Market Capitalisation	Profit After Tax RM million	ROE		ROA	
		RM Million	Rank	RM Billion		%	Rank	%	Rank
5398	GAMUDA BHD	5.51	29	9.55	564.36	7.1	1	3.4	1
3336	IJM CORPORATION BHD	5.02	34	9.72	390.69	3.6	2	1.8	2

Table 13

REITs

Stock Code	Company Name	Total Remuneration		Market Capitalisation	Profit After Tax RM million	ROE		ROA	
		RM Million	Rank	RM Billion		%	Rank	%	Rank
5235SS	KLCC PROP&REITS-STAPLED SEC	1.00	75	15.60	1,013.57	6.7	1	5.7	1

GLOSSARY

Family-controlled companies	listed issuers where the largest shareholder consists of family members based on i. disclosures in the annual report; or ii. reliable public sources of information. Family members has the same meaning as assigned to it under the *Bursa Malaysia Listing Requirements.* The definition excludes companies where persons other than the controlling family members can appoint the Chief Executive Officer, Chairman or majority of the board.
Government-linked companies	companies that the Government of Malaysia controls directly through Khazanah Nasional, Ministry of Finance Incorporated, Kumpulan Wang Amanah Persaraan Diperbadankan (KWAP), Bank Negara Malaysia; or where Government-Linked Investment Companies (GLICs) and/or other federal government-linked agencies collectively have a controlling stake; or where GLCs themselves have a controlling stake i.e. subsidiaries and affiliates of GLCs.
Large Companies/Issuers	companies or issuers on the FTSE Bursa Malaysia Top 100 Index; or companies with market capitalisation of RM2 billion and above, at the start of the companies' financial year.
Listing Requirements	*Bursa Malaysia Listing Requirements.*
Mid-cap companies/Issuers	companies or issuers with market capitalisation of between RM1 billion to RM2 billion.
Return on Assets	total profit (after tax) / total assets.
Return on Equity	total profit (after tax) / total equity.
Small-cap companies/Issuers	companies or issuers with market capitalisation of below RM1 billion.

Securities Commission Malaysia
3 Persiaran Bukit Kiara Bukit Kiara
50490 Kuala Lumpur Malaysia
Tel: +603 6204 8000
www.sc.com.my www.investsmartsc.my
Twitter: @seccommy