



SUBMISSION OF FEEDBACK ON THE PROPOSED FOURTH EDITION OF THE CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

Recommendation 1.5: Diversity policies, measurable objectives, management responsibilities and disclosure

It is important that in order to have a robust board, it is not only necessary to have in place diversity policies but also see to it that such policies are implemented. This entails having measurable objectives and entrusting management with the responsibilities to monitor, to review periodically and ensure that the objectives are achieved. All these are to be disclosed.

Recommendation 1.6: Have and disclose a process for evaluation of board, committee and director performance and disclose whether an evaluation has been undertaken

Disclosing whether an evaluation has been undertaken, the outcome and changes made will provide more transparency and insight and its effectiveness. Having and disclosing the process for evaluation is not sufficient.

Recommendation 2.3: Director independence

Independent directors must not only be independent in fact but also perceived or appeared to be independent. Therefore, they should not receive excessively high remuneration not commensurate with their duties as it may compromise their independence. They should also not receive performance-based remuneration as it may impair their decision-making and objectivity.

Principle 3: Instill the desired culture

Having a desired culture is very important as it has many implications/impact to an entity, ranging from trust, reputation and ability to retain and recruit good employees. All these have serious bearings to shareholder value.

Recommendation 4.4: A listed entity should have and disclose its process to validate that its annual directors' report and any other corporate reports

Apart from audited financial statements which have assurance from auditors, it is also important that other documents such as directors' report and other corporate reports should have some sort of validation to provide some comfort to investors and other stakeholders.

Recommendation 6.4: A listed entity should ensure that all resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

One share, one vote is a fair way to determine the results for any resolution. Therefore, voting by poll should be adopted and with the use of technology, poll voting can be carried out expediently, efficiently and accurately.

Recommendation 7.4: A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

Disclosure of any material exposure to environmental or social risks and, how it manages or intends to manage those risks is important as it can have serious adverse consequences to an entity. Such disclosure becomes even more imperative particularly with the increasing importance of socially responsible investments where such investors make their investment decisions based heavily on such issues.

Submitted by
Lya Rahman
General Manager
Minority Shareholders Watch Group
Malaysia