



Malaysia

Securities Commission Malaysia (SC) publishes Corporate Governance Monitor 2020

On 8 October 2020, the SC published a Corporate Governance Monitor 2020 to provide a round-up of the key corporate governance trends that Malaysian listed companies have adopted in 2019 up to 31 August 2020 (Monitor Period), benchmarked against the Malaysian Code on Corporate Governance (MCCG) published in 2017.

Statistics show an increase in the adoption of best practices in the Monitor Period compared to 2018. Three key trends emerged, namely: (1) the conduct of virtual general meetings in 2020; (2) an increase in the two-tier voting process for independent director retention; and (3) greater transparency in the remuneration of directors and senior management.

Over 250 fully virtual general meetings were conducted since 18 April 2020, testament to the ability of listed companies to effectively leverage off their digital tools to enable virtual communication and engagement between shareholders in response to the COVID-19 pandemic.

Two-tier voting saw an increase for resolutions to retain independent directors with a tenure of more than 12 years. The SC had originally encouraged two-tier voting in the MCCG, which involves the casting of votes of large shareholders (holding not less than 33% voting interests generally) in Tier 1 and non-large shareholders in Tier 2. A decision to retain the director is arrived based on the vote of Tier 1 and a simple majority of Tier 2. There were 268 two-tier resolutions recorded, with 41 listed companies using the two-tier voting process for the first time in 2019. Institutional investors such as EPF and KWAP have also put in place policies to vote against the reappointment of an independent director with tenure of more than 12 years.

Greater transparency in board and senior management remuneration was achieved, with 37 listed companies disclosing senior management remuneration on a named basis, and 737 listed companies formalising a remuneration policy for determining remuneration. In respect of companies in the FTSE Bursa Malaysia Top 100 Index, total board remuneration in 2019 showed a decline by 11.7%. The remuneration received by executive directors declined by 14.5% while remuneration received by non-executive directors increased by 6.2%.



Gender diversity on the board of directors of listed companies saw an increase by 16.96%, with 165 listed companies having 30% or more women directors on their board, as recommended in the MCCG.

Please let us know if you would like a copy of the Corporate Governance Monitor 2020 for further information.

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