Malaysian Code on Corporate Governance

Securities Commission Malaysia
MCCG Roadshow 2018
➢ CARE

➢ Reporting format – CG Overview Statement and Report

➢ General guide on the CG Report
## CARE – Comprehend, Apply and Report

- **Comprehend**: Understand and internalize the spirit and intention behind the principles and practices including its intended outcomes.
- **Apply**: Implement the practices in substance to achieve the intended outcome of building and supporting a strong CG culture throughout the company.
- **Report**: Provide a fair and meaningful disclosure on the company’s CG practices.

- Encourage companies to identify the thought process in practicing good corporate governance.
- Reinforce mutual trust between companies and their stakeholder by promoting meaningful disclosure.
- Generate interest in corporate governance, facilitate assessment and stimulate conversations on governance.
Reporting approach

- Comply or Explain
- Reporting on broad principles
- Providing an alternative practice - optional
- Apply or Explain an alternative
- Reporting on individual practice
- Providing an alternative practice - required
Rationale to reporting approach

“Not a retail investor on planet could get through it let alone understand it…
Jeffery Bornstein, CFO GE on GE's 246 pages annual report

- Presentation of the information in a **user friendly manner**
- **Structured reporting** to replace long narratives in annual report. Average annual reports ranges between 200-300 pages.
- Enhances transparency and provide greater insights into the corporate governance culture of companies
- Facilitates **stakeholder assessment & engagement** with companies on corporate governance issues
Reporting format

Annual Report - CG Overview Statement

Companies are required to disclose –

- summary of its corporate governance practices during the financial year with reference to the 3 Principles
- highlight its key focus areas and future priorities in relation to its corporate governance practices

CG Report

- Companies must provide specific disclosures on its application of each Practice in the CG Report
- CG report must be announced together with Annual report
- Provides detailed explanation on adoption of corporate governance practices

As part of sustainability initiative, SC encourages companies to disclose in digital form
General Guide on the CG Report

**Locked fields**
Only relevant fields will be made available based on criteria under the dropdown

**Explanation for departure**
Companies are required to provide explanations for departure and explain how its alternative practice achieves the intended outcome

**Timeframe**
Large companies are required to provide reasonable timeframe for adoption of practice
Reporting: what to avoid

- General statements which do not provide stakeholders with sufficient details to form a good understanding of the company’s position
- Merely state that it has complied with the requirements under the Listing Requirements as the reason for departure from a practice
- Providing an alternative but not linking it back to the achievement of the intended outcome.
- Unreasonable timeframes for adoption
Thank you