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‘GLCs top the list of companies transparent in corporate reporting’



KUALA LUMPUR: Eight out of Malaysia's top 10 best-scoring listed companies in corporate reporting transparency are government-linked, Malaysian Institute of Corporate Governance's (MICG) latest report showed.

Malaysian Resources Corp Bhd (MRCB) topped the list, followed by KLCC Property Holdings Bhd and KLCC Real Estate Investment Trust (KLCC REIT), Malaysia Airports Holdings Bhd, AMMB Holdings Bhd, Unisem (M) Bhd, MISC Bhd, Sime Darby Bhd and Petronas units, namely Petronas Chemicals Group Bhd, Petronas Gas Bhd and Petronas Dagangan Bhd.

The rankings were revealed in the MICG 2019 report, entitled 'Transparency in Corporate Reporting: Assessing Malaysia's Top 100 Public Listed Companies' (TRAC Report 2019), which was launched here yesterday.

The survey was designed to establish the status of anti-corruption practices of Malaysia's 100 largest listed companies by market capitalisation, based on information available in the public domain, such as company websites, annual reports or other publicly available sources.

Assessments were made to find out whether the companies' anti-corruption programmes have grown stronger since the first report in 2017, and how ready they are for corporate liability in terms of having established adequate procedures, ahead of the enforcement of the corporate liability provision under the Malaysian Anti-Corruption Commission (Amendment) Act 2018, starting June 2020. The provision imposes liability on a commercial organisation for corruption committed by persons associated with the organisation.

While the effectiveness of the companies' anti-corruption programmes was not addressed in the report, the findings, according to MICG, showed significant improvements in the areas assessed between 2017 and 2019.

"Malaysia is moving in the right direction with respect to establishing anti-corruption controls. Particularly encouraging is the marked increase in the number of companies that no longer fall in the zero-scoring bracket, which has been reduced from 74 to just two.

"Whistle-blowing, commitment to relevant laws, anti-corruption policy applying to employees, directors and suppliers all score well," read the report.

However, Malaysian companies still have much work to do to establish adequate procedures to fight graft prior to the enforcement of the corporate liability provision, it said.

This is especially so as commitment to bribery risk assessment, policy on donations and sponsorship, communications on anti-corruption and monitoring of programmes are still weak, it observed.

MICG, in its report, recommended that listed companies check the status of their adequate procedures via gap analysis; conduct bribery risk assessment; ensure materiality and effectiveness of their programmes; and ensure effective training and communication are conducted both internally and externally.

Meanwhile, the regulators are urged to drive uptake of the Malaysian Code on Corporate Governance), establish a code of conduct and ethics, and assist smaller businesses in establishing their adequate procedures at minimal cost.

Equally important is the government's role in intensifying the message that it is enforcing corporate liability from June 2020, especially for larger companies. The government should also provide greater assurance that companies which have established adequate procedures properly will be treated favourably.

At the launch, Bursa Malaysia Bhd chairman Datuk Shireen Ann Zaharah Muhiudeen said the private sector must play its part as the country moves forward in its anti-corruption agenda.

“There are no substitutes for integrity, ethics or good governance. Corruption cannot be justified as a cost of doing business. The impact of the corporate liability provisions is that we cannot adopt anything other than international best practices,” she added.

“This is a very significant and important project undertaken by MICG to support the government’s National Anti-Corruption Plan 2019-2023 in the corporate sector. We hope this report will help the companies assess and identify any gaps they may have in their anti-corruption measures and make the necessary improvements,” said MICG president Datuk Yusli Mohamed Yusoff.

(Source : <https://www.theedgemarkets.com/article/glcs-top-list-companies-transparent-corporate-reporting>)