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Empowering Whistleblowing Policy within Public Listed Companies: Current Practice in Malaysia

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Abstract: Whistleblowing is an act of disclosing any unethical or questionable act within an organization by disclosing them to individuals, the public or authorities that could influence the wrongdoing. It became an important part of the corporate governance process as such action would benefit society and the organization. With the increase in whistleblowing cases involving publicly listed companies (PLCs) by the mass media in Malaysia, there is a dearth of information on to what extent these PLCs manage whistleblowing matters. As a general practice, albeit not compulsory, many publicly listed companies disclose whistleblowing statements in their annual report. As this aspect of corporate governance for the employees is still unexplored, this study purports to explore the form of disclosure on whistleblowing policy by publicly listed companies in Malaysia for the financial year ending 2021. This study is a content analysis of 918 annual reports of companies listed in Malaysia. The findings reveal that most of the companies disclosed matters relating to whistleblowing policies in their Statement of Corporate Governance section, established whistleblowing policies, and mentioned the importance of whistleblowing activities within sections in their annual reports. This study focuses on companies' annual reports. Future studies could be conducted to assess whistleblowing disclosure in other mediums such as the official websites of the companies. The study explored the aspect of corporate governance for the employee as practiced within publicly listed companies in Malaysia. The findings revealed the companies' best practices for promoting transparency and accountability within organizations.

Keywords: *Whistleblowing, whistleblower, Whistleblower Protection Act 2010, whistleblowing disclosure.*

1. Introduction

Whistleblowing activity refers to an action to combat wrongdoing and corruption by encouraging disclosure of any improper behavior within an organization. In Malaysia, whistleblowing activities have only become public scrutiny recently after several cases involving publicly listed companies such as Top Glove Bhd (Top Glove) in 2020 were highlighted by the media. In the case of Top Glove, the world's leading glove maker in over 200 countries, one of its foreign workers has photographed fellow workers crowding into a factory during lockdown to workers' rights campaigners as he is afraid of being fired if he complained personally to the company's upper management. The photos which were then posted to Top Glove as well as the Malaysian government without exposing the whistleblower have led to the worker being terminated and sent back to his home country (Lee & Ananthalakshmi, 2020). Although Top Glove became one of the top tax contributors within the conglomerate in Malaysia, the Malaysian government has instructed the company to close its factories temporarily and charges have been imposed on the company. The revelation has however, brought the attention of the US Customs and Border Protection and such practice is considered forced labor thus, Top Glove product has been banned from entering the US market for one year starting July 2020 and nearly 8.7 million rubber gloves worth RM5.0 million were seized. The ban was only lifted in 2021 (Ananthalakshmi, & Latif, 2021). This is only one of the cases reported by whistleblowers on the malpractice of companies in Malaysia.

The need to protect the whistleblower in organizations is taken seriously by the Malaysian government with the enactment of the Whistleblower Protection Act (WPA) in 2010. Such an act aims to encourage and protect those who make disclosures of improper conduct in both public and private sectors. Those who make such disclosures are termed whistleblowers or informers. Section 7 of WPA enlists three (3) categories of protection for whistleblowers which are protection of confidential information, immunity from civil and criminal action as well as protection against any detrimental action. Conversely, section 10 of WPA specifically safeguards a whistleblower and anyone associated with the whistleblower from any reprisal for disclosing matters of improper conduct within the organization (Malaysia, 2010). However, the Act is argued to have its limitations. For instance, an enforcement agency may be instructed to revoke any whistleblower

protection on the ground if the whistleblower has participated in the unlawful conduct disclosed to him or herself, making false claims and disclosed improper activities that involved questioning the merits of the government policy. Whistleblowers are also not allowed to disclose matters that fall under secrecy laws such as the Official Secrets Act (OSA) 1972, Capital Markets and Services Act 2007 and Section 203A of the Penal Code. Hence, incidences of reprisals, retribution, harassment, and arrests in these situations become a natural reluctance for whistleblowers to disclose the wrongdoing within their organizations (Ganesan, 2022).

Whistleblowing within an organization involves reporting issues to upper management within an organization when they suspect any malpractice, fraud, or any indiscipline occurrence within their workplace to the Human Resource Department or Chief Executive Officer (CEO) of the company (Goa & Wong, 2015). Such workplace malpractice can be in the form of financial wrongdoing, false claims, and environmental violations. For cases involving internal whistleblowing, it is a normal practice to resolve the issue through internal investigation, with no authority involved. However, the law as stipulated in the WPA 2010 allows whistleblowers to disclose, report and complain about any misconduct to any enforcement agency that grants the authority and rights to investigate and enforce any inappropriate conduct (WPA, 2010). Section 15(1) of WPA has also protected whistleblowers who may experience any detrimental action in reprisal due to their whistleblowing activities. As such he or she is entitled to remedies in the form of compensation that the court deems fit (WPA, 2010). Therefore, companies in Malaysia need to consider employees' rights to disclose matters within an organization, particularly regarding illegal, unethical, or fraudulent activities happening in the companies. This study investigated the disclosure of whistleblowing matters within publicly listed companies in Malaysia through their annual report. The information provides an insight into the practice of whistleblowing in Malaysia and recommends the best practice of whistleblowing as evident as to-have been practiced in other countries.

2. Literature Review

Whistleblowing and Corporate Governance: Whistleblowing serves as a means for companies to convey their values through a code of conduct. It provides an ideal channel to raise awareness about potential risks that require attention, aiming to safeguard the company's reputation and integrity by promoting the right behaviors. Devillier (2016), argued that whistleblowing effectiveness within a corporate governance system is based on three pillars: a legal framework, individual responsibility, and corporate culture. The absence of a clear legal framework and whistleblowing protection currently prevents its use as a tool for corporate governance.

Whistleblowing reporting can be the medium to support good corporate governance as warranted by Handoko and Amelia (2021). Their study concluded that the implementation of good corporate governance in Indonesia has a significant effect on fraud prevention. Good corporate governance policy implemented for fraud prevention is intended to foster a positive corporate culture, enhance internal operations, and serve as a framework to support the link between management effectiveness and stakeholder interests.

Smaili and Arroyo (2022) also supported the idea that corporate governance, mainly through the board of directors, is an important tool for fostering internal whistleblowing aimed at preventing and detecting fraud. In addition, they assume that firms with an effective internal corporate governance mechanism would empower whistleblowers to report wrongdoings internally, and that weak internal corporate governance would prompt them to go to the outside.

Whistleblowing Policy and the Malaysian Code of Corporate Governance (MCCG): The whistleblowing policy is a mechanism that encourages employees or individuals to report any wrongdoing, misconduct, or unethical behavior within an organization. It protects whistleblowers against retaliation and ensures that their concerns are addressed appropriately. Whistleblowing policies are typically designed to create a culture of openness, integrity, and ethical behavior within companies. The Malaysian Code of Corporate Governance (MCCG) is a set of guidelines and best practices formulated by the Securities Commission Malaysia to promote good corporate governance among publicly listed companies in Malaysia. The MCCG outlines principles and practices that companies should adhere to enhance transparency, accountability, and integrity in their operations. The three main areas covered by the MCCG are Board leadership and effectiveness, effective audit

and risk management integrity in corporate reporting and meaningful relationships with stakeholders. (In which those areas cover the Board of Directors composition, responsibilities of directors, risk management, and internal controls (MCCG, 2021).

The connection between whistleblowing policy and the MCCG lies in their shared objective of promoting transparency and accountability within organizations. The MCCG recognizes the importance of an effective whistleblowing mechanism as a part of good corporate governance. It encourages companies to establish procedures that allow employees and stakeholders to report any concerns about misconduct, fraud, or other irregularities. By implementing a whistleblowing policy, companies can demonstrate their commitment to upholding the principles of good corporate governance outlined in the MCCG. Such policies not only help in detecting and addressing wrongdoing within organizations but also contribute to building a culture of trust, ethics, and responsible business practices. It is worth noting that while the MCCG guides the establishment of a whistleblowing mechanism, the specific details and implementation of the policy may vary across organizations based on their size, nature of operations, and industry-specific requirements.

Rachagan and Kuppusamy (2012) recommended crafting internal whistleblowing policies within corporate settings. The study also suggests that solely relying on laws to promote and safeguard whistleblowers may not be the sole remedy, considering the cultural and taxonomic differences between Malaysian public-listed companies and those in the broader Asia-Pacific region.

Whistleblowing Disclosure in Annual Reports: Studies on whistleblowing disclosures in annual reports suggest that greater disclosure of whistleblowing policies and procedures can promote greater accountability and transparency. A more positive corporate culture encourages employees to report concerns and issues as part of moving towards healthy corporate governance as well as attracting more investor participation. A study covering five Asian markets (except Singapore) listed in the main market confirms that whistleblowing disclosure quality has a significant negative relationship with the cost of equity, hence suggesting a uniform and comprehensive whistleblowing policy to strengthen the best practices of Asian corporate governance code (Md Salleh, 2019). In the same year, another study in Malaysia by Abidin et al. (2019) identified whistleblowing policy as part of the information disclosed by companies implying their support of the Malaysian Code of Corporate Governance (MCCG), with most of the companies complying with the recommendations of MCCG 2012 to uphold a high standard of ethical practice. Nevertheless, their findings indicated that the level of ethical practice disclosure among Malaysian public listed companies remains low and warrants concern that requires action by regulators.

Recent studies in Indonesia revealed that disclosure of whistleblowing policy in the annual report focuses on the disclosure in the banking sector and publicly listed (Handajani et al., 2022 Rani et al., 2022a). A study on the banking sector revealed that the bank's whistleblowing system policy acts as a mechanism to govern the banking sector i.e. as a red flag to detect any possible violations, alleged ethical irregularities and fraudulent acts (Handajani et al., 2022) The latter study over 68 PLCs in Indonesia by Rani et al. (2022a) however, revealed that companies prefer annual reports over the website as the medium to disclose whistleblowing-related information, varies in terms of depth and comprehensiveness of the disclosures and surprisingly Indonesian PLCs were reluctant to disclose whistleblowing-relating information (though obliged by authority) due to no penalty for non-disclosures.

Ahmad et al. (2018); Md. Salleh et al. (2019); Sari et al. (2021); Rani et al. (2022b) also revealed a lack of disclosure of whistleblowing activity in firms' formal reporting channels such as annual reports. Rani et al. (2022b) explained that firms tend to disclose beneficial information such as the commitment to protect whistleblower(s) without any further clues regarding the implementation. A study by Rani et al. (2022b) also revealed that Indonesian publicly listed companies are prone to implement non-anonymous reporting which can be seen as anticipation and filter to minimize complaints about firms' activity. Though applying anonymous reporting may encourage members to actively observe firms' practices, such action may also heighten the propensity of false or fake reports and other unethical use of the Whistleblowing System (WBS). Nevertheless, Indonesian financial institutions can be considered as an obedient industry as they sit in a regulated setting. As the financial industry is considered as a high risk, disclosure of whistleblowing system-related information shall assist the stakeholders to reduce information asymmetry. Erin et al. (2020)

suggested that whistleblowing reporting is mandatory for corporate organization regulatory reporting. The study also concluded that the whistleblowing framework and its determinants influence earning management which discourages the management from involving aggressive earning management.

Overall, greater disclosure of whistleblowing policies and procedures in annual reports can have a positive impact on various aspects of companies' operations and performance and can ultimately lead to better corporate governance and a more positive corporate culture. These studies suggest that whistleblowing disclosures can have both positive and negative effects on companies, depending on factors such as the level of detail disclosed, the strength of the company's internal controls and governance structures, and the reactions of stakeholders such as investors and customers.

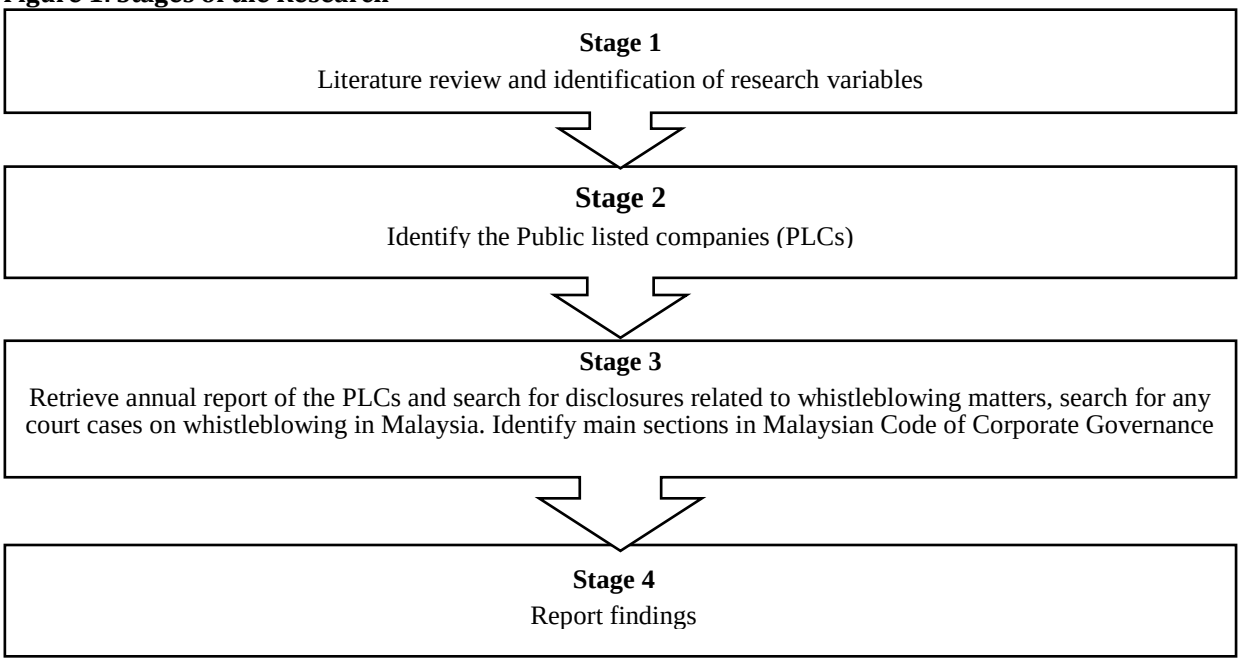
It is evident that most studies on whistleblowing disclosures concentrate on the Western countries and little study is performed on the Southeast Asian countries in particular Malaysia. Hence, this study intends to explore the type of whistleblowing information revealed in the annual report of listed companies in Malaysia.

3. Methodology

The main approach in this qualitative study is content analysis, which is used to analyze the text of a document and identify patterns or themes within it. When it comes to analyzing the annual reports of companies, content analysis can be used to identify the frequency of disclosures on certain topics, such as financial performance, risks and uncertainties, corporate social responsibility, and governance. The frequency of disclosures in annual reports can provide valuable insights into a company's priorities, values, and potential areas of risk. For instance, a company that discloses a high number of risks and uncertainties may be more vulnerable to market volatility or other external factors. On the other hand, a company that emphasizes its commitment to corporate social responsibility may be seen as more socially responsible by stakeholders (Krippendorff, 2019).

For this study, a content analysis was performed over 918 publicly listed companies (PLCs) 2021 annual reports for the year ended 2021 publicly listed in Bursa Malaysia (Malaysian Bourse). The annual report for the financial year ended 2021(any annual report ended as of 31 March, 30 June, 30 September, and 31 December respectively for the year 2021 are selected considering companies may have varied dates for financial year end) was chosen as this is latest available annual report online issued by the companies via the Bursa Malaysia website (bursamalaysia.com). In this study, researchers investigate the frequency of keywords 'whistleblower' and 'whistleblowing' mentioned in sections within the annual report mentioning those words or emphasizing them. In addition, the researchers have also searched for any reporting of whistleblowing incidents either in the annual report or mainstream media in Malaysia within the year 2021. Any link from the annual report to the Whistleblowing Policy was also identified. Figure 1 overleaf depicts the diagrammatic flow of the steps conducted to achieve the objective of the study. In stage three, details of the Malaysian Code of Corporate Governance (MCCG) details are extracted and summarized in Appendix 1. The MCCG extraction is used to check on the disclosure made by the companies selected as samples which is discussed in the findings section.

Figure 1: Stages of the Research



4. Findings and Discussion

A total of 918 annual reports of publicly listed companies over 13 industries in Malaysia with the financial year ended 2021 were retrieved to extract information about any whistleblowing disclosure information. The information was extracted from the available annual reports uploaded to the Bursa Malaysia (Malaysian Stock Exchange) website. The summary of the disclosure is revealed in Table 1 overleaf. The main industry listed in Bursa Malaysia (in terms of the number of companies) is *Industrial Products and Services* (264/918, 28.75%) followed by *Consumer Products and Services* (189/918, 20.6%) and *Technology* (94/918, 10.44%) industries respectively. The least industry with only 13 companies (1.4%) is the *Utilities* industry. It is also revealed in Table 1 that the word related to whistleblowing is disclosed mostly in the *Transport and Logistic* industry with one company mentioning the word as much as 88 times followed by 67 times by a company under the category of *Property* and thirdly by the *Financial and Services* industry with 61 times. Interestingly, there are companies under the category of *Consumer Products and Services* (CPS), *Technology* and *Industrial Products and Services* (IPS) with no disclosure at all on whistleblowing matters.

As per Table 2, it was revealed that all industries have disclosed whistleblowing information in various sections and statements within the annual report. The most disclosed whistleblowing information is in the Corporate Governance Overview Statement, followed by the Sustainability Statement, Statement of Risk Management and Internal Control and Audit Committee Report. The top three (3) industries that have disclosed many disclosures on whistleblowing matters in The Corporate Governance Overview Statement (as the main section in the annual report disclosing matters regarding whistleblowing) in order of frequency are *Transportation and Logistic* with 32 out of 34 companies (94%), followed by *Property* (86/93, 92.4%) and *Industrial Product and Services* (234/264, 88.6%) respectively. On the other hand, the establishment of whistleblowing policy (WBP) within the PLCs is mentioned in the Annual report with the majority (855/918, 93.14%) establishing the policy within their companies, implying their commitment towards following guidelines under the MCCG. Most companies (853/855, 99.76%) under all industries that have established the WBP also have provided links in the annual report to their respective WBP with companies. There are 3 main principles covered by MCCG:

A	Board Leadership and Effectiveness (Board Responsibilities, Board Composition and, Remuneration)
B	Effective Audit and Risk Management (Audit Committee and, Risk Management and Internal Control Framework)
C	Integrity in Corporate Reporting and Meaningful relationship with Stakeholders (Engagement with Stakeholders and Conduct of General Meetings)

The above three (3) main principles are divided into 13 principles of practice as per MCCG's summary tabulated in the Appendix.

Based on the contents analysis conducted from a total of 918 annual reports of publicly listed companies over 13 industries in Malaysia for the financial year ended 2021, it is found that the main principles within the MCCG disclosed in the companies' Annual Report are as depicted in Table 3. Table 3 shows that all 918 (100%) publicly listed companies comply with principle 3.2 of MCCG, where the board establishes, reviews, and implements policies and procedures on whistleblowing.

Table 1: List of Number of Times Whistleblowing Terms Mentioned in the Annual Report by Industries

Industries	**No of the listed companies under the industries (With available online annual reports)**	**Annual Report**	
		Max	**Min**
Construction	57	29	2
Consumer Product & Services (CPS)	189	47	2
Energy	29	52	4
Financial Services	35	61	3
Health Care	19	55	6
Industrial Product & Services (IPS)	264	44	0
Plantation	42	39	3
Property	93	67	2
REIT	18	25	2
Technology	94	55	0
Telecommunication	31	29	6
Transportation & Logistic	34	88	3
Utilities	13	43	6
Total	918		

Another principle within the MCCG that emphasizes the element of whistleblowing is Principle 11.1, where the internal audit should carry out its function effectively and independently. An internal audit function assists a company in accomplishing its goals by bringing an objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control, anti-corruption, whistleblowing, and governance processes. From Table 3, it was discovered that only the *Construction, Consumer Products and services (CPS), Industrial Products and services (IPS), Property, Technology and Transportation and logistics* industries complied with principle 11.1 thus, disclosed such information in their annual report. Whereas industries in *Energy, Financial Services, Health Care, Plantation, REIT, Telecommunication and Utilities* seem not to fully comply with principle 11.1. It is believed that some of the information on the internal audit findings was not disclosed transparently in the annual report. Industries that disclosed relevant information on the 13 principles of MGGC are *Consumer Product & Services (CPS)* with 12 items, followed by *Industrial Product & Services (IPS)* with 10 items and *Property Industries* with 8 items out of 24 listed items of disclosure. On the other hand, whistleblowing disclosure has been mentioned in the Corporate Governance report with a maximum frequency of 37 times in the *Property* industries, followed by 24 times by the *Plantation* industries and 22 times in the *Health Care* industries.

It can be concluded that the top 3 industries that highly disclosed their whistleblowing disclosures in the annual report are *Construction, Consumer Products & Services* (CPS), *Industrial Products & Services* (IPS) and *Property* industries.

Table 2: Whistleblower Disclosures within Companies Listed in KLSE by Industry

Industries	No of the listed companies under the industries (With available annual reports)	Whistleblowing disclosure in statements/sections (no of companies)																		
		Corporate Governance Overview Statement	Sustainability Statement / Report	Statement on Risk Management and Internal Control	Audit Committee Report	Group Internal Audit Report	Directors/Chairman Statement	Nominating Committee	Group Management Committee	Stakeholder Engagement	Workplace management	Risk & Opportunities	Ethics & Integrity	Strategic Review	Value Creation	Management & Discussion	Material Matters	Whistle Blowing Policy	Link to Whistle Blowing Policy	Total
Construction	57	46	45	33	9		5		1						1	2		54	54	250
Consumer Product & Services (CPS)	189	164	120	91	32		7		1	4				6				182	182	789
Energy	29	25	24	17	5					1							1	24	24	121
Financial Services	35	25	17	23	14		3				1	1	2					27	28	141
Health Care	19	16	12	13	6		3			2								19	19	90
Industrial Product & Services (IPS)	264	234	166	107	29		3			1		1	2			5		244	244	1,036
Plantation	42	36	25	17	6		1		1	4								36	37	163
Property	93	86	58	45	14	2	4			6			1	1	1	4		88	88	398
REIT	18	14	15	9	4							2						17	17	78
Technology	94	78	52	32	9		2											91	86	350
ecommunication	31	28	16	14	8		1								1		1	31	31	131
Transportation & Logistic	34	32	24	17	6		5			3				1		2	1	30	30	151
Utilities	13	11	8	7	3		1	2		2					2	1		12	12	61
Total	918	795	582	425	145	2	35	2	3	23	1	4	5	8	5	14	3	855	852	

Table 3: Summary of the number of times whistleblowing in the Corporate Governance Report and the Malaysian Code of Corporate Governance (MCCG) principles in the Annual Report

Industries	No of the listed companies under the industries (With available online annual reports)	Whistleblowing mentioned in the Corporate Governance Report		Principles in the Malaysian Code of Corporate Governance (MCCG) mentioned in the Annual Report																							
		Max	Min	1.1	1.2	1.6	2.1	3.1	3.2*	4.1	4.2	4.7	5.1	5.2	5.8	6.1	8.5	9.1	9.2	9.3	9.5	10.1	10.2	10.3	11.1*	12.1	13.6	Total
Construction	57	17	2	•				•	•					•			•								•			6
Consumer Product & Services (CPS)	189	18	0	•		•	•	•	•	•	•							•			•	•	•		•			12
Energy	29	14	1					•	•			•	•															4
Financial Services	35	21	0	•		•		•	•									•								•	•	7
Health Care	19	22	0	•			•	•	•													•				•		6
Industria	264	14	1	•					•						•		•	•		•			•	•	•	•		1

l Product & Services (IPS)																						0
Plantation	42	24	1	•	•		•	•	•							•		•				7
Property	93	37	0	•	•		•	•	•							•				•	•	8
REIT	18	12	0				•	•													•	3
Technology	94			•	•		•	•								•				•	•	7
Telecommunication	31	18	3	•			•	•										•			•	5
Transportation & Logistic	34	17	2	•			•	•						•					•	•	•	7
Utilities	13	11	2	•	•		•	•													•	5
Total	918																					

* Principles emphasize on whistleblowing

The decision of whether to disclose whistleblowing matters in the annual report depends on various factors, such as the legal and regulatory requirements in a particular jurisdiction, the company's policies and practices, and the potential benefits and drawbacks of such disclosures. In many jurisdictions, there are legal and regulatory requirements for companies to have whistleblowing policies and to disclose information about these policies in their annual reports or other public disclosures. In such cases, companies are required to provide information about the existence of their whistleblowing policies, the procedures for reporting concerns, and the outcomes of investigations into reports. Even in cases where there are no legal or regulatory requirements to disclose whistleblowing matters in the annual report, it can still be beneficial for companies to do so. Disclosure of whistleblowing policies and procedures can demonstrate a company's commitment to ethical and responsible behavior and can help to build trust and credibility with the stakeholders.

On the other hand, there may be risks associated with disclosing whistleblowing matters in the annual report. For example, such disclosures could potentially harm the company's reputation or lead to litigation or regulatory investigations. Additionally, disclosing too much information about specific whistleblowing incidents could violate the confidentiality of the individuals involved and could discourage future whistleblowers from coming forward. This study which focuses on the whistleblowing disclosure within 918 publicly listed companies in Malaysia for the year ended 2021 found that information on whistleblowing policy is disclosed in many sections within their annual report, particularly the Corporate Governance Overview Statement. Most of the publicly listed companies (93.14%) also have established their own Whistleblowing Policy, thus upholding the MCCG's best practice of promoting transparency and accountability within organizations.

In summary, whilst there may not be a universal requirement to disclose whistleblowing matters in the annual report. Companies should carefully consider the potential benefits and risks of such disclosures. Therefore, it is viable to make a decision that is in the best interests of the company and its stakeholders. Future studies could be conducted to assess whistleblowing disclosure in other mediums such as the official websites of the companies.

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Appendix 1: Summary of Main Sections in the Malaysian Code of Corporate Governance (MCCG)

PRINCIPLE	COMPONENT
BOARD LEADERSHIP AND EFFECTIVENESS	
	BOARD RESPONSIBILITIES
1	**Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.** 1.1 The company's strategic aims are to ensure resources are in place, meet its objectives and review management performance. 1.2 Good corporate governance practices, leadership, and effectiveness of the board 1.3 The chairman and CEO are different individuals. 1.4 The chairman of the board should not be a member of the Audit Committee, Nomination Committee, or Remuneration Committee 1.5 The Board is supported by a suitably qualified and competent company secretary. 1.6 Directors receive meeting materials, complete and accurate within the meeting period.
2	**There is a demarcation of responsibilities between the board, board committees and management.** 2.1 A board charter (roles and responsibilities of the board, board committees, individual directors and management including issues and decisions of the board).
3	**The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency, and fairness.** 3.1 Code of Conduct and Ethics for the Company 3.2 Management implements policies and procedures on whistleblowing.
4	**The company addresses sustainability risks and opportunities in an integrated and**

strategic manner to support its long-term strategy and success.

4.1 Setting the company's sustainability strategies, priorities, and targets.
4.2 Targets are communicated to its internal and external stakeholders.
4.3 Appropriate action to ensure they stay abreast with and understand the sustainability issues.
4.4 Review of the performance of the board and senior management.

BOARD COMPOSITION

5 **Board decisions are made objectively in the best interests of the company considering diverse perspectives and insights.**

5.1 The composition of the board is refreshed periodically.
5.2 Half of the board comprises independent directors.
5.3 Tenure of an independent director does not exceed a term limit of nine years.
5.4 The Board has a policy that limits the tenure of its independent directors to nine years without further extension.
5.5 Appointments 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.
5.6 The Board utilizes independent sources to identify suitably qualified candidates.
5.7 The Board ensures shareholders have the information they require to make an informed decision on the appointment and reappointment of a director.
5.8 The Nominating Committee is chaired by an independent director or the Senior Independent Director.
5.9 The board comprises at least 30% women directors.
5.10 The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

6 **Stakeholders can form an opinion on the overall effectiveness of the board and individual directors.**

6.1 The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees, and each director.

REMUNERATION

7 **The level and composition of remuneration of directors and senior management consider the company's desire to attract and retain the right talent on the board and senior management to drive the company's long-term objectives.**

7.1 The Board has remuneration policies and procedures to determine the remuneration of directors and senior management.
7.2 Remuneration Committee to implement its remuneration policies and procedures including reviewing and recommending matters relating to the remuneration of board and senior management.

8 **Stakeholders can assess whether the remuneration of directors and senior management is commensurate with their performance, taking into consideration the company's performance.**

8.1 Detailed disclosure on the named basis of the remuneration of individual directors.
8.2 discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000
8.3 fully disclose the detailed remuneration of each member of senior management on a named basis.

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

9 **There is an effective and independent Audit Committee. The board can objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.**

	9.1 The Chairman of the Audit Committee is not the Chairman of the Board. 9.2 The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company. 9.3 The Audit Committee has policies and procedures to assess the suitability, objectivity, and independence of the external auditor. 9.4 The Audit Committee should be comprised solely of independent directors. 9.5 the Audit Committee should possess a wide range of necessary skills to discharge its duties.
	RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK
10	**Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.**
	10.1 The board should establish an effective risk management and internal control framework. 10.2 The board should disclose the features of its risk management and internal control framework and the adequacy and effectiveness of this framework. 10.3 The board establishes a Risk Management Committee, which comprises mostly independent directors, to oversee the company's risk management framework and policies.
11	**Companies have an effective governance; risk management and internal control framework and stakeholders can assess the effectiveness of such a framework.**
	11.1 The Audit Committee should ensure that the internal audit function is effective and able to function independently. 11.2 The board should disclose: that internal audit personnel is free from any relationships or conflicts of interest, the number of resources in the internal audit department, the name, and qualification of the person responsible for internal audit, and the internal audit function is carried out by a recognized framework.
C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS	
	ENGAGEMENT WITH STAKEHOLDERS
12	**There is continuous communication between the company and stakeholders to facilitate mutual understanding of objectives and expectations.**
	12.1 The board ensures there is effective, transparent, and regular communication. with its stakeholders. 12.2 Large companies are encouraged to adopt integrated reporting based on a globally recognized framework.
	CONDUCT OF GENERAL MEETINGS
13	**Shareholders can participate, engage the board and senior management effectively and make informed voting decisions at general meetings.**
	13.1 Notice for an Annual General Meeting should be given to the shareholders at least 28 days before the meeting. 13.2 All directors attend general meetings. 13.3 Listed companies should leverage technology to facilitate voting & remote shareholders' participation. 13.4 The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management, and shareholders. 13.5 The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management, and shareholders. 13.6 Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.