

Corporate governance trends 2018

A decade on from the financial crisis of 2008, corporate governance practices continue to evolve as regulators seek to ensure capital markets are attractive and safe for investors. Stakeholder expectations and business norms are now shaped by a transparent and interconnected global operating environment. Corporate Citizenship has identified the emerging corporate governance trends that boards and management teams should pay attention as they unfold throughout 2018 and beyond.

GREATER EMPHASIS ON DIRECTOR INDEPENDENCE

50%

the minimum number of independent directors for all listed companies in Malaysia. For large companies, a majority is required¹

9YRS

the term limit for being considered independent before requiring shareholder approval to remain independent¹

GENDER DIVERSITY IN THE BOARDROOM DRIVES BETTER DECISION MAKING

+177%

on EBIT margin compared with their peers for companies in Asia in the top quartile for woman's representation in executive committees²

≥30%

the minimum number of female directors for large companies stated in the Malaysian Code on Corporate Governance¹

SCRUTINY ON EXECUTIVE COMPENSATION AND ITS LINK TO LONG TERM PERFORMANCE

The Companies Act

2016

in Malaysia requires that the fees and benefits payable to directors must be approved by shareholders at a general meeting³

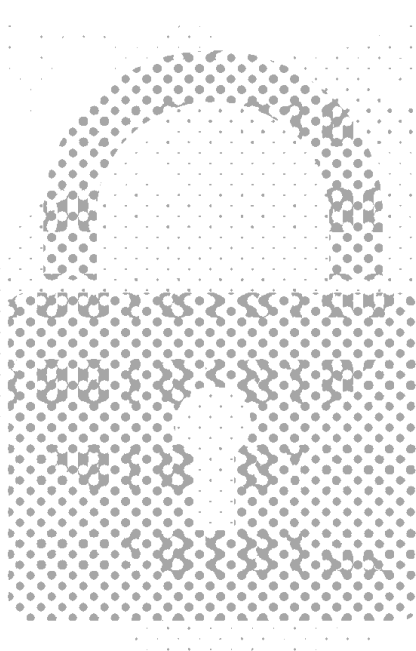
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countries allow shareholder "say-on-pay" (Australia, Belgium, Canada, Denmark, France, Finland, Germany, Italy, Japan, Norway, Netherlands, Sweden, Spain, Switzerland, United Kingdom and USA)⁴

GROWING RISK OF CYBER THREATS AND SECURITY

\$81bn

in business revenues lost globally to cyberattacks in 2016⁵



5th

among the top risks in Asia in 2017⁵

SUSTAINABILITY REPORTING IS NOW A BUSINESS NORM

3 in 4

of top 100 companies by revenue in each of the 49 countries assessed produce sustainability reports⁶

GRI

is the most popular framework for sustainability reporting⁶

GREATER FOCUS ON ESG FROM SHAREHOLDERS AND INVESTORS

52.6%

of shareholder proposals (resolutions) for the 500 largest companies in the US, fell into the social and environmental category in 2017⁷

\$68.4tn

asset under management from 346 asset owners that are PRI signatories⁸

REFERENCES

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