

## **MALAYSIAN CODE ON CORPORATE GOVERNANCE (REVISED 2007)**

The Malaysian Code on Corporate Governance (Code) was first issued in March 2000. Compliance with the Code is not mandatory but listed companies are required under the Listing Requirements of Bursa Malaysia to include in their annual reports a narrative account of how they have applied the principles and best practices set out in the Code, and to identify and give reasons for areas of non-compliance, together with alternative practices adopted, if any.

In line with the Budget 2008 announcement by the Prime Minister, the revised Code contains key amendments aimed at strengthening the roles and responsibilities of boards of directors and audit committees, and ensuring that they discharge their duties effectively.

In particular, the revised Code spells out the eligibility criteria for appointment of directors, the composition of the board of directors and the role of the nominating committee. Independent non-executive directors are expected to provide a more meaningful and independent oversight function.

The nominating committee, as the gatekeeper for a director's appointment and reappointment, are expected to evaluate the professionalism and integrity of a proposed director, in addition to ensuring the basic requirements of possessing the necessary skills, knowledge, expertise and experience to discharge his duties and responsibilities as a board member.

To ensure that the audit committee serves as an effective check on the management of a company, the revised Code details the composition of audit committees, the frequency of meetings and the need for audit committee members to attend continuous training to keep abreast with developments in relevant financial and other related developments. In addition, executive directors will no longer be allowed to become members of an audit committee in order to preserve the independence of the committee.

Please refer to [New! Code of CG Revised 2007](#) link.