



November 12, 2015

Regulatory Policy & Advisory
Bursa Malaysia Berhad
9th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur
Via email: norlailamohamad@bursamalaysia.com

Re: COMMENTS TO ISSUES RAISED IN CONSULTATION PAPER NO. 2/2015

Glass, Lewis & Co. ("Glass Lewis") appreciates the opportunity to comment on the Consultation Paper No. 2/2015 issued by the Bursa Malaysia Securities Berhad ("Bursa Malaysia").

Founded in 2003, Glass Lewis is the leading, independent provider of global governance services that help institutional investors understand and connect with the companies in which they invest. Glass Lewis provides proxy research, engagement and vote management services to more than 1,000 clients throughout the world. While, for the most part, institutional investor clients use Glass Lewis research to help them make proxy voting decisions, they also use Glass Lewis research when engaging with companies before and after shareholder meetings. From its offices in North America, Europe and Australia, Glass Lewis' 300+ person team provides research and voting services to institutional investors that collectively manage more than US \$20 trillion.

In addition to research and policy implementation services, Glass Lewis – through its web-based ViewPoint vote management system – also provides investor clients with the means to receive, reconcile and vote ballots according to custom voting guidelines and record-keep, audit, report and disclose their proxy votes.

Glass Lewis is a portfolio company of the Ontario Teachers' Pension Plan Board ("OTPP") and Alberta Investment Management Corp. ("AIMCo"). Glass Lewis operates as an independent company separate from OTPP and AIMCo. Neither OTPP nor AIMCO is involved in the day-to-day management of Glass Lewis' business. Moreover, Glass Lewis excludes OTPP and AIMCo from any involvement in the formulation and implementation of its proxy voting policies and guidelines, and in the determination of voting recommendations for specific shareholder meetings.

Glass Lewis Views on Proposed Amendments to Listing Requirements

Glass Lewis would like to commend Bursa Malaysia for re-examining its Main Market Listing Requirements and ACE Market Listing Requirements ("Listing Requirements") which will ensure the

Listing Requirements reflect global trends and developments in corporate governance. Glass Lewis generally agrees with the proposed Listing Requirements. The response provided below includes Glass Lewis' views about some specific provisions outlined in the proposed Listing Requirements.

Proposal 1 - Enhancements to the contents of annual reports

Glass Lewis believes the proposed requirements regarding the disclosure of the management discussion and analysis ("MD&A") will encourage companies to make sufficiently broad and specific discussion and analysis in their annual reports. We recognize the Chairman's Statement will be on a voluntary basis. We believe that the MD&A statement will convey more comprehensive and in-depth information regarding the company's business, operation and financial performance.

Glass Lewis believes that the proposed enhancements regarding the disclosure of non-audit fees will increase transparency on auditor's remuneration. When management and the auditor enter into significant financial relationships unrelated to the audit, the independence of the auditor and the integrity of the company's financial statements may be compromised. Therefore, Glass Lewis believes that it is crucial companies disclose the details of the auditor's remuneration to allow for a meaningful shareholder review of audit practices at the company.

Glass Lewis agrees that companies should provide the same level of transparency regarding the CEO even when the CEO is not a director of the company, considering the CEO's important role in the overall management of the company.

Proposal 2 - Enhancements to improve shareholder engagement and strengthen corporate governance practices of listed issues

Glass Lewis strongly favors the proposal to require voting by poll instead of by show of hands. In general, we believe that voting by show of hands separates the economic interests of shareholders from their voting rights, and that voting of all resolutions by poll will enhance transparency of the voting process and encourage greater shareholder participation. Glass Lewis therefore believes shareholders benefit when companies tally votes by use of a poll as opposed by show of hands.

Additionally, Glass Lewis believes that appointing at least one independent scrutineer and identifying them by name will enhance the integrity of the voting procedures and provide a higher level of oversight to the voting validation procedure.

Proposal 3 - Enhancements arising from international standards of auditing relating to key audit matters and going concern

Glass Lewis views certain information, such as regarding any qualification in an independent auditor's report, any material uncertainty related to a company's going concern status and any other emphasis of matter, crucial to shareholders to conduct a meaningful review of the company's financial statements.

As such, Glass Lewis generally supports more frequent and detailed disclosure of such information, including steps and timeline for the steps to be taken to resolve the highlighted issues.

Moreover, Glass Lewis believes the role of the audit committee, including to overseeing the company's accounting policy and financial reporting, is crucial to shareholders in protecting shareholder value. Therefore, Glass Lewis believes it will benefit the company and shareholders if the function of the audit committee is expanded to focus on significant financial reporting issues and judgments as well as the additional disclosure of how the committee has met its responsibilities in the audit committee report adequate.

Glass Lewis Suggestions on Proposed Listing Requirements

While Glass Lewis believes that the large majority of the proposed amendments to the Listing Requirements are positive, there are a few governance areas where the proposed Listing Requirement could further improve company practices. Specifically, Glass Lewis recommends enhancements to the disclosure requirements in the following areas:

- Proposal 1.3, Issue 8 - In addition to the proposed requirements, Glass Lewis recommends companies provide more details (name, ticker, stock exchange, and etc.) other directorships held by directors in listed issuers as well as particulars of any public sanction or penalty imposed by the relevant regulatory bodies within the past three years, instead of the proposed past one year. Furthermore, we recommend Bursa Malaysia reconsider the decrease of the look-back period of convictions for offences from 10 years to five years. In some cases, past behavior can be an indication of future behavior. In particular, providing a history of criminal convictions of directors and executives is crucial for shareholders to fully review whether directors have a record of protecting shareholder value.
- Proposal 1.5, Issue 11 - Glass Lewis believes the listed companies should further disclose the following details regarding the directors' remuneration: individual compensation amounts, non-executive directors' fee structure (fees and allowances), explanation on other emoluments and/or benefits-in-kind, and explanation on the proposed amount should the proposed amount differ from the aggregate amount of directors' fees stated in the annual report.
- Proposal 1.6, Issue 12 - Glass Lewis is of the view that removing repetitive information from the annual report may be in the shareholders' interests when such information is already stated in another part of the annual report or with a specific citation of the referenced documents. To facilitate understanding, listed companies could cite the referenced announcements instead of repeating such information. In terms of (d) the

proposed removal of disclosure of sanctions or penalties imposed on the listed issuer or its subsidiaries from the annual report, it would not be convenient for shareholders to keep track of all immediate announcements related to such disciplinary actions released during the previous fiscal year. In addition, such information can be a useful tool for shareholders' comprehensive review to evaluate the performance and legal compliance of the company. Thus, we recommend that the annual report include such information and its related further progress for shareholder convenience.

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Glass Lewis welcomes this opportunity to comment on the Consultation Paper No. 2/2015 and is available to answer any questions Bursa Malaysia may have regarding the comments provided above.

Respectfully submitted,

/s/

Shigemichi Yoshizu, Senior Research Analyst, Asia Research

/s/

Hae Eun Jang, Director, Asia Research

/s/

Robert M. McCormick, Esq., Chief Policy Officer