



Corporate Governance Workshop Feedback



Action Area: Internal Audit Function

We have modified the metric on Internal Audit Function to also track the number of committee members qualified in audit or accounting

1. Internal Audit Function:

Feedback: It was suggested that the metric be modified to look at professional qualifications of members of the audit committee in addition to the independence of the members

Regulation: The CMA Code of Corporate Governance requires a board to establish an audit committee of at least three independent and non-executive directors. Additionally, the chairperson of the audit committee should be an independent and non-executive director, and at least one of the committee members should hold a professional qualification in audit or accounting

Change: To modify the metric on audit committee composition to track number of independent members and members with professional qualification in audit or accounting.

Metrics	0	0.5	1
Internal Audit Function	Lacks this function or has not disclosed its existence	Less than 75% independent members and/or no qualified member in audit or accounting	75% or greater independent members and at least 1 member qualified in audit or accounting

Action Area: Relevant Industry Knowledge

In addition to assessing exposure of board members to more developed markets, we have included a metric to track the number of board members with industry-relevant experience

2. Relevant Industry Knowledge:

Feedback: It was suggested that the metric on global exposure be modified to include industry-specific qualifications of board members since they may have studied or worked abroad but do not possess experience relevant to the industry in which the firm operates

Regulation: The CMA Code guideline on experience of board members is that there should be a balance of skills and experience, which is relevant to the firm

View: Board members should possess broad business knowledge relevant to the company's business to enable them discharge their duties. We have therefore added a metric that will track how many board members possess the relevant industry knowledge

Metrics	0	0.5	1
Relevant industry knowledge(studies and work experience)	None	One or two members	More than two members

Action Area: Corporate Social Responsibility (CSR)

We have modified the CSR metric to assess the company's commitment to corporate citizenship through sustainability report on ESG issues

3. Corporate Social Responsibility:

Feedback: Since there is no way to measure good corporate citizenship, we should go beyond the CSR activities of a company to assess their sustainability, and their social and environmental impact

Regulation: The CMA Code recommends that the Board should protect, enhance and invest in the well-being of the economy, society and the environment. Corporate citizenship shall be manifested in tangible programs and results which can be reported, based on standard performance measures.

Change: In addition to tracking a company's participation in CSR, the metric will track inclusion of a sustainability report on Economic, Social and Governance (ESG) issues in the annual report or on the company's website

Metrics	0	0.5	1
Corporate Social Responsibility and Sustainability Reporting	Doesn't participate or not disclosed	Participates but no sustainability report	Actively participates and has a sustainability report on ESG issues

Action Area: Relationship with Regulators

We shall include a metric, which penalizes companies that have been sanctioned by a regulator or found guilty in a court of law over the last 3 years

4. **Relationship with Regulators:**

Feedback: It was suggested we include a metric that penalizes companies that have been sanctioned by a regulator

View: This metric is to track adherence by companies to the set industry guidelines from different regulators and laws of the country, since corporate governance also involves compliance with laws and regulations

Metrics	0	0.5	1
Relationship with regulators	Has been sanctioned by a regulator or found guilty in a court of law over the last 3 years	-	Has not been sanctioned by a regulator or found guilty in a court of law over the last 3 years

Q&A