

Understanding Corporate Governance: Malaysian Code on Corporate Governance (MCCG) (University Level Worksheet)

Corporate governance is the process and structure used to direct and manage a company's business and affairs. It provides a framework of control mechanisms to help companies achieve their goals while minimizing conflicts. In Malaysia, the Malaysian Code on Corporate Governance (MCCG) sets out principles and best practices to strengthen board leadership, audit and risk management, and stakeholder relationships. The MCCG has evolved over time to reflect global standards, focusing on board diversity, sustainability, transparency, and effective oversight.

Fill in the Blank: Fill in the blank with the correct words.

1. The MCCG was first introduced in the year _____.
 2. The approach known as CARE stands for Comprehend, Apply, and _____.
 3. According to MCCG 2021, at least _____ percent of board directors in all PLCs should be women.
 4. An _____ director is one who is independent of management and has no conflicts of interest.
 5. The board chairman should not be a member of the _____, Nomination Committee, or Remuneration Committee.
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Word Bank:

- Audit Committee
 - 30
 - 2000
 - Report
 - independent
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Multiple Choice Questions: Choose the correct answer from the choices for each question.

1. What is one of the main purposes of corporate governance?
 - a) To increase company profits at any cost
 - b) To provide a framework of control mechanisms for achieving company goals
 - c) To reduce board diversity
 - d) To eliminate all company risks
2. Which principle in MCCG focuses on board responsibilities and composition?
 - a) Principle A
 - b) Principle B
 - c) Principle C
 - d) Principle D

3. Which of the following is a requirement for an independent director as per the MCCG?
 - a) Must be a major shareholder
 - b) Must be an executive director
 - c) Must have no material relationship with the company
 - d) Must be related to the CEO
 4. What is encouraged by the MCCG regarding board diversity?
 - a) At least 50% of directors should be men
 - b) At least 30% of directors should be women
 - c) Only independent directors should serve on the board
 - d) No women are required on the board
 5. The separation of Chairman and CEO roles is important because:
 - a) It promotes accountability and clear division of responsibilities
 - b) It allows one individual to control the board
 - c) It reduces the need for independent directors
 - d) It is required only for small companies
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Open-Ended Questions: Answer the following questions in complete sentences.

1. Explain why it is important for the Chairman and CEO positions to be held by different individuals.
2. Describe two roles of non-executive directors on a company's board.
3. How does the MCCG 2021 encourage companies to engage with stakeholders?