

Amendments to CG Code

New amendments were made to section 1.3, 1.6 and section 10 of the CMDA Corporate Governance Code in 2014.

The new amendments were proposed to increase female representation on Boards of companies and to encourage sustainable business activities through a voluntary compliance provision introducing sustainable reporting in the Corporate Governance Code.

CORPORATE GOVERNANCE

“The way to a sustainable future”



CAPITAL MARKET DEVELOPMENT AUTHORITY

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Background

Capital Market Development Authority (CMDA) is an independent institution responsible for developing and regulating the capital market and the pension industry of the Maldives. CMDA has taken the initiative to promote a culture of good Corporate Governance in Maldives with the aim to raise investor confidence, develop the capital markets and to achieve sustainable growth for the corporate sector and the economy as a whole.

What is Corporate Governance?

Corporate Governance ensures that companies are directed and managed at Board and management level in a fair and transparent manner. It provides guidance on how the objectives of the company are set and achieved, how risk is monitored and assessed, and how performance is optimized.

Four Defining Principles of Corporate Governance



Why is Corporate governance Important to the Maldives

Good Corporate Governance practices have an impact in determining the cost of capital in a global capital market. Companies in the Maldives must be equipped to compete globally and to maintain and promote investor confidence, both in the Maldives and internationally. This means that companies in the Maldives must put in place good Corporate Governance practices.

Good Corporate Governance is also grounded in Islam where transparency, disclosure and accountability are important tenets in doing business.

Benefits of Corporate Governance



CMDA Corporate Governance Code

The CMDA Corporate Governance Code was compiled in the year 2006 and was made mandatory for all the listed companies with effect from 1st of January 2008, regardless of the nature of their business. The Code is designed in such a way that it caters to the specific needs of the Maldives.

Mandatory Provisions

- Board Matters
- Remuneration Matters
- Management Matters
- Audit & Internal Control
- Company Secretary
- Shareholder Rights &
- Disclosure Requirements
- System to raise concerns

Voluntary Provisions

- Investors and Media Relations
- Sustainability reporting

Companies complying to the CMDA Corporate Governance Code

With effect from 1st January 2008, the Code was made mandatory for all listed companies on the first Board of the Maldives Stock Exchange.

Besides the listed companies, SOEs and private sector companies are also making an effort to comply with the CMDA Corporate Governance Code. In this regard, some State Owned Enterprises are now getting ready to comply with the principles of CMDA Code. CMDA is extending its services to all companies that are interested in adopting the CMDA Corporate Governance code.