



KEYNOTE ADDRESS

BY

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DEPUTY FINANCE MINISTER I

**MSWG - ASEAN CORPORATE GOVERNANCE
RECOGNITION 2017**

**THE GRAND BALLROOM
MAJESTIC HOTEL KUALA LUMPUR**

6 DECEMBER 2017 (WEDNESDAY)

7.35 PM

Assalamualaikum Warahmatullahi Wabarakatuh and a very good evening to all.

[salutations to be provided later]

First and foremost, I wish to thank the Minority Shareholder Watchdog Group (MSWG) for inviting me to join all of you here at the MSWG-ASEAN Corporate Governance Recognition 2017.

- 1. It is indeed a pleasure to see a big crowd here tonight to celebrate the achievements of our corporate which have attained corporate governance excellence as well as individuals who have made significant contributions in the CG arena.**
- 2. Malaysia has garnered a good reputation for its corporate governance built on a robust corporate governance framework and various reforms, with a strong commitment and support from the Government to continuously elevate the corporate governance standards in the country.**

Malaysia's Economic Performance

Ladies and gentlemen,

- 3. We have been experiencing good economic growth, rising from strength to brawn. An excellent third-quarter economic growth of 6.2% in Malaysia Economy Quarterly Report 2017 was a tremendous performance that surprised everyone. This was better than the 5.8% we recorded in the second-quarter, which was itself faster than the 5.6% we announced in the first quarter. In fact, Malaysia is growing at the fastest rate in at least three years.**

- 4. In some ways, this performance is not surprising. Malaysian consumers and business owners currently are confident about their futures and are investing in their businesses.**

- 5. On the external front, Malaysia has successfully diversified its export products and expanded its trading partners in line with the underlying structural changes in the economy. Driven by improved global demand and robust domestic activities, both gross exports and imports of merchandise goods recorded double-digit growth of 21.1% and 21.9% during the first 10 months of 2017.**

- 6. As a result of this strong growth momentum, our Ringgit is one of the best, if not the best-performing currency in ASEAN. Today, we are up nearly 8% against the US Dollar since the start of the year.**

Corporate Governance Developments in Malaysia

Ladies and Gentlemen,

- 7. These strong economic indicators and conditions make our country a great place to do business in. According to the 2017 World Bank's "Doing Business in Malaysia" Report, we ranked an admirable 23rd out of a total of 190 economies. This places us in the top 12% globally.**
- 8. While we scored highly in areas like 'obtaining electricity', 'dealing with construction permits' and 'obtaining credit', our highest score of fourth place globally was in the area of minority investor protection.**
- 9. Various bodies like Bank Negara Malaysia, the Securities Commission Malaysia, Bursa Malaysia and yes, also the Minority Shareholder Watchdog Group, have been instrumental in getting us to this lofty spot.**
- 10. In 2017 alone, we implemented a series of measures designed to protect minority interests.**

For example, April 26 saw the release of the new Malaysian Code on Corporate Governance (MCCG). This was designed to further internationalise and align our local capital markets with global best practices.

- 11. Some of the changes included the inclusion of non-listed entities under the code. We also imposed the need for detailed disclosures on directors' remuneration. And required at least half of company boards to be comprised of independent directors. These measures are designed to drive a culture of good governance, transparency and accountability.**
- 12. We also made great inroads in the area of ESG -- or Environmental, Social and Governance investing, where Bursa Malaysia launched the ESG Index back in 2014. I understand that not only has cognisance and adoption of responsible investing gained traction, some funds have performed well in both the conventional and shariah markets. This is proof indeed that investor confidence in responsible business is justified.**
- 13. We also made important gains in the area of workplace diversity, with efforts to drive female participation on corporate boards. Unprecedented steps were taken by our Prime Minister Datuk Seri Najib Razak to drive greater gender diversity in**

hopes of achieving the targets of 30% of women on corporate boards from 16.8% currently.

14. In terms of institutional stewardship, we now have 17 signatories to the Malaysian Code for Institutional Investors, indicating greater uptake from asset owners and asset managers to influence and promote good governance among their investee companies.
15. Some of the signatories to the Code include some of our country's largest asset owners, including Employees Provident Fund, Kumpulan Wang Persaraan (Diperbadankan), Khazanah Nasional Berhad, ValueCAP Sdn Bhd and Pertubuhan Keselamatan Sosial.
16. There are immense benefits in helping us to develop and strengthen our capital markets. For this chief reason, I once again would urge other large institutional investors such as Permodalan Nasional Berhad, Lembaga Tabung Haji and Lembaga Tabung Angkatan Tentera to become signatories to the Code.

MSWG's Role and Initiatives in the Capital Market

Ladies and Gentlemen,

17. I think all of us must also take our hats off to MSWG for the great work and efforts it has made

since its humble beginnings in the year 2000, which has enabled it to become the force to be reckoned with today. As I am sure you are aware, no voice rings louder in local shareholder activism than that of the MSWG.

18. Over the years, I have seen MSWG evolves into an independent research organisation passionately dedicated to corporate governance and safeguarding the interests of minority shareholders. The platform and voice that MSWG provides to both retail and institutional shareholders has been invaluable in instilling market discipline, while encouraging good governance among our public listed companies.
19. The work that MSWG does in the 300+ companies under their coverage, whether in the advice that they provide, or their votes at annual general meetings of public listed companies has proven invaluable not only in advocating good governance but also in safeguarding minority shareholders' interests.
20. Truly, the work undertaken by MSWG has not only helped to facilitate the resolution of market frictions but also reduced the cost and burden of shareholder activism without resorting to the courts of justice.

- 21. Specifically, I must also laud MSWG's efforts as the domestic ranking body for the ASEAN CG Scorecard, which is part of the ASEAN Capital Market Forum, or ACMF, Initiatives.**
- 22. Malaysia has always embraced global business and it is my sincere belief that in order to offer a viable and attractive market to the world, our companies must be well-governed and efficient.**
- 23. That is why we have so passionately adopted the ACMF initiatives to achieve greater integration among all ten ASEAN capital markets under the ASEAN Economic Community Blueprint 2025. The medium-term goal of harmonising the rules and regulations among all ten ASEAN capital markets before later shifting towards more strategic issues to achieve greater integration is an important and critical one.**
- 24. Hence, as I am sure you will witness as the evening unfolds, this year's scorecard will embody the spirit and principles of the ACMF's integration agenda until 2025. Hopefully by then, the ASEAN Economic Community will be better integrated and more competitive, innovative and dynamic, not to mention becoming more resilient, inclusive and in sync with the global economy.**

25. If I may repeat the key priority areas before the 2025 deadline:

1) Improve regional market infrastructure and connectivity

2) Drive more cohesiveness in regulations and practices

3) Promote ASEAN asset classes

4) Foster better mobility for professionals

5) Attract greater investor participation

6) Promote greater stakeholder interaction, cooperation and coordination

Moving Forward

Ladies and Gentlemen,

26. As the evening wears on, I shall not take too much more of your time. I would thus like to congratulate MSWG for all the good work they have put in to help advance our country's capital markets. May all your good work continues.

27. To all the winners of this year's corporate governance assessment, congratulations and I hope you will not be complacent and continue to raise the bar in CG excellence.

- 28. Before I take my leave, I should like to make this point. We have come far in our journey, but much more work lies ahead. We should not rest on our laurels, but continuously strive for the best.**
- 29. Some aspects which require further improvements include better-quality and more independent boards, while improved diversity in our workplace - - whether in terms of gender, skills and experience - must also be met. Better governance must not be merely restricted to the corporate world.**
- 30. The government also recognises the tremendous benefits from better governance. We too are striving to become better and more efficient civil servants.**
- 31. We are also working hard to achieve great improvements in public sector governance so that our country is more competitive and efficient in the decades ahead.**
- 32. Congratulations once again for all your excellent work, and I wish each of you a pleasant evening ahead.**

**Wabillahitaufik Walhidayah Wassalamualaikum
Warahmatullahi Wabarakatuh.**