



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

KEYNOTE ADDRESS

By

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Finance Minister of Malaysia

2nd ASEAN Corporate Governance Awards

Hall 2, Kuala Lumpur Convention Centre, Malaysia

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Mr Rapee Sucharitakul, Chairman of the ASEAN Capital Markets Forum (ACMF)

Datuk Syed Zaid Albar, Chairman, Securities Commission Malaysia

Mr Emilio B. Aquino, Chairman, ACMF Working Group on Corporate Governance Initiative

Tan Sri Dato' Seri Dr Sulaiman Mahbob, Chairman of the Minority Shareholders Watch Group (MSWG)

Members of the ASEAN Capital Market Forum (ACMF)

Distinguished guests

Members of the media

Ladies and Gentlemen

Salam Sejahtera and a very Good Evening.

1. I am pleased to be able to join you this evening, and I would like to firstly congratulate the organisers; the ASEAN Capital Markets Forum (ACMF) and the Minority Shareholders Watch Group for organizing this event. I have been made to understand that this biennial event is intended to recognize the top 50 ASEAN public listed companies (PLCs) and other outstanding listed companies from each participating ASEAN country in terms of their CG practices.
2. I am delighted to see guests from all across the ASEAN countries in this hall today. This reinforces the ASEAN declaration that among others to accelerate the economic growth in the region through joint endeavours in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community of Southeast Asian Nations.
3. I hope that you will find some time during your stay here to get better acquainted with our city: sample our wide variety of cuisine, see our sights and enjoy the Malaysian hospitality.

Ladies and gentlemen,

4. In the span of six months, since the conclusion of Malaysia's 14th General Election, the Government has relentlessly incorporated elements of corporate governance and transparency as part and parcel of its policy reform exercise.
5. As evident in the recently tabled Budget 2019, Malaysia's fiscal deficit is projected to be 3.7% of the gross domestic product (GDP) for 2018. However, we expect our fiscal consolidation efforts to reduce the deficit to 3.4% in 2019, 3% (2020) and 2.8% (2021).
6. The government have undertaken a cost rationalisation exercise of a few mega infrastructure projects that involve the construction of rail lines and stations for our Light Rail Transit (LRT) and Mass Rapid Transit (MRT) by re-negotiating deals inked by the previous government.
7. Drastic as it may seem, we believe, as the Government of the day, we should uphold transparency to right the gross oversight on the part of our predecessor when awarding the said projects to the winning project bidders. On the same note, we also put the brakes on other infrastructure projects which are of exorbitant cost by either shelving them, pending future review, or scrapping them entirely in view of their exorbitant pricing.

8. With corporate governance and transparency intact, we are optimistic that international Credit Rating Agencies (CRAs) will not downgrade Malaysia's credit rating despite concerns over the country's current debt position. Our current fiscal position may not be in the best of health, given that we are saddled with a gargantuan debt level to service, but we will honour our commitments even though the debts are inherited from the previous government.
9. Another point that is worth highlighting is the emphasis on governance such as the proposed Fiscal Responsibility Act, to prevent uncontrolled spending that causes super huge debts and the Government Procurement Act which aims to ensure transparency and open competition along with open tender practices and punitive action for any abuse of power in relation to contract issuance.
10. Obviously, the introduction of new laws have an important role to play in driving investors' confidence in the local economy.

Ladies and gentlemen,

11. In the wake of the 1Malaysia Development Bhd (1MDB) debacle which has gained worldwide attention, corporate governance has become a buzzword that lingers on the lips of Malaysians, no thanks to the multibillion debt it had incurred.
12. In all fairness, corporate governance by itself should not be regarded as a panacea or an automatic cure for all corporate ills. However, studies have found that a strong corporate governance institutional framework comprising three vital components – shareholder rights, the quality of the board of directors, and appropriate accounting and auditing standards (including transparency benchmarks) – can be a quick remedy to control or eradicate corruption across all levels of a company. Surely any country which wants to achieve sustained socio-economic development and healthy investment cannot afford corruption to rear its ugly head.
13. Whether in Malaysia or in other neighboring Southeast Asian countries, procurement has been identified as among the most common breeding grounds for corruption. On the part of the government, a comprehensive review of procurement processes is inevitable, especially for large-scale projects that directly impact citizens such as hospital, public transportation and the construction of infrastructure such as roads, expressways, rail links and bridges.
14. Given that combating corrupt practices entails the participation of every level of the society, I wish to re-assure informants or would-be whistleblowers that the new Government welcomes their contribution, and will accord protection when they come forward to report and testify against the culprits in court.

15. They need not fear backlash for reporting nor risk retaliation from the guilty party or his accomplices because our government is all-out to uphold the principles of competency, accountability and transparency.
16. We are looking into the shortcomings of the Whistleblower Protection Act 2010 to make the public feel protected when they report any wrongdoings. Concerns have been raised that the Act denies whistleblowers any protection if they did not first go to the authorities but instead made their revelation through the media or political parties or non-governmental organisations.
17. Likewise, the Government has accorded more leeway to the graft-buster, the Malaysian Anti-Corruption Commission (MACC), to clamp down on corrupt practices at all levels of the society, including at the corporate sector level.
18. The Government has also initiated a revamp in many government-linked companies (GLCs) and government-linked investment companies (GLICs), primarily by removing active politicians from sitting on GLC Boards. Recently, we even initiated an effort to revamp our sovereign fund, Khazanah Nasional Bhd, with the hope that the fund will prioritise the generation of profit in its investment approach while reverting to its original aim of owning and guarding national assets on behalf of Malaysians.

Ladies and gentlemen,

19. At the ASEAN level, I am pleased to note the ACMF initiative to further strengthen corporate governance practices in the region has been well supported by the private sector. The ASEAN Corporate Governance Initiative is indeed one of the success stories of the ACMF efforts, and is the one of most highly participated initiatives introduced over the last few years. The impact of the initiatives can also be seen in the effort and commitment of domestic governments and authorities to further strengthen its corporate governance framework and culture.
20. I am also pleased to note that the SC has chaired the ACMF for the past 4 years before recently passing the chairmanship to the Securities and Exchange Commission of Thailand. During SC's chairmanship, the ACMF introduced the ACMF Vision 2025 and ACMF Action Plan 2016-2020 including efforts on ASEAN's sustainable finance agenda.
21. I'm also happy to note that the SC will be implementing its 3-year Corporate Governance Strategic Priorities (2017-2020) which focuses on, among others, strengthening the CG ecosystem and promoting gender diversity on boards.

22. Driving gender diversity on boards and senior management will remain a key priority for the government. I am happy to report that as at the end of 2017, women makes up 35.8% of public sector's top management (Superscale JUSA C and above). However, in the private sector, only 23.2% of board members on our top 100 listed companies are women; while those at senior management level stands at 27% (as of 2017). I was made to understand that we still have 4 listed companies on top 100 which have an all-male board. I urged the Chairman and CEO of these companies to put in greater efforts to implement the gender diversity policy on their boards.
23. It is worthwhile noting that global institutional investors, such as State Street, Blackrock and Vanguard Group, and even our local institutional investor, the Employee Provident Fund have begun taking a firmer stance on the issue and are voting against re-appointment of male directors onto all-male boards.

Ladies and gentlemen,

24. In closing, allow me to once again express my gratitude to the ASEAN Capital Markets Forum, the Asian Development Bank, the Securities Commission of Malaysia, Minority Shareholders Watch Group and other bodies and individuals who have played a role in making tonight's event a success.
25. I would like to congratulate all the award recipients tonight and I hope that the recognition will spur them to further raise their standards and contribute to strengthening the positioning of ASEAN markets globally.
26. Thank you.