



**MINORITY SHAREHOLDER WATCHDOG GROUP**  
*Shareholder Activism and Protection of Minority Interest*  
**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
(Incorporated in Malaysia • Company No : 524989-M)

**SPECIAL ADDRESS BY**

**YBHG TAN SRI DATO' SERI DR SULAIMAN BIN MAHBOB  
CHAIRMAN, MSWG**

**MALAYSIA-ASEAN CORPORATE GOVERNANCE  
TRANSPARENCY INDEX, FINDINGS & RECOGNITION 2016  
15 DECEMBER 2016  
SIME DARBY CONVENTION CENTRE**

***Assalamualaikum Warahmatullahi Wabarakatuh***

***Selamat sejahtera and Good Afternoon***

- *Tan Sri-TanSri, Dato'-Dato'*
- *Distinguished guests*
- *Members of the media*
- *Ladies and Gentlemen*

1. On behalf of MSWG, it gives me a great pleasure to welcome each and every one of you, who have made time to join us this afternoon at the Annual Malaysia-ASEAN Corporate Governance Transparency Index, Findings and Recognition 2016.
2. As in previous years, today, we honour the public listed companies that have shown exemplary Corporate Governance disclosures and practices as well as individuals who have shown leadership and contributed towards raising the CG bar. The winners for the PLCs were selected based on the assessment using the ASEAN CG Scorecard, an assessment tool that MSWG has been using these past five years.

3. The companies had undergone stringent assessment this year, as our assessors focused on the quality of disclosures. I am pleased to inform that despite the more stringent assessment, the Transparency Index for the Top 100 PLCs continued to be on an upward trend, which is indeed reassuring, in this climate of volatile and challenging business environment. We will share with the audience the key findings for the Top 100 PLCs later today.

***Ladies and Gentlemen,***

4. The Malaysian corporate governance landscape has changed significantly over the years, thanks to the consistent efforts by regulators to enhance disclosures and practices.
5. In the recent biennial Corporate Governance Watch 2016, which ranked 11 countries in Asia Pacific, Malaysia came in 6<sup>th</sup>, ahead of major economies like Korea and China, as well as our neighbours, the Philippines and Indonesia.
6. Such an achievement is something to be proud of, as it is indeed no easy feat to stay ahead of the curve, year in and year out. Malaysia has consistently improved in scores across each of the four CG Watch surveys since 2007, albeit dropping slightly by two points in 2016.

7. I am pleased to note that in this year's CG Watch survey, which saw us being assessed across 95 questions covered via five pillars, which are – CG rules & practices, enforcement, political & regulatory environment, accounting & auditing, and CG culture, Malaysia has been recognised for its enforcement of capital market offences and several favourable regulatory and policy changes.
8. This proved that our regulators and their respective regulatory frameworks are non-partisan when it comes to enforcement and in ensuring shareholders' rights are well protected. This momentum needs to be maintained to further strengthen the CG ecosystem.
9. The Securities Commission (SC), being the custodian of the capital market in Malaysia, has been vigilant in its bid to regulate public listed companies. In 2016 alone, the SC has filed several major cases against individuals and public listed companies suspected of manipulating the market. It has also revoked the licences of traders found to be dealing in shares manipulation.
10. Aside from firm enforcement, the SC has also introduced policies and guidelines that further enhance the transparency of the market.

11. The most recent, the Guidelines on Management of Cyber Risk define the roles and responsibilities of the board and senior management of public listed companies in building cyber resilience to counter cyber risk and to protect investors. It is an important step forward since we are now facing rising trend of cyber threats in Malaysia and around the world as well.
  
12. Another milestone this year is the recognition that SC received from the European Commission for its Audit Oversight Board's or, in short AOB, requirements that they are on par to that complied by its European Union counterparts for the purpose of transferring audit working papers and other related documents of inspection and investigation.
  
13. With such acknowledgement, the AOB is now able to establish bilateral agreements with their counterparts in the EU, thus further enhancing cooperation to improve audit quality. This is important as AOB is set up to oversee the auditors of PLCs and schedule funds, protect investors' interest and promote confidence in the quality and reliability of audited financial statements of PLCs. The introduction of key audit matters to the auditor's report will make audit reports more insightful and further lift CG standards.

14. Besides the SC, Bank Negara has also played a major role in raising the level of corporate governance of financial institutions in Malaysia. In August, the central bank issued enhanced standards of corporate governance across financial institutions, which addressed issues like board composition, conflict of interest, remuneration system and whistleblowing policy. This ensures our financial institutions continue to be managed in a sound and prudent manner. It also comes on the heels of the need to maintain a robust system of controls and transparency in an ever changing environment.
  
15. Bursa Malaysia, as the frontline regulator of PLCs, has continuously introduced initiatives that promote transparency. The recent launch of the Best Practice Guide on Annual General Meetings (“AGM Guide”) by the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) supported by Bursa Malaysia will aid listed companies to improve the quality of the conduct of the AGM as part of the various efforts to nurture good corporate governance practices. Effective 1 July 2016, all PLCs now have to disclose the summary of key matters discussed at their annual general meetings, as part of the listing requirements. Other initiatives include improvement to the quality of disclosures in the annual reports wherein listed companies will be required to disclose non-financial information like management discussion and analysis so as to assist investors in making informed investment decisions.

***Ladies and Gentlemen,***

16. As important as the roles of regulators, the role of MSWG should not be taken for granted, as it represents the voice of minority shareholders. Over the years, MSWG has evolved from a government initiative into a respected independent research organisation on corporate governance issues.
  
17. We have been a strong advocator of many issues, such as promoting a balance and heterogeneity in the boardroom, separation of roles between Chairmen and CEOs, diversity in the boardroom, encouraging PLCs to have more women directors as well as encouraging more comprehensive sustainability or ESG disclosures.
  
18. With responsible investment gaining momentum in recent times, MSWG also played a key role to promote active stewardship among institutional investors in Malaysia. In June 2014, in a joint effort between the SC and MSWG, the Malaysian Code for Institutional Investors was launched, and the following year in July 2015, the Institutional Investor Council Malaysia (IIC) was established to represent the interests of institutional investors.

19. Together, both MSWG and IIC, collectively now have more influence when it comes to enhancing governance and investor stewardship in Malaysia. A report *on Investor Stewardship and Future Key Priorities* which was released by the IIC in September this year provided valuable insights into domestic stewardship activities, including engagement with investee companies and CG issues. Institutional investors need to be active stewards, and in this regard I would like to urge all institutional investors, especially the larger asset owners to become signatories to the Code. As the market moves towards greater self and market discipline, we must have more concerted industry-led efforts to push the corporate governance agenda forward.

***Ladies and gentlemen,***

20. The ASEAN CG Scorecard is currently being revamped and the enhanced scorecard to be used in next year's assessment is poised to be a game changer by putting greater emphasis on quality and meaningful disclosures. I hope our PLCs will strive to further improve and adopt the highest standards of best practices to remain competitive among its peers in the ASEAN region.

21. As good corporate governance would also be ultimately reflected in financial performance, the criteria of Return on Equity and Total Shareholder Return are also included in the performance assessment.

22. Which is why this event today is a significant one as we recognise corporates that have championed transparency while achieving sustainable performance. Their practices should be exemplary for the rest of the PLCs to strive for.
  
23. As Malaysia moves into becoming a developed nation, we need a capital market that is truly transparent, where its players are recognised for their high integrity standards and the interests of the various participants are protected. This should ensure that Malaysia remains an attractive market place for foreign investments, as well as enabling long-term sustainability in delivering economic benefits to its people.

***Ladies and Gentlemen,***

24. Before I take my leave I would like to take this opportunity to thank the Members of the Adjudication Committee from the ACCA, KWAP, PNB, Aberdeen Asset Management, The Institute of Internal Auditors Malaysia and The Association of Stockbroking Companies Malaysia for their valuable input and contributions in determining the Top 100 companies this year.
  
25. Our appreciation also goes to the Capital Market Development Fund, regulators and institutions that have supported MSWG over the years, the media, investors fraternity both the institutional and retail, as well as those who share our commitment towards raising the level of CG in this country.



26. I would also like to thank Puan Rita Benoy, CEO of MSWG and her team for their tireless dedication to continuously raise the CG bar in corporate Malaysia, particularly their unwavering commitment in the ASEAN CG Scorecard project to ensure that our PLCs be at the forefront in the region in terms of good CG disclosures and practices.
  
27. Last but not least, congratulations to all our award winners tonight for their achievements. It is our hope that your excellence in the CG arena can drive home the message : *the importance of good governance towards enhancing the integrity of the Malaysian capital market and boosting investor confidence.*
  
28. Thank you all and have a pleasant afternoon ahead.

**END**