



Speech by
YBhg Datuk Syed Zaid Albar
Executive Chairman, Securities Commission Malaysia
Release of the Corporate Governance Strategic Priorities 2021 – 2023
24 November 2021

Ladies and gentlemen,

1. Welcome, to the Securities Commission Malaysia. I am glad that you can join us today for the launch of our Corporate Governance Strategic Priorities 2021-2023.
2. In September this year, the SC released the Capital Market Masterplan 3 or CMP3, to chart the growth path for the capital market in the next five years. Work on the CMP3 started just before the COVID-19 virus wrought havoc across the globe. Today, the growth trajectories and projections of all economies had been upended, adversely affecting households and companies across a broad range of economic sectors.
3. Thus, CMP3 addresses the challenges we face in these times.
4. As the global and Malaysian economies recover from the pandemic, it is important that we “build back better”. This means we need to ensure that long-term economic scarring is minimised, while existing inequities and structural challenges in the economy do not get worse. These fault lines must be addressed to enable communities and social systems to get back on their feet. And businesses must play their role in society, as good corporate citizens with a purpose.
5. Central to this much-needed reset is Corporate Governance or CG in short. CG can be instrumental in defining the role of stakeholders within a business, and to ensure that when decisions are made, the best interests of all stakeholders are considered.
6. Many of you will remember that the SC launched the Corporate Governance Strategic Priorities 2017-2020. It was anchored on five strategic thrusts, namely: one, enhancing the CG regulatory framework; two, strengthening the CG eco-system; three, promoting board

diversity; four, embedding CG culture early amongst youth and SMEs; and five, leveraging technology to enhance monitoring of CG practices.

7. I am happy to report that 90% of the initiatives under the 2017-2020 Priorities have been implemented through a variety of initiatives, among them –
 - the issuance of the revised Malaysian Code on Corporate Governance in 2017 and the Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries;
 - establishment of the Institute of Corporate Directors Malaysia and the Corporate Governance Council;
 - inking the collaboration between the SC and Monash University Malaysia
 - facilitating the conduct of e-AGMs; and
 - deploying machine learning capabilities in CG monitoring and disclosure assessment.
8. Strengthening governance and accountability of boards will continue to be a priority of the SC, as Malaysia pursues the global goal of addressing climate challenges and building a more sustainable future. I am pleased to present to you today the SC's CG Strategic Priorities for 2021-2023.
9. In formulating these strategic priorities, we considered imperatives that will have far-reaching impact on boards and the future of businesses. This includes the rise of the stakeholder economy – which calls for value creation for a broader spectrum of stakeholders. It also demands that businesses and their leaders be responsible for their environmental and societal impacts.
10. The priorities for these next three years also builds on outcomes and momentum gathered from the previous CG Strategic Priorities.

Ladies and gentlemen,

11. Reflecting the importance of CG in our everyday life, the SC's CG Strategic Priorities 2021-2023 comprise 11 initiatives that aim to promote:
 - Agile and responsible boards,
 - ESG and governance fitness at boards;
 - Investor activism and stewardship;
 - Deepening engagements with youth on CG; and
 - Widening access to CG data
12. Let me focus on two of the 11 initiatives, namely promoting responsible businesses and the ESG fitness of boards.

13. Today, boards are under tremendous pressure as a result of rising regulatory expectations and increasing shareholder activism. For companies to remain resilient and competitive both through and beyond the pandemic, boards must continuously assess their composition to determine if they have the right skill-set to perform their functions effectively.
14. It thus follows that board positions were never intended to be lifelong positions. As the economy and the dynamics of the market place evolve and change, boards need to be refreshed to bring in new talent, fresh perspectives and competencies that are more aligned with the current and future demands of the business.
15. The COVID-19 crisis accentuated the need for directors to exercise good stewardship to ensure their business models are agile and resilient. In this regard, ESG is increasingly becoming top of mind for directors. How boards address sustainability in the context of their company's strategic objectives and business model will determine the success of the company.
16. To my mind, the nature of fiduciary duties and governance requirements are not only imperative from the legal risk perspective, but also from a societal perspective. The question that stakeholders, customers and investors will now ask of boards is – what are your sustainable business practices? What is your purpose?
17. Meanwhile, investors are demanding that companies demonstrate commitment coupled with measurable action to address ESG risks and opportunities. This is driven in part by the global agitation to address the climate crisis, in order to build a brighter and more sustainable future. Thus, boards must approach ESG considerations as seriously as business risks and opportunities, in order to achieve long-term sustainable growth.
18. The recently concluded United Nations Climate Change Conference in Glasgow reflects a strong sense of commitment and optimism across all sectors, in support of the COP26 agenda. The Glasgow Financial Alliance for Net Zero (GFANZ) announced that more than 450 entities in the financial sector across 45 countries representing US\$130 trillion of financial assets have committed to align their activities to transition to net zero.... promising to deliver US\$100 trillion of investment needed to achieve this target.
19. Large scale commitment such as this will no doubt attract the interest of a multitude of stakeholders who would expect transparency and clear progress. To realise this target, real change and transition strategies need to be put in place – not only within your own entity but also that of your clients and investees.
20. Keeping all this in mind, I ask you to consider: is your board ESG ready? Has your board taken reasonable steps to assess and mitigate sustainability risks? Does your board recognise that addressing sustainability and ESG challenges is now a critical business issue?

21. As such, to help build ESG-ready board, the SC will introduce a new onboarding programme for directors with specific focus on sustainability.

Ladies and gentlemen,

22. I am confident that we can achieve the desired outcomes and goals if we work together. I hope the CG Strategic Priorities 2021-2023 will provide a clear road map on the SC's expectation as well as steps which companies will have to take to remain competitive and generate sustainable growth. We look forward to assisting boards, companies, shareholders, and the future generation in shaping a more responsible, resilient and sustainable future.

Thank you.
