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Corporate Governance Monitor 2019

Earlier last week, the Securities Commission Malaysia (**SC**) released its inaugural report setting out observations in relation to the adoption by listed companies of practices recommended under the Malaysian Code of Corporate Governance 2017 (**Code**).

The *Corporate Governance Monitor 2019 (Report)* features thematic reviews on the following areas:

- (a) Long-serving independent directors — policies and practices of listed companies;
- (b) Gender diversity on boards and senior management; and
- (c) CEO remuneration on the top 100 listed companies on the Main Market of Bursa Malaysia.

The Report highlighted positive levels of adoption by listed companies for a majority of the practices recommended in the Code, including greater women participation on boards and the introduction of a nine-year tenure limit for independent directors, with opportunities for improvement in the quality of disclosures — for instance, companies to provide more than the minimum information expected relating to the explanation of adoption or departure from practices of the Code.

The SC has stressed, among others, that directors are required to act in the best interests of the company and should refrain from absolving its duties completely to management, for instance, delegating the responsibility of setting out business strategies and plans of the company to its executives without having proper oversight.

The aim of the Report is to facilitate stakeholders, including boards, management, shareholders and the investment community, in spearheading corporate governance excellence through data collated and observations made by the SC. The Report reiterated that the SC and Bursa Malaysia will engage companies on breaches of mandatory requirements and areas of concern, and also monitor the developments of such companies to ensure that necessary measures are undertaken to bridge the gaps in their corporate governance practices.

This year, the SC will focus its review on anti-corruption measures adopted by listed companies as part of efforts in implementing the National Anti-Corruption Plan (2019-2023) launched in January. The findings of the SC's review will be published in the next edition of the Report in 2020.

The Report may be viewed [here](#).

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