

## **FOREWORD - MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012**

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**Chairman, Securities Commission Malaysia**

The Securities Commission Malaysia (SC) had in July 2011 released the *Corporate Governance Blueprint 2011* (Blueprint) which sets out the desired corporate governance landscape going forward. The essence of the Blueprint is to achieve excellence in corporate governance through strengthening self and market discipline and promoting good compliance and corporate governance culture. Boards and shareholders must embrace the understanding that good business is not just about achieving the desired financial bottom line by being competitive, but by also being ethical and sustainable.

The *Malaysian Code on Corporate Governance* (Code), first issued in March 2000, marked a significant milestone in corporate governance reform in Malaysia. The Code was later revised in 2007 (2007 Code) to strengthen the roles and responsibilities of the board of directors, audit committee and the internal audit function. The *Malaysian Code on Corporate Governance 2012* (MCCG 2012) focuses on strengthening board structure and composition recognising the role of directors as active and responsible fiduciaries. They have a duty to be effective stewards and guardians of the company, not just in setting strategic direction and overseeing the conduct of business, but also in ensuring that the company conducts itself in compliance with laws and ethical values, and maintains an effective governance structure to ensure the appropriate management of risks and level of internal controls.

Boards and management must be mindful of their duty to direct their efforts and resources towards the best interest of the company and its shareholders while ensuring that the interests of other stakeholders are not compromised. Disclosure and transparency are essential for informed decision-making. The timely availability of quality and accurate information including the reporting of financial performance are key facets of investor protection and market confidence.

A code of corporate governance is just part, albeit a very significant part, of the corporate governance regulatory tapestry. As highlighted in the Blueprint, several key recommendations will be implemented through the *Bursa Malaysia Listing Requirements* while others require changes to the law. Additionally, a company's own internal codes and procedures are critical in fostering a strong culture of corporate governance. It is therefore important that the MCGG 2012 is viewed and understood against the backdrop of this rich and strong tapestry.

In drafting the MCGG 2012, the views of many stakeholders were sought to understand the practicalities, challenges and expectations of inculcating high standards of corporate governance in listed companies and to ensure we have the necessary principles and recommendations of best practices to meet those standards. The SC would like to thank Bursa Malaysia, Federation of Public Listed Companies, Malaysian Institute of Corporate Governance, Malaysian Directors Academy, Minority Shareholders Watchdog Group, Malaysian Institute of Chartered Secretaries and Administrators, Malaysian Alliance of Corporate Directors and international corporate governance experts for their invaluable feedback and comments. I would also like to thank the staff of the SC for their efforts in the formulation and publication of MCGG 2012.

As always, I look forward to the support and co-operation of all stakeholders to enable us to achieve excellence in corporate governance to underpin the sustainable growth of the Malaysian capital market.

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