

FREQUENTLY ASKED QUESTIONS ON THE GOVERNANCE CODE FOR MALAYSIAN MSMEs

What is the objective of this code?

The Code has been developed to guide MSMEs in enhancing governance within the business ecosystem. This Code is pivotal in sustaining company operations, facilitating effective management of MSMEs, and amplifying MSMEs' roles and contributions to nation-building. This initiative forms an integral component of MSMEs' corporate strategy and supports them in elevating the standards of business operations to exceptional levels.

The Code focuses on the fundamental corporate governance requirements and sustainability specific to MSMEs. It guides companies by outlining the key mandatory requirements to be fulfilled (which are non-exhaustive). The Code also furnishes recommendations regarding best practices that MSMEs are strongly encouraged to adopt. Companies may adjust the implementation of these recommended best practices according to their specific circumstances and needs.

Is this initiative aligned with the government initiative?

The development of the Code is aligned with the goal and strategic thrust of the 12th Malaysia Plan and the National Entrepreneurship Policy 2030, which are to improve transparency and integrity and ensure a competitive business environment.

Which entity is the main driver for this initiative?

The SME Governance Working Group was formed with the support of the Ministry of Entrepreneur and Cooperative Development (MECD). The Securities Commission Malaysia (SC) chairs the Working Group, which includes representatives from MEDAC, SME Corporation Malaysia (SME Corp.), and the Malaysian Institute of Corporate Governance (MICG).

The implementation of the Code will be led by MICG, working closely with SME Corp. Malaysia and other relevant agencies.

Does this code overlap with other codes or guides issued on ESG (Environmental, Social, and Governance), e.g., the Malaysian Code on Corporate Governance by SC Malaysia, the ESG Guide by SME Corp. Malaysia, or the Simplified ESG Disclosure Guide (SEDG) for SMEs?

The Code complements other existing guidance available for MSMEs, including the ESG Quick Guide for MSMEs by SME Corp. Malaysia and Capital Market Malaysia's Simplified ESG Disclosure Guide.

Is this code mandatory for MSMEs?

Adoption of the Code by MSMEs will be voluntary.

How long is the consultation period?

The public consultation will run from 11 March 2024 to 30 April 2024.

When will the code be issued?

The Code is targeted to be issued in Quarter 3 of 2024.

Will there be additional guidance to support MSMEs?

Yes, we anticipate rolling out further guidance and support initiatives to aid MSMEs in comprehending and implementing the Code. Alongside the Code, we'll release a collection of infographics to simplify the recommended practices for MSMEs. Moreover, MICG plans to host a series of workshops and training programs subsequent to the launch to assist MSMEs in adopting the Code.

For further information, where can I contact?

For further information, inquiries, or assistance regarding the Code, please email info@micg.org.my.