

PART 03 MAINTAINING MARKET INTEGRITY AND GOOD GOVERNANCE

INTRODUCTION

Maintaining market integrity and good governance remains a priority for the SC as it continues to drive high standards of governance and accountability among all market participants.

In 2020, the SC continued to strengthen its supervision and surveillance approach as well as capabilities, to ensure that the capital market operates in a fair and orderly manner while responding to the COVID-19 pandemic.

The SC also undertook regulatory reforms and initiatives to facilitate digitisation in the capital market, strengthen accountability and integrity, and accelerate the adoption of good corporate governance (CG) practices.

PROMOTING GOOD GOVERNANCE AND CONDUCT

Monitoring Adoption of Corporate Governance Best Practices

The SC released the annual *Corporate Governance Monitor 2020* (CG Monitor 2020) report that highlighted, among others, an increase in the adoption of the *Malaysian Code on Corporate Governance* (MCCG). This includes the Step Up practices, the two-tier voting process and board practices to determine the remuneration of directors and senior management.

The CG Monitor 2020 also presented observations on three thematic reviews in relation to the adoption of two-tier voting, board remuneration of listed companies on the FTSE Bursa Malaysia Top 100 Index and the conduct of fully virtual general meetings by listed issuers since the MCO.

The review on board remuneration shows that the total board remuneration in 2019 decreased by 11.7% compared to 2018 largely driven by the decrease in executive directors' remuneration by 14.5%, while non-executive directors' remuneration increased by 6.2% in 2019.

The report also provided an update in relation to gender diversity on boards. As of 31 August 2020, minor improvements were observed in the participation of women on boards with women holding 24.82% of board positions on the top 100 listed companies, and 16.96% across all listed companies. There were also five companies with all-male boards on the top 100 listed companies, namely Comfort Glove Bhd, Focus Dynamics Group Bhd, Frontken Corporation Bhd, Guan Chong Bhd, and Pentamaster Corporation Bhd. As at 31 December 2020, Guan Chong Bhd had appointed two women directors on its board while the remaining four companies still had all-male boards.