GLASS LEWIS

Securities Commission Malaysia
No. 3 Persiaran Bukit Kiara
Bukit Kiara
50490 Kuala Lumpur
Malaysia

17 July 2026

Dear Sir or Madam,

Subject: Response to Public Consultation Paper No. 1/2026: Proposals to Strengthen Corporate Governance Ecosystem

Glass Lewis appreciates the opportunity to provide feedback to the Securities Commission Malaysia (SC) on Public Consultation Paper No. 1/2026 concerning proposals to strengthen the corporate governance ecosystem.

Glass Lewis is an independent provider of global governance services, delivering proxy research and vote management solutions to institutional investors worldwide. Our work focuses on board accountability, alignment with long-term shareholder value and the quality of disclosure supporting informed voting and investment decisions.

This letter is provided for communication purposes and summarizes selected themes relevant to the consultation. Detailed responses to the consultation questions are being submitted separately through the SC's submission portal and should be regarded as Glass Lewis' formal response.

The proposals provide a constructive basis for strengthening Malaysia's governance framework. Glass Lewis considers that the most effective outcome would combine higher minimum standards with a principle-based and proportionate approach that remains focused on board accountability, shareholder rights and company-specific governance outcomes. The key themes below summarize the principal positions reflected in the submission.

Key Themes and Market Perspectives

Company Secretaries: Standards Without Transferring Board Accountability

Stronger competency, professional conduct and accountability standards for company secretaries of PLCs appear warranted. Their role has developed beyond administrative compliance and now includes advising boards on disclosure, conflicts, shareholder meeting processes, sustainability and technology-related governance.

A phased hybrid model would provide the most practical route. Baseline competency requirements could first be introduced through the Listing Requirements, followed by harmonized accreditation through recognized professional bodies and, after a transition period, a targeted registration framework. This sequence would raise standards while allowing the market time to build capacity.

Any new regime should preserve the distinction between governance support and fiduciary responsibility. Company secretaries can strengthen the quality of board processes and advice, but directors should remain accountable for the company's stewardship and decisions.

Concentrated Ownership: Clearer Evidence of Objective Board Judgement

Concentrated ownership is a common and not inherently negative feature of the Malaysian market. Stable controlling shareholders can provide continuity, knowledge and a long-term perspective. At the same time, concentrated influence creates distinct risks involving related-party transactions, capital allocation, board appointments, succession and the treatment of minority shareholders.

Additional MCCG guidance would help boards demonstrate how objective judgement is maintained. Useful areas include the role of the Senior or Lead Independent Director, nomination committee process, succession planning, governance protocols between major shareholders and the board, related-party transaction safeguards and direct channels for minority shareholder concerns.

The purpose should not be to create a separate or lower standard for controlled companies. Rather, the same governance principles should be applied with clearer expectations about process, independence and disclosure where a shareholder or group can exercise substantial influence.

Technology Governance: Proactive, Risk-Based and Company-Specific

A more proactive approach to technology governance would represent a positive development for shareholders. AI, cybersecurity, data governance, automation and digital infrastructure increasingly affect strategy, productivity, operational resilience and stakeholder outcomes. Clear board oversight of both the opportunities and material risks arising from technology use would support stronger accountability and more informed shareholder assessment.

The MCCG should avoid prescribing a single oversight structure. Responsibility may sit with the full board or an appropriate committee depending on the company's business model and risk profile. The key considerations are clear accountability, adequate reporting, director literacy, escalation of material incidents and effective challenge of management.

Disclosure should be meaningful and proportionate. Investors benefit from understanding how oversight is structured, how technology supports strategy, how material risks are managed and how the board maintains relevant skills. Companies should not be expected to disclose technical, privileged or commercially sensitive information that could increase cybersecurity or legal risk.

Shareholder Litigation Fund: Support in Principle with Independent Safeguards

A shareholder litigation fund could represent a positive development for minority shareholders by complementing regulatory enforcement and shareholder advocacy, while addressing the cost and coordination barriers faced by dispersed investors. The concept appears reasonable in principle, provided funding is reserved for serious and legally meritorious claims.

The Fund Trustee should operate independently under a clear charter, robust conflict controls and transparent eligibility criteria. An SC representative could provide useful regulatory insight, but non-voting observer status would better limit perceived conflicts where claims overlap with possible enforcement matters.

MSWG is a logical principal applicant given its market role, although a limited alternative route should be available where MSWG has a conflict or cannot act. The proposed threshold of 10 retail shareholders is reasonable as a starting point, with discretion for the Trustee to adjust it in exceptional cases. Cost recovery should support the fund's sustainability without generating a commercial style return or materially reducing compensation for retail claimants.

Proportionality and Implementation

Across the four areas, implementation will determine whether the proposals improve governance outcomes or add procedural burden. Transitional arrangements, capacity-building and practical application guidance will be particularly relevant for company secretaries and smaller PLCs. Technology disclosure should be scaled to sector, size, digital intensity and risk exposure.

Periodic review after implementation would allow the SC to assess disclosure quality, market capacity, enforcement experience and shareholder feedback, and to refine the framework where necessary.

Concluding Observations

The consultation provides a measured opportunity to strengthen Malaysia's governance ecosystem across board support, ownership structures, technology oversight and shareholder redress. A framework that combines clear minimum expectations with proportionate implementation would support stronger accountability and more decision-useful disclosure while preserving flexibility for different companies and circumstances.

Glass Lewis appreciates SC's consideration of these views. Detailed responses and drafting recommendations for each consultation question have been submitted separately through the SC's consultation portal and constitute the formal response from Glass Lewis.

Respectfully submitted,

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