

# GLICs to lead in realising Putrajaya's mandate of 30% women representation on boards, MoF says

BY CHERYL POO

The case for women representation on a company's board has long been under discussion, and the issue was highlighted again when Finance Minister Tengku Datuk Seri Zafrul Aziz announced last Friday that government-linked investment companies (GLICs) would pave the way in realising the government's mandate to have 30% women representation on boards. The Ministry of Finance (MoF) has since 2020 encouraged GLICs to show leadership on diversity, equity and inclusion (DEI) initiatives.

"GLICs represent about RM445 billion, or 25% of Bursa Malaysia's market capitalisation, directly employing 500,000 people and have RM1.7 trillion [worth] of assets under management, [therefore] these companies will pave the way in realising the government's objective of having 30% women representation on boards," Zafrul said at a Board Mentoring Scheme celebration by the 30% Club Malaysia, the local chapter of a global business-led campaign to promote DEI with a focus on gender balance on boards and in C-suites, and to encourage businesses to work

SECURITIES COMMISSION MALAYSIA, 30% CLUB ANALYSIS			
STATUS	Make-up of PLC boards as at July 1		
	NO OF COMPANIES AMONG TOP 100	NO OF COMPANIES BELOW TOP 100	TOTAL
All-male boards	3	202	205 (21%)
One woman and <30%	45	493	538 (56%)
30% and more	52	159	211 (22%)
<b>Total</b>	<b>100</b>	<b>854</b>	<b>954</b>
STATUS	Make-up of PLC boards as at July 1		
	NO OF SEATS IN TOP 100 COMPANIES	NO OF SEATS IN BELOW TOP 100	TOTAL
<b>Total</b>	<b>880</b>	<b>5,903</b>	<b>6,783</b>
30% target (A)	264	1,771	2,035
Held by women now (B)	248 (28%)	1,091 (18%)	1,339 (20%)

collectively for sustainable impact.

In January, Bursa Malaysia updated its listing rules, mandating that public-listed companies (PLCs) with a market capitalisation of RM2 billion and above (as at Dec 31, 2021) should have at least one woman director by Sept 1, and the remaining PLCs by June 1, 2023.

Bursa also said that to promote board quality and strengthen board independence, listing requirements must limit the tenure of an independent director to not more than a cumulative tenure of 12 years in a listed issuer and its group of corporations.

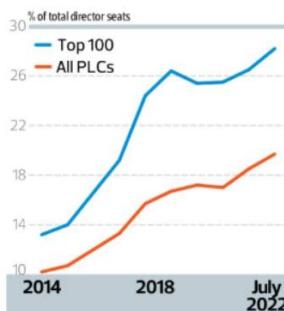
Zafrul's call follows Prime Minis-

ter Datuk Seri Ismail Sabri Yaakob's Aug 15 announcement for listed government-linked companies (GLICs) to achieve the 30% target by their annual general meetings in 2023.

So far, as many as 210 out of 900 private limited companies have women comprising more than 30% of their boards of directors, Ismail Sabri added.

Zafrul said since Putrajaya envisages in its 12th Malaysia Plan (12MP) for Malaysia to be a high-income nation by 2025, organisations need to create an enabling environment that promotes equitable access to high-quality jobs and top leadership positions to all talent,

## Malaysia's status – Women on boards



regardless of gender and socio-economic background.

"Research has shown that adopting diversity policies, as well as promoting equity and inclusion, will not only drive better decision-making, but also result in improved stakeholder management. [This] reduces key risks and develops an entity's resilience while also contributing to nation building," Zafrul said.

Maybank Investment Banking Group CEO Datuk Ami Moris concurs, saying the nation's investment capital should always work

hard to achieve growth.

"I would call upon the seven GLICs — Kumpulan Wang Persaraan, Khazanah Nasional, Kumpulan Wang Amanah Negara, Kumpulan Wang Simpanan Pekerja, Permodalan Nasional Bhd, Lembaga Tabung Haji and Lembaga Tabung Angkatan Negara — as identified in the Perkukuh transformation programme to meet the 30% minimum requirement at their board level, as prescribed in the Malaysian Code of Corporate Governance (MCCG), and to include this in their stewardship code," Ami tells *The Edge* in an interview.

"They are major investors in their own right. [Their] assets under management of about RM1.7 trillion [are] equivalent to over 120% of Malaysia's gross domestic product."

Ami is chair of 30% Club Malaysia, which was launched in May 2015. She says the club is monitoring the pace and outcomes of compliance with Bursa's one-woman policy, while engaging with boards on DEI implementation, and adding to the pipeline of board-ready candidates through its various initiatives such as the Board Mentoring Scheme. The mentoring scheme was launched

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in 2017 by consulting group PwC, which is a corporate advocate of the 30% Club Malaysia, to prepare and raise the visibility of senior women leaders and professionals in taking on board positions.

Admitted through a rigorous nomination process, 85 women have been mentored by captains of industry over seven cohorts. According to the club, 33% of its candidates have secured seats on boards. As at July 1, 28% of board seats of top 100 PLCs were held by women,

up from 13% in 2014, and 20% for all PLCs, up from 10%, it says.

Not everyone agrees with the notion of a minimum representation of women on a board, however, as some argue that committee appointments should be based on merit rather than a quota mandating it.

To this end, the leaders of the Club 30 articulate that even if the priority is to appoint a woman to fulfil Bursa's one-woman representation, it is an opportunity to add diversity and challenge groupthink.

"We do not think finding one

woman, nor reaching 30% and beyond, is onerous as women are graduating from universities and climbing the corporate ladder in record numbers. The right candidate should still be sought to add value to the board," Ami stresses, adding that boards are increasingly acknowledging the value of more diversity and the quality of the available women candidates.

She notes that environmental, social and governance (ESG)-competent board members and those with expertise in climate change impact are in demand as "today's climate risks

will be tomorrow's economic risks".

PwC Malaysia partner and PwC Asia-Pacific human capital leader Pauline Ho concurs, adding that board diversity in terms of skillset being paramount, there will be a continued need for board members with experience and knowledge of finance, legal and operations, and now more so ESG. Ho is also co-lead of the 30% Club's Board Mentoring Scheme.

Having global or regional experience would be an advantage, Ami adds, noting that the Institute of Corporate

Directors Malaysia's diversity study shows that PLCs with stronger international expertise delivered higher return on equity than their peers.

Meanwhile, Ismail Sabri said on Aug 25 that the participation of women in the country's labour market is still low compared with other Southeast Asian countries.

He said although females made up 47.7% of the Malaysian population in 2020, women's participation in the labour force last year was only 55.5%, which was low compared with Singapore (69.7%) and Thailand (66.8%).