KEMENTERIAN EKONOMI

LUNCHEON KEYNOTE ADDRESS

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Deputy Minister of Economy

ASIA INDEPENDENT DIRECTORS CONFERENCE - THE FUTURE ASIA BOARDROOM

"Governance, Integrity and Innovation as Pillars for Economic and Corporate Growth"

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Berjaya Times Square Hotel, Kuala Lumpur

Bismillahirrahmanirrahim.

Assalamualaikum warahmatullahi wabarakatuh, and a very good afternoon.

SALUTATION

1. **Tan Sri Michael Yeoh**

   President of the KSI Strategic Institute for Asia Pacific;

2. **Dato' Mona Suraya Kamaruddin,**

   President of the Malaysia Independent Non-Executive Director Association;

3. Distinguished speakers and panellists;
4. Independent directors from Malaysia and across Asia;

Ladies and gentlemen.

1. It is a privilege to address you at the Asia Independent Directors Conference.

2. I trust your morning deliberations were both rigorous and insightful.

3. You examined artificial intelligence in the boardroom and discussed elevating directorship into a recognised, highly competent profession.

4. Those are precisely the critical questions that must be addressed at the highest level of corporate leadership.

5. Allow me to open with a fundamental premise that anchors our economic policy.

6. Growth that is not built on trust will not endure.

The Economic Context

Ladies and gentlemen,

7. Let us look at where Malaysia stands today.

8. Our economy continues to demonstrate robust resilience.

9. In the second quarter of this year, GDP grew by 6.0 per cent, our strongest second-quarter performance outside pandemic recovery years since 2014.

10. This brought growth for the first half of 2026 to 5.7 per cent, while inflation stayed contained at 1.9 per cent. Exports expanded by 17 per cent in the same quarter.

11. Last year, our total trade crossed RM3 trillion for the first time, reaching RM3.06 trillion, marking our twenty-eighth consecutive year of trade surplus.

12. Investors are backing this performance.

13. In the first half of this year, approved investments reached RM218.5 billion, an increase of nearly 12 per cent year-on-year, with foreign investment rising over 18 per cent to RM126.9 billion.

14. These investments are projected to create nearly 100,000 high-value jobs for our people.

15. Reflecting this strong momentum, in the recently tabled Budget 2027, our full-year 2026 GDP growth forecast was officially revised upwards to between 4.8 and 5.3 per cent, surpassing earlier projections by the Bank Negara Malaysia, even as the global environment remains uncertain.

Ladies and gentlemen,

16. The Government's direction is clear.

17. Under the Ekonomi MADANI framework, we are not pursuing growth for its own sake. We want growth that is inclusive, sustainable and trusted.

18. The 13th Malaysia Plan targets average growth of 4.5 to 5.5 per cent a year from 2026 to 2030, supported by RM611 billion in investments, and aspires to place Malaysia among the world's top 30 economies by the end of the decade.

19. The New Industrial Master Plan 2030 aims to lift manufacturing value-added to RM587.5 billion and to create 3.3 million jobs.

20. And the National AI Action Plan 2026 to 2030, launched in July, supports our ambition to become an AI Nation by 2030.

21. However, policy can only open the door.

22. Government establishes the direction, builds the infrastructure and creates the conditions.

23. It is companies that must step through those doors, and it is Boardrooms that decide how.

24. That is why this conference matters, and why I wanted to speak to you about three fundamental pillars: Governance, Integrity and Innovation.

The First Pillar: Governance

Ladies and gentlemen,

25. A well-governed company does not happen by chance.

26. It is the result of deliberate discipline, foresight, and the courage to ask uncomfortable questions.

27. Independent directors occupy a critical position.

28. You are not there to run the day-to-day business. You are there to ensure the business is run with accountability and long-term vision.

29. You are the voice that asks, “Have we thoroughly stress-tested the risk?”

30. You are the voice that asks, “Who is held accountable if this assumption fails?”

31. And sometimes, you are the voice that says, “I am not yet convinced.”

32. That voice is not always comfortable, but it is always valuable.

33. The companies that fail, and we have seen examples both in Malaysia and abroad, are rarely those that lacked ideas.

34. They are those where no one in the room was willing, or able, to challenge a dominant chairman, an overconfident management, or a comfortable consensus.

Ladies and gentlemen,

35. This is why directorship must be treated with the highest professional rigor.

36. Your panel this morning asked whether directorship should be regarded as a profession rather than a casual appointment. Let me say that the Government welcomes this conversation.

37. A director today must understand financial statements, technology risk, cyber threats, sustainability disclosures and geopolitical shifts.

38. That is a demanding mandate, and it calls for proper training, proper certification, and a commitment to lifelong learning.

39. I commend MiNED, the Institute of Corporate Directors Malaysia, and partner institutions represented here for raising the standard of directorship.

40. Regulators can set the minimum. It is professional bodies like yours that raise the ceiling of excellence.

41. Good governance is a collective responsibility of the Government and the corporate sector.

42. Under the 13th Malaysia Plan, we are committed to reforming public institutions, strengthening procurement, cutting red tape and ensuring that every ringgit of public money delivers value.

Ladies and gentlemen,

43. We have set clear ambitions, to place Malaysia among the top 25 in the Corruption Perceptions Index, the top 12 in the IMD World Competitiveness Yearbook, and bring the fiscal deficit to GDP below 3 per cent.

44. But beyond these targets, the real test is whether Malaysians can trust their institutions and businesses to compete on a level playing field.

45. This is where Government and corporate leadership must come together.

46. When the Government is transparent and accountable, and business leaders uphold the same standards in their boardrooms, we create an environment where investment can flourish, businesses can grow and prosperity can be shared.

The Second Pillar: Integrity

47. Integrity is not a slogan. It is not a section in the annual report, and it is not a poster on the wall.

48. Integrity is how an organisation operates when no one is watching, and what leadership refuses to tolerate when someone is.

49. Integrity is the foundation of public trust, and strengthening it requires concrete action.

50. Having served as the Chairman of the Special Committee on Corruption (MACC), a role entrusted to me by His Majesty the Yang di-Pertuan Agong, has reinforced my firm belief that ethical leadership must start at the highest level.

Ladies and gentlemen,

51. As set out in the 13th Malaysia Plan, we are intensifying the implementation of the National Anti-Corruption Strategy, strengthening Integrity Units across government agencies, and reinforcing checks and balances in public administration.

52. We are also improving performance monitoring through clearer outcome-based indicators and stronger accountability for ministries.

53. Malaysia's commitment to institutional integrity is yielding measurable outcomes.

54. In Transparency International's latest Corruption Perceptions Index, our score improved to 52, and our ranking rose from 57th to 54th among 182 countries and territories. That is progress!

55. From 1 June 2020, under the MACC Act, Section 17A, a commercial organisation can be held liable for corrupt acts committed on its behalf, unless it can show that it had adequate procedures in place.

56. The penalties are serious, a fine of not less than ten times the value of the gratification or RM1 million, whichever is higher, or imprisonment of up to twenty years, or both.

57. And directors and officers are not shielded. They may themselves be deemed to have committed the offence, subject to the defences the law provides.

58. Let me be clear about the intent of that provision. It is not designed to punish business.

59. It is designed to protect it, by encouraging every company to build a culture where corruption has no place to hide.

60. And here is the point I want directors to take home. Adequate procedures are not a box to be ticked by the compliance department.

61. The first of the five principles in the Government's Guidelines on Adequate Procedures is top-level commitment. Integrity cannot be delegated. It starts at the top.

62. There is a clear economic return on integrity. Sophisticated global capital demands transparency.

63. A proven reputation for integrity lowers the cost of capital, attracts long-term institutional partners, and secures global supply chain access.

64. Integrity is not an operational overhead; it is a strategic competitive advantage.

The Third Pillar: Innovation

65. The third pillar is innovation.

66. We live in an age where technology is moving faster than regulation, and sometimes faster than understanding.

67. Artificial intelligence, digital trade, fintech and green technology are reshaping every industry. Companies that do not adapt will be left behind.

68. Under the Malaysia Digital Action Plan 2030, we aim the digital economy to contribute 30 per cent of national GDP and to create 500,000 jobs.

69. However, innovation without governance is reckless speculation, while governance without innovation is stagnation.

70. High-performing boards must balance both.

71. The Government will continue to support innovation by encouraging investment, providing targeted incentives and creating a conducive environment for research, development and commercialisation.

72. At the same time, we must uphold strong governance, transparency and integrity to ensure that public and private investments are well managed and deliver meaningful outcomes. Only then innovation can thrive.

73. Take artificial intelligence or AI. Boards must encourage their utilisation, because the productivity gains and competitive advantages are real.

74. But boards must also ask critical governance questions.

75. Is our data secure? Are our models fair and explainable? Who is accountable when an automated decision goes wrong? Is our cyber incident reporting ready to meet the board's expectations, and the regulator's?

76. These are no longer questions for the IT department alone. They are board-level questions.

77. From the Government perspective, we have established the Malaysia AI Safety Institute, and we are drafting an AI governance bill.

78. The same applies to sustainability. Today, ESG is not just about reporting.

79. It is about access to sustainable finance, resilience in the supply chain, and long-term value creation.

80. Companies that treat sustainability as a compliance exercise will tick the boxes. Companies that integrate it into strategy will win the future.

81. And as your final panel will discuss, we must be realistic about the geopolitical environment. Trade fragmentation, strategic competition between major powers and supply chain disruption are no longer rare events.

82. They are conditions in which we must operate. Malaysia is well placed, because of our openness and our network of trade agreements.

83. With 65 percent of Malaysia's trade flowing through Free Trade Agreement partners, our openness is a major asset. But to benefit, boards must continuously stress-test supply chains, plan for market volatility, and build organisational resilience

Bringing the Pillars Together

Ladies and gentlemen,

84. These three pillars do not operate in isolation. They reinforce one another.

85. Good governance gives a company discipline. Integrity builds market credibility. Innovation drives forward momentum.

86. Take away any one, and the structure weakens. Together, they form the foundation for corporate growth that is not only profitable, but also responsible and enduring.

87. And when thousands of companies build on that foundation, the result is a stronger national economy, one that attracts investment, creates quality jobs and delivers prosperity to all Malaysians.

88. That is the economy we are working to build under the Madani vision. The Government cannot do it alone. We need your partnership.

A Word of Thanks

89. Let me close with a few words of appreciation.

90. I extend my appreciation to MiNED and KSI for organising this summit. Convening directors from across Asia in one room, to exchange ideas and learn from one another, is a real service to our region.

91. To our friends from Vietnam, Taiwan, Hong Kong, Singapore, Australia and beyond, thank you for travelling to Kuala Lumpur.

92. I hope you enjoy Malaysian hospitality, and that you take home not just ideas but also new friendships.

93. And to all the independent directors here today, the work you do is often quiet and seldom celebrated. But the strength of our companies, and in turn our economy, depends on you. On behalf of the Government, thank you.

94. Shortly, I will have the privilege of presenting the Special Excellence Award.

95. To the award recipients, congratulations. You remind us that good governance is not an abstract ideal. It is something that people choose, and practise, every single day.

I wish you a productive afternoon and a successful conclusion to the conference.

Thank you.

Wabillahi taufik walhidayah,

Wassalamualaikum warahmatullahi wabarakatuh.