



The Silent Guardianship of Corporate Governance in a Digital World

Hj Abdul Razak Deraof
Chief Integrity & Governance Officer

It is no surprise that in such quickly developing times, the word 'governance' is the last thing on people's minds. While Environmental, Social and Governance (ESG) policies are becoming increasingly important, attention is mostly given to the Environmental and Social aspects of ESG. I believe this is due to the tangibility of these policies, fuelled by the public's growing understanding of how these directly impact societal wellbeing. The advent of social media and the massive reach of today's news portals provides a first-hand look at how drastically the climate is changing, and also at uncovering systemic inequalities, therefore driving the significance of the two pillars.

Yet, I view the pillar of Governance as a silent, watchful guardian guiding our conduct in the corporate world. Although it's not at the forefront of things, it is an imperative that guides our day-to-day action. It is our conduct and ethical values that allow us to uphold our actions at work with pride – including, and especially, those related to our Environmental and Social policies. Ethical behaviour and integrity are not only essential to our businesses, but core to our higher purpose in serving the nation as a Malaysian organisation.

THE WIDER ROLE OF GOVERNANCE IN A DIGITAL WORLD

While the role carried by good governance is one of heavy gravitas, it is not one that is easily played in today's world.

The execution and formation of solid corporate governance policies has become more complicated due to the rapid changes that come with our growing dependence on technology. The reach of digitisation now extends beyond just a technicality, blurring the lines as we know it; it is now a key tool for customers to interact with businesses and vice versa, while supporting critical missions within business processes, as well as enabling everyone on-the-go. The role of governance now covers a huge scope of issues – everything from cybersecurity, supply chain data governance and regulatory compliance. The opportunities and potential for unethical conduct to surface, both internally and externally, is doubly increased in the digital world.

Additionally, the attitudes of the public are becoming increasingly intolerant towards companies that step over ethical lines. We have already witnessed high profile whistle-blower revelations uncovering several instances of data breaches. Facebook has had a long history in contending with these issues, the largest and most scandalous being the [Cambridge Analytica scandal](#). The effects of the scandal are still being felt years on, with [Facebook coming last](#) in digital trust among users of social media platforms.

FOSTERING A HOLISTIC ECOSYSTEM OF ETHICS AND GOOD GOVERNANCE

When we look at the way technology and digital transformations have permeated its' way into our lives, I marvel at the holisticness of its imbibement. Tech tools have embedded itself so deeply into our routines that it has become a habit, or even a way of life. Hence, the governance policies that guide our actions as a technology company needs to mirror this holisticness and create environments in which good governance and ethics also become a habit and mindset to complement our actions as we navigate in the digital corporate world.

In creating this, our approach to imbibing governance policies is multi-pronged:

1) *Business values enshrined in codes of conduct*

Establishing core principles that act as pillars guiding the implementation of main policies is crucial in creating a sense of purpose within an organisation. For TM, these values are reflected in our KRISTAL Core Values, namely Total Commitment to Customers, Uncompromising Integrity, and Respect & Care. While policies such as TM's Code of Business Ethics (CBE) and TM's Anti-Corruption Guide (ACG) may be adapted to reflect newer practices and potential threats that surface as the business landscape continues to evolve, these core values remain the guiding light in ensuring good governance and ethical practices throughout the organisation.

2) *Establishing holistic internal and external check-and-balance mechanisms*

In creating an all-encompassing and well-rounded ecosystem of ethics and integrity, it is also critical to establish appropriate check-and-balance mechanisms that assure fairness and authority. Layering these mechanisms across organisational levels (e.g. TM's Organisational Anti-Corruption Plan, OACP), aligning policies to national agendas (e.g. National Anti-Corruption Plan, NACP and Digital Malaysia) and international standards (e.g. ISO 37001:2016 Anti-Bribery Management Systems) helps create a more systematic approach to governance. As businesses race into the digital age, this systematic approach grounds business processes and provides the necessary guardrails for ethics and good governance.

3) *Top-down leadership to set an example*

However, codes of conduct and check-and-balance mechanisms can only show its' full effect through realistic execution. Here, board members and key leadership personnel play a pivotal role in exemplifying the importance of good governance and adhering to the relevant policies. Integrating the measurement of ESG goals and key governance criteria in achieving business objectives into the KPIs of management levels also solidifies an adherence to policies while also driving perceptions of the importance of good governance. If these are the goalposts leaders are measured against, it will be widely implied and understood that good governance is uncompromisable to the business, holding even those at the very top accountable to codes of behaviour.

POLICIES ARE ONLY AS GOOD AS ITS PEOPLE

Ultimately, the power of truly good governance rests within the people who make up the organisation. While leaders can strive to set a good example, the foundational makeup of an organisation are the everyday employees – those who interact with our customers daily, representing the true image of an organisation.

Hence, a key priority for leaders is to be able to strike a balance between the process-oriented and people-oriented, shaping an organisation with the right people with the right skillset to execute the work with integrity.

Similarly, there are measurable processes that can be implemented to create awareness and instil a non-compromising attitude towards integrity. Within TM, the Group Integrity & Governance (GIG) department believes that consistency is key, with several ongoing exercises and activities planned throughout the year. Some of those activities include online training exercises, continuous integrity communication snippets and the annual [TM Integrity Day \(TMID\)](#), aimed at creating constant reminders of the role of governance.

As we move deeper into the age of digitalisation and as more of our lives continue to evolve at breakneck speeds, the role of good governance grows ever greater. It is our central point of ethical conduct, intended to keep us within the lines of consistently “doing the right thing”.



As TM evolves into a human-centred tech company, we must also pay close attention to preserving and protecting a defining trait of our humanity – the ability to make decisions based on what is right and wrong, upholding our intangible values and the ability to work together in a respectful and civil manner.

In our pursuit to keep pushing the boundaries and exploring our changing world, a culture and respect for good governance is what sustains the heart of businesses, its' employees and its' impact on society.

/end