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MEDIA STATEMENT

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PCG15 STEPS UP COMMITMENT TO IMPLEMENT INITIATIVES UNDER THE GLC TRANSFORMATION PROGRAMME

Chairmen and CEOs of the “G-20” representing 20 leading Government-Linked Companies (“GLCs”) convened Friday to sustain the momentum of their efforts to execute the 10 key initiatives under the GLC Transformation (“GLCT”) Programme. The Programme that started in 2004, is now in its third phase, aimed at delivering sustainable and tangible results for all stakeholders and propelling top GLCs into regional champions.

In an opening address delivered at the Putrajaya Committee on GLC High Performance (“PCG”) session held at the Ministry of Finance, Second Finance Minister Tan Sri Nor Mohamed Yakcop said that all GLCs must continue to sustain the momentum built from the past several years. He also noted that there must be no let up in their resolve to see this transformation through.

This session marks the fifteenth time in 32 months that the PCG has convened. PCG is a high-level committee formed in January 2005 to steer the GLCT programme. It comprises the heads of Government-Linked Investment Companies (“GLICs”), namely Khazanah Nasional Berhad, Permodalan Nasional Berhad, the Employees Provident Fund, Lembaga Tabung Angkatan Tentera, Lembaga Urusan Tabung Haji, as well as representatives from the Ministry of Finance and the Prime Minister’s Office.

At the PCG, it was noted that the GLCT Programme, launched in May 2004, has now moved into the third phase of its 10-year programme that focuses on implementation and sustaining tangible results. The recent financial results for the quarter ending 30 June 2007 indicate that the GLCT Programme has remained on track and has gained traction – with some GLCs showing continuous improvement in their financial and operating performance. During the PCG session, companies such as Sime Darby Berhad, Malayan Banking Berhad, Kumpulan Guthrie Berhad, Golden Hope Plantations Berhad, Boustead Holdings Berhad, Malaysian Airline System Berhad, Tenaga Nasional Berhad, Bumiputera-Commerce Holdings Berhad and Malaysian Resources Corporation Berhad were cited as examples of the GLCT programme’s progress.

The GLCT Programme has contributed towards improved shareholder value of the G-20, thereby gaining further market acceptance. As at 14 September 2007, the Total Shareholder Return (“TSR”) of the G-20 rose by 90.77%, outperforming the benchmark KLCI (excluding those G-20) by 0.7%. The market capitalisation of the G-20 rose significantly by RM103 billion to RM248 billion (an increase of 71%) since the beginning of the Programme.

By the end of 2010, the GLCT Programme is targeted to deliver tangible benefits delivered to multiple stakeholders such as Government, the Bumiputera community, customers, suppliers and employees.

To take the GLC Transformation programme to the next level, PCG will be providing a GLCT year-end report to YAB Prime Minister in December 2007 comprising the GLCT Dashboard, GLCs Contributions to Society Plan (CSP) and the GLC Procurement Improvement Plan (PIP). In addition, an Annual Performance Progress Review will be announced in March 2008 as financial and operational results for 2007 are announced in the first quarter of 2008.

END

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At the 15th PCG, a progress report on each initiative was presented.

Initiative	Selected Progress Updates
Enhancing Board Effectiveness (“Green Book”)	80% of the G-20 companies have completed an assessment of their Board to increase Board members effectiveness.
Strengthening Directors’ Capabilities (establishment of MINDA- Malaysian Director’s Academy)	<p>MINDA launched its flagship programme, Building High Performance Board (BHPD) programme in August 2007. This annual, customised programme for GLCs feature GLC case studies developed in partnership with IMD, Switzerland, the world’s best executive training school. 17 people attended the programme.</p> <p>A program specifically for GLIC chairmen will be held on 22-24 October 2007.</p>
Enhancing GLICs’ Monitoring and Management Function	Ongoing reinforcement of monitoring and management models by respective GLICs.
Improving Regulatory Environment (White Book)	A Framework for Enhancing Regulatory Environment is being finalized and scheduled to be launched in October 2007.
Achieving Value Through Social Responsibility (“Silver Book”)	<p>Seven GLCs have completed key requirements of the Silver Book on corporate social responsibility.</p> <p>At a programme level, PINTAR which is a school adoption programme has been implemented in Penang and in the NCER. A total of 59 schools have been adopted by 24 GLCs to date. More than 5,000 students were beneficiaries of this programme since its inception in December 2006.</p>
Reviewing and Revamping Procurement (“Red Book”)	19 GLCs out of the G-20 have completed its gap analysis and procurement maturity study. The Red Book also provides guidelines on how listed GLCs can support the National Development objective.
Optimising Capital Management (“Purple Book”)	In addition to implementing various capital management initiatives several Investor Relations (IR) Initiatives aimed at improving IR has been initiated including focused participation at investor conferences.

<p>Strengthening Leadership Development (“Orange Book”)</p>	<p>G20 CEOs devoted an entire day to consider leadership development issues in their GLCs and in Malaysia, and what they can do to make a difference. One GLC recently conducted a comprehensive audit of company-wide leadership development practices, and then developed an actionable improvement plan according to guidelines in the Orange Book. As part of capacity building, training seminars on the Orange Book have been organized, and there has been sharing of best practices among local HR consultants in rolling out the LDA to the G20 companies.</p>
<p>Intensifying Performance Management Practices (“Blue Book”)</p> <p>Programme on Value Based Performance Management (“VBPM”)</p>	<p>95% of G-20 companies have implemented Performance Management systems in line with the Blue Book Guidelines. To date, 5 Performance Management Circles (PMC) sessions have been conducted in collaboration with global best practice organisations to reinforce this initiative.</p> <p>A Programme for Value Based Performance Management (VBPM) is being planned to support PMC members in their implementation of their improvement initiatives.</p>
<p>Framework for Continuous Improvement (FCI or Yellow Book)</p>	<p>63% already showing results from implementation of various operational enhancement initiatives.</p> <p>On the capacity building front, a session on ‘Developing Customer Charters’ with INSEAD (August) and a workshop on ‘Strengthening Execution Capabilities’ (September) were successfully completed.</p>

About The Putrajaya Committee on GLC High Performance (“PCG”)

The PCG was formed in January 2005 to follow-through and catalyse the GLC Transformation Programme. PCG is chaired by the Second Finance Minister, with participation from the heads of the Government-Linked Investment Companies namely Khazanah Nasional Berhad, Permodalan Nasional Berhad, the Employees Provident Fund, Lembaga Tabung Angkatan Tentera, Lembaga Urusan Tabung Haji and representatives from the Ministry of Finance Incorporated and the Prime Minister’s Office to work together to monitor developments and recommend further measures of improvements.

A Transformation Management Office (“TMO”) has been established at Khazanah, the Secretariat to the PCG. This TMO is responsible for managing the roll-out and implementation of the 10 Initiatives proposed in the GLCT Program.

GLC Roundtable Members (“G-20”)

1. Affin Holdings Berhad
2. BIMB Holdings Berhad
3. Boustead Holdings Berhad
4. Bumiputra-Commerce Holdings Berhad
5. Chemical Company of Malaysia Berhad
6. Golden Hope Plantations Berhad
7. Kumpulan Guthrie Berhad
8. Malayan Banking Berhad
9. Malaysian Airline System Berhad
10. Malaysia Airports Holdings Berhad
11. Malaysian Building Society Berhad
12. Malaysian Resources Corporation Berhad
13. Pos Malaysia & Services Holdings Berhad
14. Proton Holdings Berhad
15. Sime Darby Berhad
16. Telekom Malaysia Berhad
17. Tenaga Nasional Berhad
18. TH Plantations Berhad
19. UEM World Berhad
20. UMW Holdings Berhad