

Initiative 3

Government-Linked Investment Company Monitoring & Management Framework

Summary

In July 2005, the Putrajaya Committee on GLC High Performance (PCG) launched a set of Policy Thrusts, Guidelines and 10 Initiatives as part of the Government-Linked Company (GLC) Transformation Programme. The Government-Linked Investment Company (GLIC) Monitoring & Management (M&M) Framework booklet is an output from Initiative 3 of the GLC Transformation (GLCT) Manual and serves to enhance the GLIC M&M function.

As each GLIC has a different mandate, and even those with similar mandates may have different styles, it is for each GLIC to develop and implement practices that are relevant to them. As such, this Framework is not intended to be prescriptive but serves as a collection of M&M ideas and best practices.

GLICs play a critical role, particularly as catalysts or triggers of change. In many cases, GLICs are controlling shareholders with Board representation and therefore have significant oversight responsibilities. Where GLICs are small shareholders, they are increasingly active, even if this is merely through exercising their shareholder rights. As detailed under Policy Thrust 1 of the GLCT Manual, GLICs are the key conduit for Government to support and influence GLCs.

It is important to restate that GLICs have different shareholders and stakeholders, hence different mandates and different investment strategies (e.g. time horizon, risk appetite, investment objectives). Consequently, GLICs will have differing approaches to monitoring and managing their portfolio companies. The approaches will also vary depending on GLIC ownership level of a GLC, as well as vary over time, depending on GLC performance.