

Section I - Introduction to the Transformation Manual

Objectives of the Transformation Manual

The transformation of Government-Linked Companies (GLCs) into high-performing entities is critical for the future prosperity of Malaysia. To facilitate this transformation, the Putrajaya Committee for GLC High Performance (PCG) has undertaken two sets of actions. First, the codification of Policy Guidelines with the objective of providing an enabling environment for GLCs to perform. Second, the translation of the Policy Guidelines into specific Initiatives that are targeted to driving and enhancing GLC performance.

The Transformation Manual is the output of this endeavour and is intended to be a living document – with new Policy Guidelines and Initiatives to be added over time, and updates or amendments to be made to existing Guidelines and Initiatives as necessary. The Policy Guidelines will take effect on 29th July, 2005, and amendments and updates shall periodically be made available online. Ten Initiatives have been identified covering key areas of GLC operations and governance including, inter alia, Board Effectiveness, the Monitoring and Management Capabilities of Government-Linked Investment Companies (GLICs), Director Capabilities, Regulatory Environment, Procurement, Capital Management, Leadership and Human Capital Development, Performance Management and Operational Improvements.

These ten Initiatives, known as the 2005/06 Initiatives will be gradually rolled-out and implemented in 2005 and 2006. Work has commenced on all ten Initiatives including the launch of several pilot projects. In the case of the Performance Management module, this builds on the 2004 measures of Key Performance Indicators (KPIs) and Performance-Linked Compensation (PLC).

It is expected that GLICs and GLC Boards and senior management should adopt these Initiatives and Guidelines and complete their implementation within their respective organisations by the proposed timelines as laid out in this Transformation Manual. In the event that any clarification or further detail is required, enquiries can be addressed to PCG@treasury.gov.my.

Layout of the Transformation Manual

This Transformation Manual consists of four sections, inclusive of this section. **Section II** comprises the Policy Guidelines of the PCG, which are divided into individual chapters applicable to different audiences, namely GLICs, GLC Boards, and GLC management. The final chapter in this second section lays out PCG's recommended approach to implementing the GLC Transformation Program.

Section III comprises the 2005/6 GLC Transformation Initiatives. The initial Initiatives are introduced in this section. Over time, this section will be augmented with further Guidelines and supporting materials, such as templates, tools, and best practice case studies. The primary audience of this section is the CEO and senior management of GLCs, with several Initiatives for GLICs and GLC Boards.

In **Section IV**, a glossary of terms and definitions, as well as a list of GLCs, has been laid out as an Appendix