

PNB promises to drive improvements in investee companies

KUALA LUMPUR: In a bid to improve corporate governance and give the flagging stock market a much-needed boost, Permodalan Nasional Bhd (PNB) will co-opt other government-linked investment companies (GLICs) to collectively leverage their significant shareholdings in investee companies to drive change in underperformers, said its president and group chief executive officer Jalil Rasheed.

He gave an assurance the dominant fund now intends to play a more active role in investee companies to ensure better corporate governance and also drive operational excellence through better monitoring of performance targets that are measurable.

"PNB will take up a more active role as an investor, playing a more pronounced presence in boardroom level, and working together more than ever with company management in driving strategy.

"PNB will also set up a governance framework to articulate clearly, what our rules of engagement are," he said in his closing speech at the PNB Corporate Summit 2019 here yesterday.

"And if successfully executed, management remuneration will be more in line with the shareholders," he assured.

Pointing to their large ownership of listed companies in the country, Jalil stressed the importance of government-linked companies (GLCs) upping their game.

"If we collectively don't perform, we drag the entire market down. You are at the forefront of Corporate Malaysia that is in need of a reboot," he observed.

To that end, he promised he would rope in other GLICs to whip investee companies into shape.

"I'll also ensure that PNB works together with other GLICs, in ensuring that we address governance issues in investee companies together. This would include pooling together our collective sharehold-

ing in order to drive better governance across Corporate Malaysia," he added.

"It is my personal belief that future growth in the emerging market companies will be led by better governance and corporate stewardship."

Over the years, the Malaysian government's control of Corporate Malaysia has grown to the extent that its shareholdings in public-listed companies now account for over 40% of the market capitalisation of the local stock exchange. Moreover, it reportedly owns a majority stake in more than 70 of the entities.

Earlier, in his opening speech at the summit, Prime Minister Tun Dr Mahathir Mohamad reiterated that "the government has no business to be in business".

He said GLCs and GLICs have specific mandates to establish the necessary infrastructure and supportive policies needed to fuel private sector growth.

Echoing Dr Mahathir's comments in a separate panel session earlier, Jalil urged GLICs to relook their large holdings in businesses.

"Just because they were strategic maybe ten, twenty years ago, but does it make sense [to keep the stakes]?"

But he acknowledged any divestment has to be gradual given the large holdings.

At the same panel session, Khazanah research and investment strategy head Datuk Hisham Hamdan pointed out the push to reduce the government's involvement in businesses is not without challenges, the biggest arguably finding buyers for the stakes.

Hisham agreed that a number of GLICs want to diversify to reduce the concentration risk, "But who is going to buy [the stake in the companies]?"

"We need to [first] fix these companies," he said in reference

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