



**SPEECH TEXT**

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**MINISTER OF FINANCE**

***LAUNCH OF THE PLC TRANSFORMATION PROGRAMME***

***AND***

***GUIDEBOOK 1***

**2 MARCH 2022 | 9.30 AM | MANDARIN ORIENTAL**

## **SALUTATIONS**

Bismillahirrahmanirrahim

Yang Berbahagia Tan Sri Abdul Wahid Omar  
Chairman of Bursa Malaysia

Yang Berbahagia Datuk Syed Zaid Albar  
Executive Chairman of the Securities Commission Malaysia

Yang Berbahagia Datuk Muhamad Umar Swift  
Chief Executive Officer of Bursa Malaysia

Leaders of Corporate Malaysia

Captains of Industry

Members of the media

Ladies and Gentlemen

Assalamualaikum Warahmatullahi Wabarakatuh and a very good morning.

### **Context Setting**

1. First and foremost, allow me to express my gratitude to Bursa Malaysia for the honour of officiating today's launch of the **PLC Transformation Programme**.
2. I first gave a glimpse of this in my Keynote Address at **Invest Malaysia** last October, when I shared that Bursa Malaysia would be developing and issuing five guidebooks which aim to guide public listed companies or PLCs in delivering better performance not only to their shareholders, but also to other stakeholders. Since then, the first digital guidebook on 'Creating Purpose and Performance Driven

Public Listed Companies' has been developed, which will be available beginning today.

3. The launch of the PLC Transformation Programme is timely given the current operating landscape. Thematically, it complements the Government and MOF's **wider agenda of recovery and reform**. Allow me to briefly touch on both these aspects and their developments this morning.

## **Economic Outlook**

Ladies and gentlemen,

4. Global growth rebounded to **5.5 per cent** in 2021, the strongest post-recession pace in over 80 years, with many encouraging global economic developments.
5. Output in many countries, including Malaysia, recovered in 2021. Many advanced and middle-income economies have achieved substantial vaccination rates. International trade has picked up. And, high commodity prices have been a boon for many commodity-exporting countries.
6. The Malaysian economy rebounded **3.1 per cent** in 2021, in-line with the wider region (which, excluding China, grew 2.5 per cent). This uplift was on the back of the easing of containment measures, recovery in the labour market, timely fiscal support and strong external demand.
7. Moving forward, the Malaysian economy is expected to improve to between **5.5 and 6.5 per cent** in 2022, supported by:
  - i. The recovery of demand both, globally and domestically;
  - ii. Improvements in the labour market; and
  - iii. Higher private investment.

8. Thus far, we continue to see the green shoots of economic recovery, supported by various factors, including:

- i. **Vaccination**, where, as at end- of February, nearly **80 per cent** of the population or **98 per cent** of adults were fully vaccinated, allowing almost all economic and social activities to resume. In addition, we have successfully administered over **14 million booster doses** to nearly **45 per cent** of the population;
- ii. Further, in managing COVID-19, the Government is committed to progressing towards an **endemic state**. Despite the recent increase in the number of cases, ICU occupancy has remained manageable, indicating that the public health system is not under strain;
- iii. Thirdly, the **labour market** continued to recover with unemployment improving to **4.2 per cent** in December 2021 from a peak of 5.3 per cent in May 2020. The unemployment rate is forecasted to improve further to under 4.0 per cent by end-2022;
- iv. On the investment front, net FDI registered nearly **55 billion ringgit** in 2021, higher than pre-pandemic levels, specifically for the period from 2017 to 2019; and
- v. Fifthly, global trade is also forecasted to grow **6.0 per cent** in 2022. For Malaysia in particular, our entry as the newest member of the Regional Comprehensive Economic Partnership, or RCEP, beginning later this month (18 March) is expected to increase export revenues by **44 billion ringgit** per year.

9. Even in the local capital markets, we have seen:

- i. The FBM KLCI Index returning to its pre-pandemic levels. As of end-February 2022, the index continued to hold on to its gains at **1608 points**; and
  - ii. Strong foreign investor demand in the local debt capital markets with inflows exceeding **33 billion ringgit** in 2021 and nearly **3.5 billion ringgit** as at end of January 2022.
10. These developments will be complemented by continued policy support from the Government, including those under **Budget 2022** which, at **332.1 billion ringgit**, will ensure the recovery momentum is maintained, economic scarring is minimised, and the economy returns to its medium-term growth trajectory.
11. However, these encouraging prospects are not without their risks. In fact, global recovery is set to decelerate in 2022, reflecting lingering uncertainties due to continued COVID-19 flare-ups, protracted supply bottlenecks and the recent Russia-Ukraine conflict.
12. For many emerging markets and developing economies, prospects of the Federal Reserve's tightening monetary policy with interest rate hikes, which are expected to be announced as early as this month, as well as China's slowing economy will further weigh down on growth.
13. Having done our utmost to ensure our people and businesses remained afloat in the past two years, the next crucial question is: how do we resume or ensure not only swift recovery of our economy, but also its resilience against future shocks? This is where the case for structural reforms is no longer a nice-to-have, but an absolute necessity.

## **The Case for Reform**

Ladies and gentlemen,

14. Beyond just being a year for recovery, 2022 also provides strong impetus for **reform**. Globally, macro-economic imbalances – be it in government spending, deficits or debt – have reached unprecedented levels. The world is facing growing income inequality across and within countries.
15. Locally, there is a pressing need to address Malaysia's long-term growth drivers like talent development as well as larger threats like climate change and widening income/wealth gaps. For Corporate Malaysia in particular, there is an urgent need to address diminishing corporate performance and strengthen its growth and resilience premised on ESG and the UN's SDGs.
16. In short, vital to the nation's agenda of reform are Malaysia's public listed companies, a majority of which are major drivers of our economy.

## **Role of PLCs to Nation Building**

Ladies and gentlemen,

17. Today, there are over **950** diversified companies across numerous economic sectors that are listed on Bursa Malaysia. Transforming these companies will be vital in the long-term agenda of recovery and reform which, in turn, will benefit many, both directly and indirectly.
18. For our Government-linked Investment Companies or GLICs, more resilient PLCs will perform better and provide higher returns which, in turn, will benefit our rakyat who are unit-holders of funds invested in these PLCs. For example, many GLICs - who facilitate the retirement savings for **16 million Malaysians** – are also investors in many PLCs on Bursa Malaysia. As such, performance-driven PLCs are vital to ensuring the sufficiency of their members' savings for retirement.

19. Stronger PLCs will also support employment within the PLC ecosystem. Currently, an estimated **1.1 million people** are directly employed by PLCs in Malaysia, with millions more employed in the PLCs' subsidiaries and supply chain.
20. Moreover, when PLCs grow, like the rising tide that lifts all boats, they also contribute to the growth of SMEs and companies in their supply chains, be it through new processes or higher standards of delivery.
21. Hence, Malaysia's PLCs are pivotal in driving Malaysia's post-pandemic recovery and growth. To this end, as many of the PLCs are in a position to take full advantage of the global growth, they can help accelerate post-pandemic recovery and be the catalyst for reforms domestically.

## **Call to Action**

22. This is the genesis of the **PLC Transformation Programme**: to catalyse performance and growth in PLCs and the companies within their ecosystem, as well as align them to the latest global trends, investor demands and stakeholder expectations.
23. Through **to 2025**, and anchored on **5 digital guidebooks**, the PLC Transformation Programme will:
  - i. Nurture purpose and performance driven PLCs;
  - ii. Cultivate a greater sense of transparency;
  - iii. Embed sustainability practices;
  - iv. Enhance stakeholder management and investor relations;
  - v. Encourage digital adoption; and
  - vi. Drive robust talent development to strengthen nation building.
24. Ultimately, the programme will enhance the corporate performance of Malaysia's PLCs, thereby creating a more attractive marketplace for domestic and foreign investors alike.

25. While the programme is targeted for public listed companies, lessons from the digital guidebooks can also be applied to the **wider SME community**. For instance, Book 1's focus areas span financial and non-financial performance measures, risk management and market strategy – areas relevant to *both* listed and non-listed companies. Thus, I encourage the wider SME community to take full advantage of the programme and resources available.
26. As part of the programme, I was made to understand that there will also be opportunities for industry champions or consulting firms to share their expertise to drive adoption of leading best practices.
27. Complementing the PLC Transformation Programme are **ongoing efforts by the Government to reform and optimise the GLICs**. Given their role as unique drivers of the Malaysian growth story with over **445 billion ringgit** in assets-under-management on Bursa Malaysia today, efforts remain underway to sharpen the focus of our GLICs for further success, particularly in helping them to venture into high-value new growth sectors. Eventually, these new areas will also open up fresh opportunities for PLCs and SMEs to partake in.
28. The PLC Transformation Programme will also be complemented by measures under **Budget 2022**. For example:
  - i. The pillar to grow as Sustainable, Socially Responsible and Ethical organisations is enabled by measures under the Third Focus of Budget 2022. These include the establishment of a **Voluntary Carbon Market** by Bursa Malaysia; and a **one-billion ringgit matching grant** to help companies transition towards low-carbon operations.
  - ii. The key pillar of being 'Digitally Enabled' in Book 4 will go hand-in-hand with initiatives to improve our nationwide digital connectivity initiative, **JENDELA** (valued at 700 million ringgit); and efforts by myDIGITAL Corporation to digitise the public sector;

- iii. Furthermore, the key pillar of 'Nation Building' in Book 5 will go hand-in-hand with the Government's efforts under **JaminKerja Keluarga Malaysia** to create **600,000 job opportunities** as well as upskill and reskill talent spanning **220,000 training placements** (valued at 1.1 billion ringgit) throughout 2022.

## Closing

Ladies and gentlemen,

29. Malaysia's recovery and reform efforts will demand nothing short of a "whole-of-industry" and "whole-of-nation" approach. This success can be more easily achieved if Corporate Malaysia rises to the occasion.
30. Therefore, I call on all stakeholders – the business community, investors, analysts, media – to support the transformation of our PLCs and SMEs.
31. Therein, I am pleased to know that a number of the large PLCs and GLICs have expressed their support to participate in, or champion the PLC Transformation Programme. I am confident that more PLCs will come on board in the coming months as more engagement opportunities kick off after today's launch.
32. Together, and with sustained effort, I am certain the programme will enhance the corporate performance of Malaysia's PLCs and catalyse reform, drive sustainability and contribute to our collective goal of a "**Prosperous, Inclusive and Sustainable Malaysia**".
33. On that note, allow me to thank and congratulate Bursa Malaysia for organising today's event, and for spearheading the PLC Transformation Programme which will shape our capital markets for years to come.

Wabillahi Taufik Wal Hidayah, Wassalamualaikum Warahmatullahi  
Wabarakatuh.