



**YAB TAN SRI DATO' HAJI MUHYIDDIN BIN HAJI MOHD. YASSIN
PRIME MINISTER OF MALAYSIA**

**FOR:
GLICs MANDATE RECHARGE:
LAUNCH OF
PERKUKUH PELABURAN RAKYAT (“PERKUKUH”)**

[VIRTUAL LAUNCH]

DATE : 12th AUGUST 2021

Bismillahirrahmanirrahim,

Yang Berhormat Senator Tengku Dato' Sri Zafrul Tengku Abdul Aziz,
Minister of Finance;

Chairmen, Managing Directors and Chief Executive Officers,
of the various Government Linked Investment Companies;

Senior Leadership Teams;

Members of the Media;

Ladies and gentlemen;

Assalamualaikum Warahmatullahi Wabarakatuh and Salam
Sejahtera,

1. Allow me to begin by first thanking the organiser of this GLICs Mandate Recharge initiative, for the opportunity to address this important gathering of the distinguished leaders for the various GLC's (Government Linked Companies) mother ships. These mammoth holding companies i.e. the GLICs (Government Linked Investment Companies) and their entities, control approximately RM1.7 trillion of assets under management, make up more than a quarter of the market capitalisation of *Bursa Malaysia*, whilst directly and indirectly employ nearly half a million people.
2. In an ever-changing environment compounded by a global pandemic, it is imperative that Corporate Malaysia continues to evolve, future-proof itself and strengthen its fundamentals. It is in this context, that I am addressing various stakeholders in today's Town Hall to present a recharged *Amanat* or mandate to our GLICs.
3. At a time of required change, perhaps it is important to remind ourselves, that while many things have changed, certain fundamentals remain constant. The economic policy initiatives of the Government are indeed designed to support the same overarching and unifying economic vision of the country namely, "sustainable growth along with fair and equitable distribution" in line with the objectives of Shared Prosperity Vision 2030 ("SPV 2030").

Ladies and Gentlemen,

4. There is a need to recognise that, at different stages of the nation's development, the emphasis on the engine of growth will change. This ability to adapt and re-engineer our economic strategy and composition is one of historical strengths of the nation. The GLICs have been at the forefront to mobilise both human and financial resources over the years, to help Malaysia transform from an agrarian driven economy to an export orientated manufacturing economy, then to a more balanced service and manufacturing economy, and now in the challenging process of reinventing into a more knowledge-driven economy.
5. In the midst of the pandemic, the Government had introduced the 6R Economic Recovery Strategy (Resolve, Resilience, Restart, Recovery, Revitalise, & Reform) to rejuvenate the economy. Moving forward, the last and key pillar of the 6R Strategy is 'Reform'. Nowhere is there a greater opportunity to do this long-lasting reform, than through our own GLICs and GLCs.
6. The Government previously embarked on the GLC Transformation Programme in 2004 to turn selected GLCs into high-performance companies. Alhamdulillah, the programme was widely successful, with market capitalisation of the entities in the program increasing by three-fold over a ten-year period.
7. However, what got us here, won't necessarily get us there tomorrow. As some nations mature, so do certain industries. What was previously

upcoming or 'sunrise' industries, could become mature or 'sunset' industries overtime, and begin experiencing a lower growth phase. Correspondingly, some GLICs have seen their returns on investment stalled in the past decade. Along with the continuous change within the global investment climate, we now see more emphasis on Environmental, Social, and Governance, or ESG related matters. Should we fail to keep up with such change, this could be a major investment risk to our country.

8. Inevitably, these lower returns have trickled down and affected the *Rakyat*. Wages have plateaued, hindering our vision of becoming a high-income nation. Inequality has remained high, undermining social cohesion. The pandemic has certainly aggravated these vulnerabilities.

Ladies and Gentlemen,

9. This is the genesis of the *Perkukuh Pelaburan Rakyat* programme, or PERKUKUH: to reimagine the role and re-new the capabilities of Malaysia's GLICs. PERKUKUH comprises 20 key initiatives to achieve 5 key outcomes, namely:
 - a. Sharpened clarity on the mandate of each GLIC;
 - b. Enhanced focus on developmental and catalytical investments to spur new growth and enhanced socio-economic impact;
 - c. Crowd-in the private sector while streamlining the role of the government and its agencies in business;
 - d. Future-proof GLICs with best-in-class governance, capabilities and strategies; and

e. Strengthen social safeguards and fiscal resilience.

10. PERKUKUH fundamentally begins by recognising the different mandates, funding structures and risk profiles of various GLICs. In particular, GLICs will be sub-divided into two categories, namely Sovereign Wealth Funds (“SWFs”) on one hand – encompassing entities like *Khazanah Nasional Berhad* (“KNB”), *Kumpulan Wang Persaraan (Diperbadankan)* (“KWAP”), *Kumpulan Wang Amanah Negara* (“KWAN”) and *Minister of Finance (Incorporated)* (“MOF Inc”) – and Institutional Investors like the *Employees Provident Fund* (“EPF”), *Permodalan Nasional Berhad* (“PNB”), *Lembaga Tabung Haji* (“LTH”) and *Lembaga Tabung Angkatan Tentera* (“LTAT”) in the other; to better reflect their unique mandates, strategies and asset liability management.
11. For the SWFs, there will be a re-balancing of focus between financial returns and socio-economic deliverables. A key priority will be on patient capital investing in a more strategic and targeted way into new growth areas, which I will touch on shortly.
12. Meanwhile, Institutional Investors will retain their mandate of maximising returns of contributors, be it future retirees or those who wish to pursue the haj, while playing a synergistic role in contributing to national development. This will include a more cohesive and scaled-up approach to Corporate Social Responsibility (“CSR”) and supporting national priorities like ESG and green financing.
13. PERKUKUH will also look at optimising the operations of the relevant SWFs and Institutional Investors where the management of certain

asset classes will be pooled to achieve economies of scale and improved returns.

14. This clarity will ensure each GLIC has a laser-sharp focus on its role and maximises the impact in their respective portfolios and areas of expertise. PERKUKUH will push for optimal capital allocation and sharpen target outcomes for highly strategic new growth areas. To ensure alignment of these areas with key policy measures like MyDigital, the upcoming 12th Malaysia Plan and SPV 2030, a New Growth Coordination Council chaired by me, will be established.
15. The ecosystem built in the new growth areas will be designed to spur the crowding-in of private sector investments in the long-term. KNB for instance, will kick-start development of new growth ecosystems through its new RM6 billion *Dana Impak*. Already, efforts to jumpstart co-investments with several international institutional investors and other sovereigns, are underway as we speak.
16. To crowd-in private investments, PERKUKUH will also streamline the relationship between the government and businesses, through among others, the review of golden shares, the re-definition of previous strategic sectors, and determining new areas of national interest. This will increase the attractiveness of relevant GLCs while allowing them to operate effectively in a regulated environment.
17. On that note, I would like to provide assurance that this evolution will be gradual and go hand-in-hand with the strengthening of the regulatory environment. I would like to stress that this exercise will be

in-line with the best international practices, where the definition and treatment of strategic assets have evolved over time.

18. As mentioned, PERKUKUH will future-proof GLICs with best-in-class governance, capabilities and strategies. Governance practices will be made more robust, such as in leadership appointments, where several guiding principles will be collectively introduced to address common issues for instance conflict of interests and accountability.
19. Lastly, PERKUKUH will enhance the role GLICs play in the socio-economic sphere and social protection. We have seen that previous coordinated efforts by GLICs – be it disaster relief like the GLIC Disaster Relief Network or equitable education outcomes like PINTAR Foundation – yielded strong results. PERKUKUH will scale-up these efforts in new areas like human capital development, financial literacy and Bumiputera empowerment.

Ladies and gentlemen,

20. In formulating PERKUKUH, we drew on the deep expertise of the GLICs ecosystem, regulators, ministries as well as industry captains, including those involved in the first GLC Transformation Programme. Similarly, implementation will span a wide network of stakeholders. For instance, Securities Commission will spearhead the ‘sustainable investment standard’ initiative together with Bank Negara Malaysia. Together with the GLICs, these initiatives will be driven by the Ministry

of Finance's LAKSANA agency, whom will act as the Programme Management Office.

21. Given the intricacies of each initiative, PERKUKUH will be implemented on a multi-wave basis – beginning with key initiatives like the 'GLIC/GLC 2.0 governance standard'. All in all, the 20 key initiatives will be implemented through 2024.

22. At the end of the day, PERKUKUH will create an ecosystem that benefits all stakeholders of the economy:

- a. Firstly, for the **GLICs**; the construction of investment portfolios with higher risk-adjusted returns and improved governance for better resilience and growth prospects. This, over time, will eventually cascade down to better return of investments to the depositors, unitholders and pensioners;
- b. Secondly, for the **investment community**; the development of new growth areas and enhanced opportunities to directly participate via the crowding-in of private investments, into both emerging and developed spaces;
- c. Thirdly, for the **economy as a whole**, the formation of a knowledge-based and high value-added economy, hence strengthening the nation's growth prospects and our fiscal resilience in the long run; and
- d. Last and most important, for the **rakyat at large**, the creation of high-quality jobs, improved household income and reduced inequality. *Rakyat's* well-being will be improved through more effective and holistic social protection programmes, where Non-

Governmental Organisations (NGOs) partnerships with the GLICs and GLCs will amplify efforts into gaps, beyond the basic needs which have been provided by the Government.

Ladies and gentlemen,

23. In the final analysis, all this is not going to be completed neither today nor tomorrow, and the task will demand enormous manpower and man-hours to achieve what we have set to do. As with all change and transformation programmes, it is critical to stay the course, adapt and push forward. It goes without saying, succession planning is arguably a very critical factor that will determine not only the outcome of PERKUKUH but also the fate of the nation. On that note, I hope that there will be a more structured, yet flexible approach, involving socio-economic leadership development which should include talent rotation programmes between the GLICs, GLCs and the public sector.
24. Economic developmental work is naturally a relay run. And we cannot thank enough the earlier GLIC custodians, carrying the economic baton of the nation, for giving us a solid base to build upon. As we climb-up the value chain, the marginal difference between success and failure revolves around the ability to bring different ideas and skillsets together at the right time. Hence, today you and fellow GLICs have got to carry the economic baton to the next leg successfully and pass it on safely when the time comes.
25. On that note, I would like to flag-off the next leg of this important journey and look forward to a sustainable economy, premised on fair and

equitable distribution. May God Almighty bless us in our efforts and with “Bismillahirrahmanirrahim” – In the Name of Allah, the Most Righteous, Most Merciful, I now launch the Perkukuh Pelaburan Rakyat Initiative, PERKUKUH. Thank you.

Wabillahitaufik walhidayah. Wassalamualaikum wbt.