PRESS RELEASE

GLICs to Strengthen Governance, Capitalise on New Opportunities, Create Stable Returns for Rakyat

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MEDIA STATEMENT

MINISTER OF FINANCE
MINISTRY OF FINANCE MALAYSIA

The Ministry of Finance (MOF) is pleased to announce that Prime Minister YAB Tan Sri Muhyiddin Yassin today launched the Perkukuh Pelaburan Rakyat (PERKUKUH) Initiative, effectively starting the journey for the six Government-Linked Investment Companies (GLICs) to execute their refreshed mandate.

PERKUKUH is conceptualised to achieve five key outcomes i.e., sharpened clarity on each GLIC's mandate; enhanced focus on developmental investments to spur new growth; crowding-in the private sector; future-proofing GLICs through improved governance and capabilities; as well as strengthening social safeguards and GLICs' fiscal resilience.

These are necessary not only to keep up with the continuously changing investment landscape, but also to ensure that we embrace the concept of Environmental, Social, and Governance (ESG) in the investment decisions of our national assets. Not keeping abreast of such developments could pose a risk to Malaysia's future ability to, for example, benefit from new technology or scale up on existing technology to achieve the intended socio-economic benefits, in line with our Shared Prosperity Vision 2030.

GLICs, as key players and investors in the economy, are important contributors to Malaysia's economic fundamentals. Hence, enhancing governance and processes will also enable the entities to remain resilient even during difficult times, which in turn will support Malaysia's economic stability.

PERKUKUH will create an ecosystem that benefits all stakeholders of the economy:

1. For the **GLICs**, the construction of strategic and commercial investment portfolios with higher risk-adjusted returns and improved governance will result in better resilience and growth prospects. This, over time, will cascade down to better return of investments to the depositors, unitholders and pensioners.

2. The **investment community** will benefit from the development of new growth areas, which will enhance their opportunities to directly participate via the crowding-in of private investments, into both emerging and developed sectors.

3. The benefit to the **economy** is through the development of aknowledge-based and high value-added economy, hence strengthening the nation's growth prospects and our fiscal resilience in the long run.

4. Most importantly, the **rakyat** will benefit from improved in comeprospects,more stable returns on their savings/deposits/pensions, as well as more effective and holistic social protection programmes.

The GLICs' role in encouraging digitalisation and technology through their investments will also support Malaysia's priority to boost our longer-term economic prospects and resilience. This will be pursued in tandem with the Government's commitment to medium-term structural reforms to attract higher quality investments, as well as generate high-skilled and high-paying jobs.

Since the onset of the pandemic, the Government has introduced the 6R Economic Recovery Strategy (Resolve, Resilience, Restart, Recovery, Revitalise, & Reform) to rejuvenate the economy. PERKUKUH is a medium-term three-year initiative as part of the last key pillar of the 6R Strategy i.e., 'Reform'. Key Performance Indicators will be clearly defined and closely tracked by MOF to ensure that sub-programmes remain on track.

The virtual launch ceremony was attended by the Chairmen, Board and top management of Khazanah Nasional Berhad ("KNB"), Kumpulan Wang Persaraan (Diperbadankan) ("KWAP"), the Employees Provident Fund ("EPF"), Permodalan Nasional Berhad ("PNB"), Lembaga Tabung Haji ("LTH") and Lembaga Tabung Angkatan Tentera ("LTAT"). Senior management representatives from the Ministry of Finance, Bank Negara Malaysia, Securities Commission and Bursa Malaysia were also in attendance virtually.

Overall, the Government's current priority is to protect lives from the threat of COVID- 19 and ensure the country's economic growth prospects remain strong in the medium to longer term, guided by the National Recovery Plan, the principles of prudent financial management, and planned reforms through PERKUKUH and the Twelfth Malaysia Plan. The Government will continue to respond strategically and proactively under this challenging COVID-19 environment, while also endeavouring to minimise permanent economic scarring from the pandemic crisis.

YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz Minister of Finance
Ministry of Finance
Putrajaya
12 August 2021

PERKUKUH

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