



# The Observer

**26.01.2024**

## ❖ **Embracing Sustainability: A Call for Integration into Operations**

In an era of global environmental challenges and a widespread call for sustainable practices, Malaysian public listed companies (PLCs) have increasingly embraced sustainability initiatives. As they strive to adopt sustainable practices, it is crucial to move beyond viewing sustainability as merely a checkbox on a compliance list; environmental stewardship requires the integration of sustainable principles into daily operations.

Sustainability, in essence, involves fulfilling present needs without compromising the ability of future generations to meet their own needs. It includes three key areas: environmental stewardship, social responsibility, and economic viability, acknowledging the interconnectedness of these elements in shaping a resilient and enduring future.

While implementing sustainability initiatives is a positive step, it is important to differentiate between genuine commitment and mere compliance. Many companies view sustainability as a regulatory checklist item, ticking boxes to fulfil mandatory requirements rather than embracing it as an intrinsic part of their operations. Further, in response to pressure from stakeholders, companies sometimes resort to presenting a facade of environmentally friendly initiatives to alleviate scrutiny — a practice known as greenwashing, which undermines the true principle of sustainability.

When sustainability becomes a compliance-driven exercise, companies risk falling into several pitfalls. The focus may shift from creating long-term positive impacts to meeting immediate regulatory requirements, inhibiting the development of comprehensive and effective sustainability strategies. Checkbox sustainability tends to result in superficial changes rather than holistic transformations, with companies engaging in symbolic gestures such as installing a few solar panels or implementing energy-efficient lighting without addressing broader systemic issues.

To top it all off, there were cases where PLCs appeared not to have implemented any sustainability initiatives as set out in their sustainability statement. PLC A, for instance, asserted the inclusion of sustainable materials in its products as a cost-saving measure. Nevertheless, when queried, PLC A failed to disclose the specific sustainable materials utilised in its products and the extent of the cost savings achieved.

In another case, PLC B, in its sustainability statement, highlights its commitment to creating job opportunities for the local community and contributing to economic

growth through its operations. However, upon closer examination, it was found that 90% of the workforce in the said operations consists of foreign workers, contradicting the claim of creating job opportunities for the local community.

### **But how?**

Leadership plays a pivotal role in driving sustainability integration. When leaders actively champion sustainability initiatives and embed them into the company's mission and values, it signals that sustainability is not just a regulatory obligation but a strategic imperative.

Further, embracing sustainability requires a fundamental shift in how products are designed, produced, and consumed. The concept of a circular economy, where resources are used efficiently, products are designed for durability and recyclability, and waste is minimised, should be the guiding framework. Companies should invest in innovative solutions that promote sustainability throughout the product life cycle.

In addition, sustainability integrated into daily operations acts as a powerful risk mitigation strategy. Climatic changes, including extreme weather events (such as heatwaves, drought, floods) can cause physical damage to assets, for example manufacturing plants, and disrupt entire supply chains. PLCs that anticipate and address sustainability risks are better equipped to navigate a complex business environment, contributing to long-term resilience and ensuring the ability to weather uncertainties.

Sustainability initiatives should also extend beyond the company's immediate operations and permeate the entire supply chain. Engaging suppliers and partners in sustainable practices ensures a more significant and far-reaching impact, creating a network of environmentally conscious collaborators.

Last but not least, employees at all levels should be educated about the importance of sustainability and how it aligns with the company's objectives. Training programs can empower staff to identify opportunities for sustainable practices within their roles, fostering a sense of ownership and accountability.

### **Benefits of adopting sustainability initiatives**

Incorporating sustainability into the daily operations of a company offers many advantages that extend beyond the realm of environmental responsibility.

One of the primary benefits lies in the potential for substantial cost savings. By adopting sustainable practices, companies can significantly decrease their energy consumption, optimising operational efficiency and, in turn, cutting down on utility expenses. This contributes to a lower carbon footprint and directly impacts the company's bottom line. Furthermore, a commitment to sustainability often prompts a re-evaluation of production processes, leading to the identification of opportunities for waste reduction and resource optimisation.

Another noteworthy advantage is the boost to the company's brand reputation. Consumers and investors alike are more drawn to businesses committed to sustainability. By integrating eco-friendly practices into daily operations, companies position themselves as responsible corporate citizens, appealing to a growing demographic of environmentally conscious individuals. This enhanced brand image attracts loyal customers and appeals to a broader pool of investors who prioritise ethical and sustainable business practices. Consequently, a positive brand reputation becomes a powerful asset that differentiates a company in the competitive landscape, fostering customer loyalty and attracting socially responsible investors.

In conclusion, the call for local PLCs to embrace sustainability as an integral part of daily operations goes beyond regulatory compliance. It is a call to redefine the very essence of corporate responsibility. Sustainability, woven into the fabric of business operations, transforms companies into agents of positive change, providing various benefits ranging from operational efficiency to enhanced corporate reputation, innovation and risk mitigation.

As Malaysia charts its course towards a more sustainable future, our PLCs must lead the charge by recognising sustainability not as an obligation but as an opportunity. By integrating sustainability into daily operations, these companies can contribute meaningfully to a greener, more sustainable Malaysia, ensuring a legacy that transcends balance sheets and resonates with a commitment to the well-being of Mother Earth and its people.

**Yan Lai Kuan**  
**Manager, Corporate Monitoring**

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**MSWG AGM/EGM Weekly Watch 29 January – 2 February 2024**

For this week, the following are the AGMs/EGMs of companies in the Minority Shareholders Watch Group's (MSWG) watch list.

The summary of points of interest is highlighted here, while the details of the questions to the companies can be obtained via MSWG's website at [www.mswg.org.my](http://www.mswg.org.my).

Date & Time	Company	Quick-take
29.01.24 (Mon) 11.00 am	Bintai Kinden Corporation Berhad (EGM)	<p>The Company proposed to undertake a private placement exercise that entails the issuance of up to 281.536 million shares, representing 30% of the existing total number of issued Shares.</p> <p>The placement exercise is undertaken as a one-time interim fund-raising exercise aimed at supporting the Group's cash flow for repayment of borrowings and working capital pending the submission of a regularisation plan to regularise its status as an affected listed issuer pursuant to PN17 of the Listing Requirements.</p>

30.01.24 (Tue) 10.00 am	Wang-Zheng Berhad (EGM)	<p>The Company proposed to seek shareholders' approval for resolutions below:</p> <ul style="list-style-type: none"> <li>- A new shareholders mandate for recurrent related party transactions (RRPT).</li> <li>- The establishment of a long-term incentive plan (LTIP), comprising employee shares options scheme (ESOS) and share grant plan (SGP), for up to 10% of the total number of issued shares of WZB.</li> <li>- The allocation of awards under the proposed LTIP to directors of WZB and persons connected with them pursuant to the proposed LTIP.</li> </ul>
30.01.24 (Tue) 10.00 am	Sasbadi Holdings Berhad (AGM)	<p>In FYE 2023, the Group achieved its highest-ever revenue (RM96.14 million) since inception, attributing its success to swift responses. Government contracts also contributed significantly to the print publishing business.</p> <p>The Group plans to achieve growth for FYE 2024 via mergers and acquisitions (M&amp;A). It will also continue to expand its Early Childhood Education segment by enhancing its offerings. Further, the Group intends to capitalise on the Ministry of Education's launch of the Digital Education Policy to enhance its digital revenue.</p>
30.01.24 (Tue) 10.30 am	Chin Teck Plantations Berhad (AGM)	<p>Although the sales volume of fresh fruit bunches, crude palm oil (CPO) and palm kernel were higher in FY2023, Chin Teck posted lower revenue of RM205.67 million in FY2023 (FY2022: RM260.29 million) due to lower average selling prices of CPO after achieving a record level in FY2022.</p> <p>This resulted in a lower net profit of RM53.4 million, representing about half of the RM107.51 million achieved in FY2022.</p> <p>At the same time, the bottomline was hit by higher administrative expenses and a significant share of losses from joint ventures.</p>
30.01.24 (Tue) 03.00 pm	PLB Engineering Berhad (AGM)	<p>For FY ended 31 August 2023, the Group recorded a total revenue of RM44.81 million from continuing operations compared to RM189.26 million in the preceding year, with RM170.72 million from continuing</p>

		<p>operations and RM18.54 million from discontinued operations.</p> <p>Meanwhile, its pre-tax losses widened to RM26.67 million during the year (FY2022: LBT RM15.96 million), comprising losses of RM14.86 million and RM11.81 million from continuing and discontinuing operations.</p> <p>The higher losses recorded were mainly due to the provision of impairment losses made for certain project capital expenditures and assets held for sale, which amounted to RM12.92 million and RM8.59 million respectively.</p>
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<b>One of the points of interest to be raised:</b>	
<b>Company</b>	<b>Points/Issues to Be Raised</b>
Sasbadi Holdings Berhad (AGM)	<ol style="list-style-type: none"> <li>1. The Company has highlighted the strategy of mergers and acquisitions (M&amp;As) to achieve heightened growth. Please provide more details on the specific niches or business segments that Sasbadi is considering for potential acquisitions in FYE 31 August 2024?</li> <li>2. <i>"Sasbadi has been developing in-house digital education capabilities for over a decade now, and we are optimistic that through our expertise in delivering reliable, quality services and digital content for education, our Group will be well-poised in achieving the Digital Education Policy's aspirations."</i> (Page 29 of the Annual Report 2023)</li> </ol> <p>Please elaborate on the specific digital education capabilities Sasbadi has developed over the past decade?</p>
Chin Teck Plantations Berhad (AGM)	<p>The Group's share of results of joint ventures in relation to oil palm plantations in Indonesia have continued to cause the Group to share significantly higher losses of RM10.7 million (2022: RM2.9 million share of loss). (page 14 of AR2023)</p> <ol style="list-style-type: none"> <li>a) Given that one of the Group's investments in oil palm plantations in Indonesia is held through its 50% owned joint venture company, Global Formation (M) Sdn Bhd managed to record a higher revenue of RM112.3 million (2022: RM96.2 million) (Note 7(ii)(b), page 109 of AR2023), what were the key reasons that have contributed to the significant increase in share of losses amounting to RM10.7 million?</li> <li>b) Is the Group aware of any signs of improvement to be expected from the oil palm plantations in Indonesia for financial year ending 2024?</li> </ol>
PLB Engineering Berhad (AGM)	<ol style="list-style-type: none"> <li>1. The due diligence process of mutual termination of the waste management concession agreement between PLB Terang Sdn Bhd and both Majlis Bandaraya Seberang Perai and Majlis Bandaraya Pulau Pinang is currently still in progress. (Page 9 of AR)</li> </ol>

	<p>a) What is the expected buyout price offered by the authorities and the asking price by the Group?</p> <p>b) When is the due diligence process expected to be completed?</p> <p>2. On 7 August 2023, PLB Land Sdn. Bhd., a wholly owned subsidiary of the Company, has entered into a Sale and Purchase Agreement with Milenium Baru Sdn. Bhd. for the disposal of two parcels of land held for development for a total consideration of RM26.21 million. As at the date of this report, the disposal transaction has yet to complete. (Page 149 of AR)</p> <p>What will be the impact of the disposal on the Group's financial result, and when it is expected to be completed?</p>
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### DISCLOSURE OF INTERESTS

• With regard to the companies mentioned, MSWG holds a minimum number of shares in all the companies covered in this newsletter.

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