MSWG
MINORITY SHAREHOLDERS WATCH GROUP

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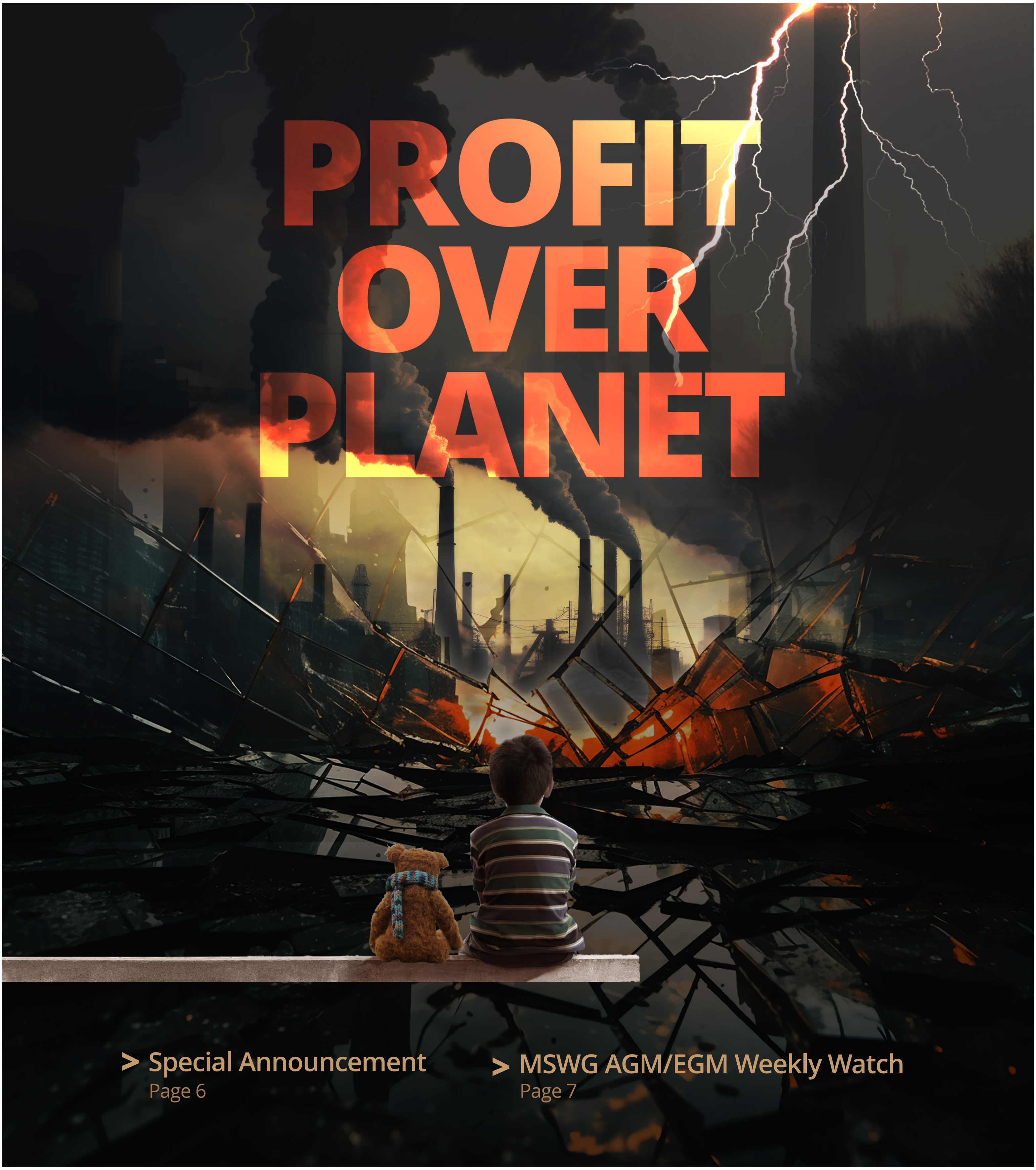
PROFIT OVER PLANET



BURNING QUESTIONS, FREEZING ANSWERS: CORPORATE MALAYSIA AND THE CLIMATE DILEMMA

Imagine waking up to a world where rising sea levels have submerged entire coastal cities, extreme heatwaves disrupt economies, and agricultural yields plummet, threatening global food security. If the climate crisis continues unabated, this is not a distant dystopia but a plausible future. The corporate world cannot stand on the sidelines as these challenges unfold. Businesses are among the most significant contributors to greenhouse gas emissions and have the resources and influence necessary to lead the fight against climate change.

In 2024, MSWG stepped up to this challenge by making the climate crisis a central theme of its shareholder engagement efforts. Through targeted questions posed to 450 public listed companies (PLCs) during AGMs, MSWG sought to uncover how Malaysian corporations address this existential threat. The feedback received paints a vivid picture of corporate readiness, highlighting leaders, laggards, and critical gaps that still need to be addressed. This article delves into these insights and explores the role of shareholder activism in driving climate action.

The Climate Crisis: Business Unusual

The climate crisis is no longer a future problem—it reshapes today's world. Temperatures are rising, ecosystems are degrading, and extreme weather events are becoming more frequent and severe. For businesses, this crisis represents both a challenge and an opportunity. Those who fail to adapt face regulatory penalties, reputational damage, and declining investor confidence. On the other hand, companies that proactively address climate risks stand to gain through innovation, operational resilience, and stronger stakeholder trust.

Minority shareholders, too, have a significant stake in this issue. Companies' ability to navigate the climate crisis directly impacts their long-term financial health and value creation.

The Heat is on for Climate Accountability at AGMs

MSWG sets out to hold PLCs accountable for their climate commitments. In 2024, we asked questions designed to uncover their level of preparedness and ambition. The responses offered a spectrum of perspectives, from groundbreaking leadership to concerning complacency.

Some PLCs demonstrated an impressive alignment of climate strategies with their business goals. For instance, one PLC integrated climate risk into its enterprise risk management framework, ensuring it featured prominently in board discussions. It laid a clear pathway toward carbon neutrality by 2040, emphasising investments in renewable energy and energy efficiency. Such initiatives highlighted how climate action can complement financial performance rather than hinder it.

Yet not all responses were encouraging. Many smaller PLCs admitted to struggling with limited resources and expertise. For these PLCs, climate action often seemed secondary to immediate operational challenges. One mid-sized PLC openly acknowledged that it had yet to identify its material climate risks. Such admissions underscore the significant gaps in corporate readiness across the Malaysian market.

Reporting Scope 3 emissions was particularly challenging for many PLCs. While Scope 1 and Scope 2 emissions data were relatively more straightforward to track, engaging supply chains to account for indirect emissions proved daunting. A mid-sized PLC noted a lack of the tools and methodologies to manage the complex web of supplier data required for accurate Scope 3 reporting. This challenge underscores the need for practical, accessible tools to help companies meet the new standards.

Capacity building emerged as a recurring theme in the feedback. PLCs repeatedly emphasised the importance of programs like the PACE (Policy, Assumptions, Calculators, and Education) initiative. However, the sentiment was clear: smaller PLCs require more tailored support to bridge the gap. Proposals ranged from collaborative industry platforms to share best practices to targeted workshops addressing different sectors' unique challenges.

A further observation from the feedback was the significant variation in the detail and quality of company responses. Some PLCs provided comprehensive strategies backed by

QUESTIONS MSWG POSED AT AGMs AND THE RESPONSES FROM PLCs

MSWG's Question
Are there plans to subscribe to the Green Energy Tariff (GET) to reinforce the support for sustainable energy sources?

Response
We are not subscribing to the GET as we currently do not see that the GET program actually results in new additional RE being installed specifically for us as an individual corporate subscriber.

MSWG's Question
Since the inception of Rooftop Solar operations, what measurable outcomes have been achieved in terms of energy savings and carbon emissions reductions?

Response
The Company aims to expand capacity by 20% annually but noted difficulties in accurately measuring indirect savings due to inconsistent tracking mechanisms and challenges in supplier engagement.

MSWG's Question
The disclosure shows Scope 3 emissions have not been fully accounted for. What steps is the company taking to address this gap, and what timeline is expected for comprehensive reporting?

Response
We expanded our Scope 3 tracking and monitoring to include upstream logistics but are unable to provide full data due to limitations in supplier cooperation and lack of standardised reporting frameworks.

MSWG's Question
Regarding energy conservation initiatives, how does the Group ensure tangible outcomes from its energy efficiency programmes?

Response
While the Group is committed to efficient energy use, tangible outcomes are hard to quantify due to the absence of baselines for comparison and variations in energy consumption patterns across sites.

measurable targets and clear timelines. For example, renewable energy projects such as large-scale solar photovoltaic installations were frequently highlighted as immediate actions to cut down carbon footprints. Others mentioned only high-level aspirations without concrete implementation plans, revealing a troubling lack of urgency.

Another recurrent issue was the lack of data granularity. While PLCs often stated their climate commitments, few provided detailed statistics or charts demonstrating progress. This gap limits transparency and hinders shareholders' ability to assess the effectiveness of a company's climate strategies.

Despite these gaps, several PLCs showcased innovative ideas to tackle climate challenges. For instance, some introduced energy efficiency measures such as upgrading machinery and retrofitting facilities to reduce energy consumption. Others proposed establishing collaborative frameworks with industry peers to share resources and insights into Scope 3 reporting methodologies.

While some PLCs viewed climate action as a long-term investment, others appeared to prioritise short-term financial concerns. This divide underscores the importance of sustained shareholder activism. By continuously raising climate-related questions, MSWG is helping to push lagging companies toward greater accountability and ambition.

Corporate Accountability: A Regulatory Mandate

The recently announced amendments to Bursa Malaysia's Listing Requirements on sustainability reporting sharpen corporate accountability. These requirements mandate that PLCs disclose detailed information on sustainability-related risks and opportunities, including climate resilience and greenhouse gas emissions. For minority shareholders, such disclosures go beyond compliance—they provide critical insights into a company's strategy for navigating the challenges of a low-carbon future.

One of the most significant aspects of these amendments is the requirement for PLCs to report greenhouse gas emissions across Scopes 1, 2, and eventually Scope 3. Scope 3 reporting, in particular, compels PLCs to engage with their supply chains and understand their broader environmental impact. This holistic approach not only enhances transparency but also drives companies to identify inefficiencies and opportunities for improvement within their operations.

The emphasis on climate resilience strategies is another critical element. PLCs must outline how to address immediate risks, such as extreme weather events, and long-term challenges, such as regulatory shifts and market transitions. These disclosures enable shareholders to assess whether companies proactively safeguard their future or merely react to external pressures.

Making Shareholder Voices Count in Climate Accountability

The thematic questions raised by MSWG in 2024 demonstrate the power of shareholder engagement in driving corporate accountability. By directly questioning boards and management, shareholders can ensure that climate action remains a top priority. Active participation in AGMs and continuous corporate performance monitoring are key to ensuring meaningful progress. As businesses, regulators, and investors collaborate, there is an opportunity to turn the tide on climate change, creating a resilient, equitable, and sustainable future for future generations.

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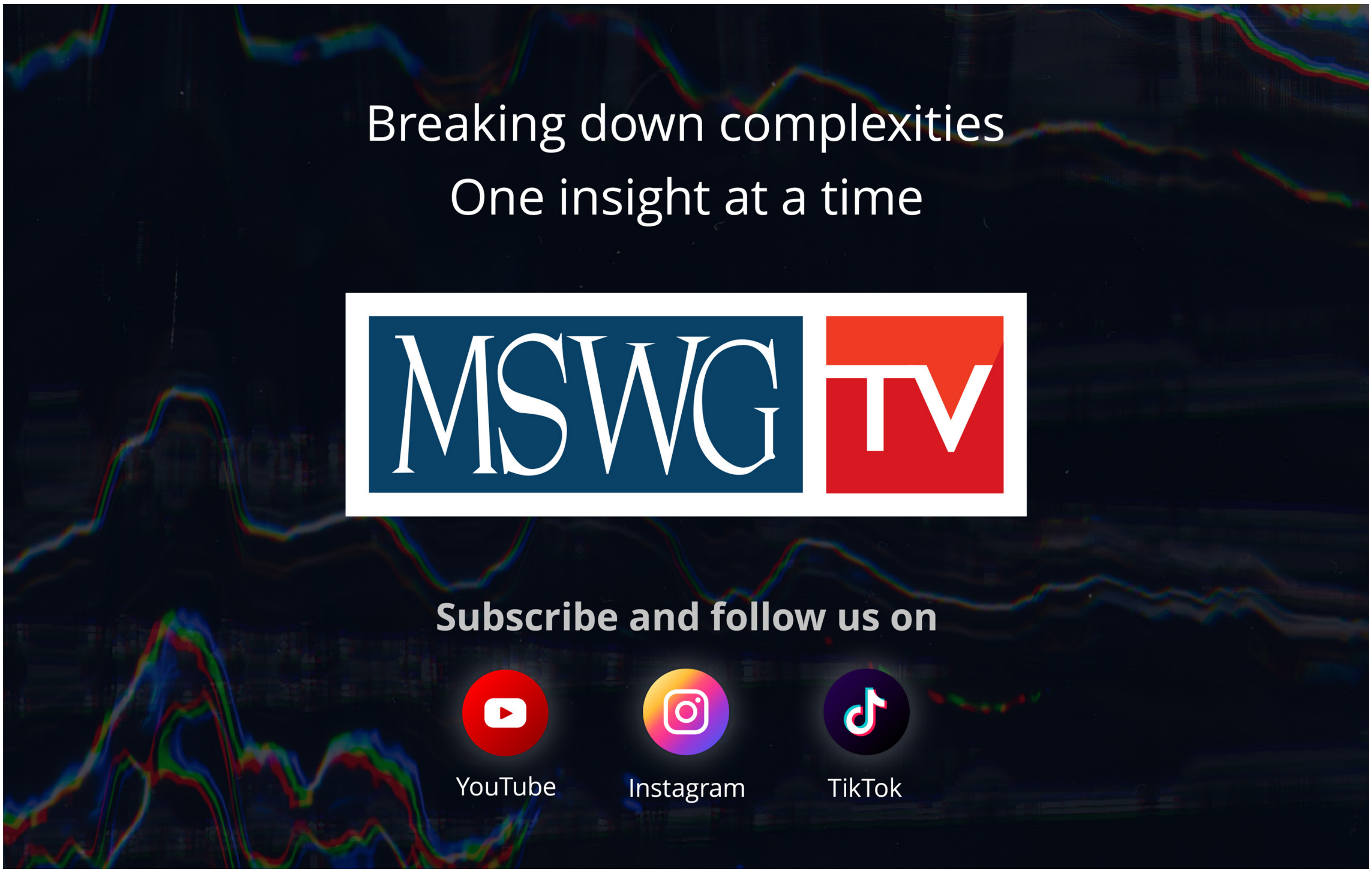
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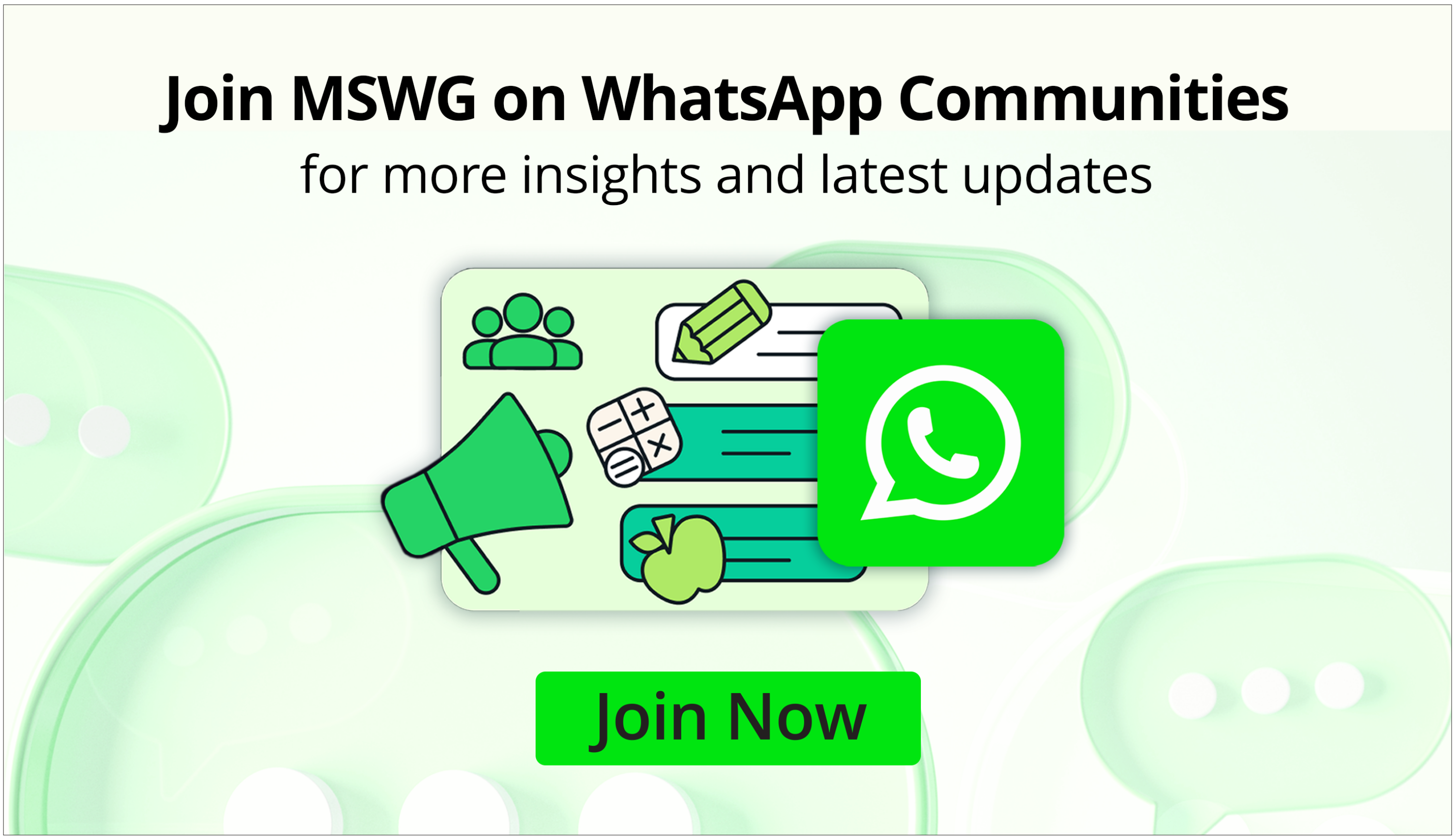
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MSWG AGM/EGM WEEKLY WATCH

The following are the AGMs/EGMs of companies on the Minority Shareholders Watch Group's (MSWG) watch list for this week.

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.

QUICK-TAKE

Date & Time	Company	Quick-take
15.01.25 (Wed) 10.00 am	Fraser & Neave Holdings Bhd	F&N integrated dairy farm in Gemas is expected to dominate discussions among shareholders as the Group facing unexpected suspension of imports of dairy cows from the US due to concerns over an avian flu outbreak.
15.01.25 (Wed) 10.00 am	Concrete Engineering Products Berhad	The Group registered a lower revenue of RM103.97 million in FY2024 compared to RM132.68 million in the year before, primarily due to slow take-off by customers and cancellation of purchase orders arising from delay of construction projects. As a result, it turned loss-making with a pre-tax loss of RM4.62 million in FY2024 from a pre-tax profit of RM1.08 million previously.
15.01.25 (Wed) 10.30 am	Poh Kong Holdings Berhad	Poh Kong's net profit for FY2024 was higher at RM116.92 million, up from RM78.44 million in FY2023. Its revenue was higher at RM1.64 billion compared with RM1.47 billion last year. Overall, the demand for gold jewellery remains strong, and the bullish trend is expected to persist into 2025.
15.01.25 (Wed) 10.30 am	Top Glove Corporation Bhd	Top Glove's revenue improved by 11% y-o-y to RM2.5 billion from RM2.3 billion a year ago. Its net loss narrowed significantly to RM 21 million from RM885 million a year ago. The improved performance was attributed to increased sales volume as customers continued to replenish glove inventories,

Date & Time	Company	Quick-take
		leading to higher utilisation rates and enhanced operational efficiency. Notably, glove demand continued to intensify in 2HFY2024 on the back of depleting glove inventory coupled with high tariffs imposed on medical gloves made in China.
15.01.25 (Wed) 11.30 am	Talam Transform Berhad	TALAM is seeking shareholders' approval for: i. **Proposed Share Consolidation** of every 5 existing ordinary shares into 1 share. ii. **Proposed Share Capital Reduction**. iii. **Proposed Private Placement** of up to 20% of the total number of issued ordinary shares. iv. **Proposed Disposal** of land in Putra Perdana. v. **Proposed Establishment of ESOS** of up to 15% of the total number of issued shares. vi. **Proposed Granting of ESOS options** to directors.
16.01.25 (Thurs) 10.00 am	MMAG Holdings Berhad	The EGM will seek shareholders' approval for the proposed reduction of RM270 million of the issued share capital of MMAG pursuant to Section 117 of the Companies Act 2016.
17.01.25 (Fri) 11.00 am	Techbase Industries Berhad	Techbase recorded a total revenue of RM183.1 million for FY2024, representing a decrease of RM40.1 million or 18% compared to the previous financial year of RM223.2 million. The decrease in revenue was primarily due to lower contributions from the apparel division. Techbase turned loss-making with a net loss of RM35.3 million during the year compared to the net profit of RM19.9 million previously. This shift was largely due to lower sales across all business divisions, intangible assets written off. Its net loss includes a fair value loss on other investments amounting to RM27.3 million.
17.01.25 (Fri) 2.00 pm	AHB Holdings Berhad	AHB has proposed a capital reduction of RM37 million of its issued share capital. The capital reduction exercise will enable the Group to rationalise its financial positions by eliminating the accumulated losses.

Date & Time	Company	Quick-take
		AHB said that the reduction of accumulated losses may enhance the Group's credibility with bankers, customers, suppliers and investors due to an improved financial standing.

POINTS OF INTEREST

Company	Points/Issues to be raised
Fraser & Neave Holdings Bhd	1. Pursuant to the earlier setback of the suspension of heifer imports from the USA in October 2024 by the Department of Veterinary Services due to avian flu outbreak concern, what is the latest development in the arrival of heifers? Will F&N continue to pursue the importation of Holstein heifers from the States? What are the alternative options i.e., breed, that the Group currently looking at to accelerate the operation of the integrated dairy farm in Gemas, Negeri Sembilan? With the setback, when will the plant commence its commercial operation? Additionally, how had the Group's cash flow been affected by the delay? Please explain the magnitude of the financial impact arising from this setback. 2. On the other hand, F&N's chief executive officer (CEO) Mr Lim Yew Hoe said the Group placed "greater focus on financial vigilance" in FY2024 due to the start-up investments in F&N AgriValley and the expiration of certain tax incentives (page 31 of AR2024). He further cautioned that the Group's "margins will remain tight in FY2025" given the factors above (page 39 of AR2024). a) What specific "financial vigilance" measures were taken during the year to ensure prudent financial management? b) Given the headwinds ahead, what is the management guidance of profit margins for FY2025? Will the Group be able to sustain its current net profit margin of 10.34% despite these challenges?
Concrete Engineering Products Berhad	The Group's recorded a loss before taxation of RM4.62 million in FYE 2024 as compared to RM1.08 million profit before tax in FYE 2023. The loss before taxation derived mainly due to lower revenue attributed by customer slow take-off due to limited budget, cancellation of purchase order due to construction project on-hold and lapse in delivery (Page 17 of the Annual Report (AR) 2024).

Company	Points/Issues to be raised
	a) What is the current state of customer orders, and which geographical location do they mainly come from? Has the current order volume improved compared to the previous period? b) As the outlook for FYE 2025 remains challenging due to uncertainty in both domestic and overseas markets (Page 21 of AR 2024), how does the Group intend to navigate its business carefully? Does the Group expect a possible turnaround in its bottom-line result this year?
Poh Kong Holdings Berhad	The Ringgit depreciation against USD in the past year had a significant impact on the gold price in Ringgit terms. This is because purchases of raw materials such as gold bars, diamonds and loose stones are transacted in USD. The Group has mitigated this with financial instruments in place to reduce the impact of foreign exchange fluctuations on its margins. (Source: Page 62 of the AR2024) a) What are the primary currencies used for the Group's cost of sales and revenue, along with a percentage breakdown for each currency? b) Please explain the types of financial instruments used to mitigate the impact of foreign exchange fluctuations on the margins. Also, please describe how these instruments are used and to what extent they mitigate the impact of foreign exchange on margins.
Top Glove Corporation Bhd	In FY2024, the Group recorded a sales revenue of RM2.51 billion, an 11% increase from FY2023, attributed to increased sales volume as customers replenished glove inventories. (Page 10 of IAR2024) a) Does the Group view the increased customer replenishment activity as sustainable or transitory, particularly amid higher US tariffs on Chinese glove manufacturers from 2025? How many months' worth of inventory are the Group's customers holding compared to the previous year? b) What is the Group's outlook on the recovery of the glove manufacturing industry? Does management believe Malaysian glove manufacturers are now better positioned to command higher pricing and regain market share?
Talam Transform Berhad	Ordinary Resolutions 4, 7 and 8 seek shareholders' approval for the Proposed Granting of ESOS options to three Independent Non-Executive Directors (INEDs), namely Dato' Abdul Hamid Bin Mustapha, Mr. Tai Keat Chai and Mr. Ling Chee Min. The term "Employees" in ESOS explicitly signifies that the scheme is intended for the benefit and participation of company employees. It is crucial to acknowledge that Independent Non-Executive Directors

Company	Points/Issues to be raised
	(INEDs) who serve in a non-executive capacity are not classified as company employees. In line with better corporate governance, MSWG discourages the participation of INEDs in any form of share options due to their non-executive management roles and responsibilities in overseeing the allocation of share options to executive directors and employees. Granting ESOS options to the three INEDs raises concerns regarding potential conflicts of interest, dilution of independence, impaired objectivity and shareholder value preservation. These risks arise because INEDs may be influenced by personal financial interests aligned with share price performance, compromising their objectivity in oversight duties and decision-making processes. a) Considering that the INEDs do not have executive responsibilities and are already adequately compensated through directors' fees and other benefits, what is the compelling justification for their inclusion in the Proposed ESOS? b) What performance metrics will the ESOS Committee adopt to assess the eligibility of the INEDs under the Proposed ESOS? c) Considering the independent non-executive roles of the INEDs in the Company, what are their views on the Proposed ESOS? Are they keen to accept the Proposed ESOS that is extended to them? d) Proposed Granting of ESOS options is extended to the Company's Non-Independent and Non-Executive Director, Puan Sri Datin Thong Nyok Choo (Ordinary Resolution 9). What measures are in place to ensure transparency and fairness in the allocation of the ESOS and that it is directly tied to her performance and the value she brings to the Group?
Techbase Industries Berhad	1. The Group wrote off RM3.3 million for a suspended software development project in FYE2024. (Page 130 of AR2024) a) What was the initial purpose of the software, and why was its development suspended only a year after acquisition? Who initiated the suspension, and can the Group reclaim the costs incurred? b) Please name the supplier or developer of the software. 2. The Group increased its investments in Malaysia quoted securities to RM80.2 million, representing 19.5% of total assets, despite a fair

Company	Points/Issues to be raised
	value loss of RM27.5 million in FYE 2024. (Pages 114 & 138 of AR2024) a) Has the Group's focus diverted from its core apparel manufacturing business toward trading quoted securities? What is the Board's view on the risks associated with market volatility? b) What has been the average holding period for quoted securities in the past? c) Given that investments in quoted securities now represent nearly 20% of total assets, has the Group established a dedicated investment team or engaged professionals for trading activities? What are the limits of authority and approval processes for trading decision? 3. On 20 August 2024, the Company's subsidiaries, Honsin Apparel Sdn. Bhd. and HiQ Media (Malaysia) Sdn. Bhd., entered into a collaboration agreement with Target 1 Sdn. Bhd. ("T1") to jointly exercise their voting rights and obtain control in the management of South Malaysia Industries Berhad ("SMI") and its subsidiaries. (Page 176 of AR2024) a) What is the Group's cost of investment in SMI shares, and what is the latest accumulated fair value gain or loss on this investment? b) SMI's business activities (steel wire manufacturing, property development, and investment holding) are unrelated to the Group's core apparel manufacturing business. Why did the Group choose to invest in SMI and collaborate with T1 to acquire control? How will this collaboration benefit the Company's shareholders? c) How confident is the Board in the Group's or T1's ability to improve SMI's operational efficiency?