

Star

ESG

ENVIRONMENTAL SOCIAL GOVERNANCE



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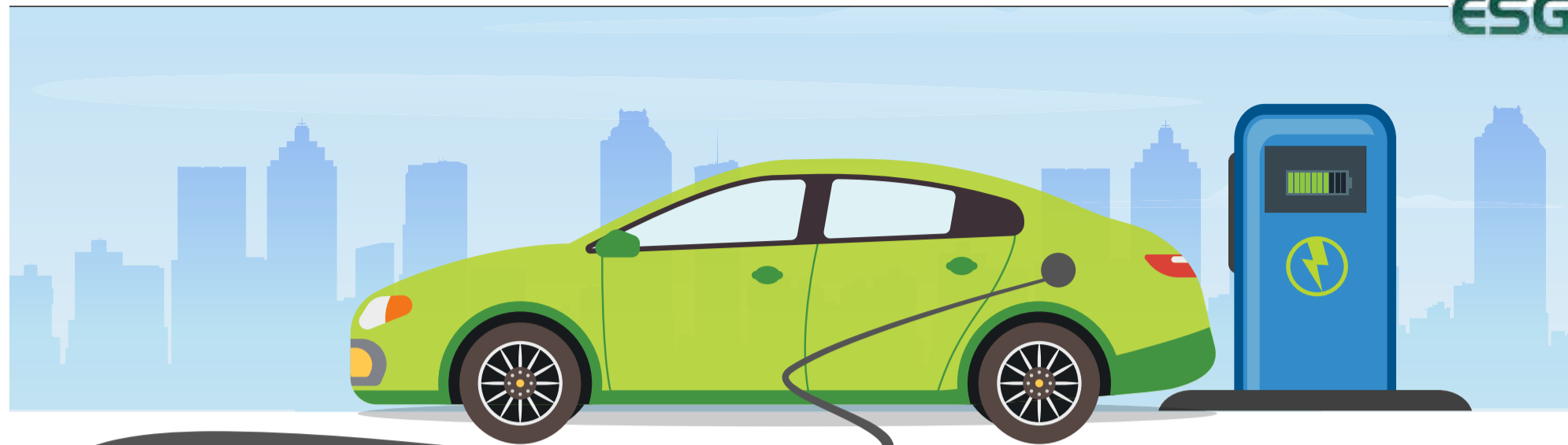
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With urbanites increasingly adopting micro-mobility options, examining the nation's progress towards eco-friendly transport and logistics is crucial. Understanding this transition is pivotal as we navigate the complexities of sustainable transportation methods

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Supercharging the road to green mobility

Examining the nation's progress towards eco-friendly transport and logistics is crucial as we navigate the complexities of sustainable transportation methods

By STARESG EDITORIAL TEAM
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In school, we had to write essays on the consequences of air pollution with cars being a contributor, and carpooling or taking public transportation were some ways to curb it.

Today, we witness the consequences of human-induced climate change that has turned sinister: the accelerated growth of flowers at earth's bone-chilling and most inhospitable continent Antarctica, rising sea levels, and even frequent flooding right in our backyard.

Conversations and discussions on climate change have been around for decades; the adoption of green mobility is an imperative to reduce greenhouse gas (GHG) emissions, air pollution and other negative environmental and health effects associated with transportation.

Green mobility refers to the various strategies and technologies to achieve more environmentally-friendly transportation options as compared to traditional, fossil-fuel-powered vehicles.

This includes electric vehicles (EVs), hybrid EVs, the use of public transportation, carpooling and ride-sharing, the development of bicycle and pedestrian infrastructure, alternative fuels, and green urban planning.

Charging ahead in Malaysia

The transportation sector is responsible for 25% to 30% of the nation's GHG emissions, making it the second largest carbon dioxide (CO₂) emitter in the country after the energy sector.

Breaking it down further, the land transport segment constitutes 85% of total transport emissions, primarily due to internal combustion engines (ICE) vehicles on the road. According to the Economist Intelligence Unit, Malaysia ranks the highest among nations in the East Asian region for car ownership.

Several policies and roadmaps have been introduced to reduce emissions as the nation races to achieve its net-zero pledge as early as 2050.

This includes the Low Carbon Mobility Blueprint 2021-2030 (LCMB) which seeks to shift the transportation sector towards electrification, and the National Energy Transition Roadmap (NETR) that builds on existing national targets outlined by LCMB and the National Energy Policy 2022-2040 targets.

NETR's flagship catalyst projects and initiatives under the green mobility pillar includes

installing 10,000 EV charging stations by 2025; introducing the first mobile hydrogen refuelling station in Peninsular Malaysia; public transport electrification; solar photovoltaic (PV) installation for rail operations; and developing a bio-refinery to produce a range of bio-based products such as sustainable aviation fuel (SAF) for the aviation sector.

Becoming an EV powerhouse

The use of EVs has been viewed as a prospective solution. EVs do not have ICE as they run solely on battery power; car owners will then charge their cars at EV charging stations.

The tabling of Budget 2024 by Prime Minister Datuk Seri Anwar Ibrahim saw provisions made to encourage the use of EVs amongst Malaysians. This includes the extension of the RM300,000 deduction on EV rental cost until YA2027, tax exemptions for charging infrastructure and vehicles, and rebates up to RM2,500 for electric motorcycles.

Meanwhile, a total of 150 electric buses will be acquired by Prasarana Malaysia Bhd, and three bus depots will be built on a RM600mil budget allocation.

The entry of renowned automotive companies Geely and Tesla into the Malaysian market also signals the government's aggressive plans to promote a robust EV ecosystem.

In July this year, Malaysian Automotive Association president Mohd Shamsor Mohd Zain told members of the media that the two global automakers could introduce innovative ideas and business practices to the local automotive sector.

Their extensive global experience and access to advanced technologies may lead to the introduction of high-tech research and development (R&D) initiatives, potentially bringing new products, especially in the field of electrification.

He added that Malaysia is well positioned to be a regional hub, supporting the global expansion of EVs given its strategic positioning and favourable economic conditions, noting that we are backed by the right government support, infrastructure and policies.

A whole-of-nation approach is required when it comes to reducing GHG emissions; companies are also doing their part to also ensure they pave the way for their industries towards a low-carbon journey.

In recent news, national postal service provider Pos Malaysia has announced its partnership with Yinson GreenTech for the electrification of its four-wheeler delivery fleet, where it will receive 143 commercial smart electric vans (e-vans) from the latter.

The group's chief executive officer Charles Brewer said that operating e-vans is 40% to 50% cheaper than a normal van, even if petrol is subsidised. Meanwhile, the maintenance of EVs is very low compared to traditional ICE vehicles as the only key component in EVs that requires attention is the battery which could last between five and seven years.

DHL Express has just added 44 e-vans and seven electric scooters to its EV fleet, making it a total of 61 EVs that are now serving communities nationwide.

In a press statement, DHL Express Malaysia and Brunei managing director Julian Neo said that in facilitating global trade and supply chains, they believe it should not come at the expense of the environment.

"As industries continue to transition in the direction of sustainability, we remain focused on leveraging green technologies towards climate-neutral operations."

Obstructions in green mobility

Though Malaysia is projected to be on track for green mobility, the journey is still fraught with challenges.

One of the main primary issues that hinders the nation's journey to sustainability is the unaffordability of EVs, according to the Malaysian Investment Development Authority (MIDA).

Government tax breaks are available for EVs while prices of such vehicles are also becoming increasingly competitive.

However, one would still need to fork out almost RM100,000 — not inclusive of road tax — for the cheapest EV available in Malaysia.

Additionally, relatively high prices of EV batteries caused by imports for critical parts as well as components would likely drive up purchase and maintenance costs — all of which are important factors potential EV adopters would ponder over.

Low adoption of EVs are also due to regulatory policies, the availability of charging stations, vehicle service points and road infrastructure.

EV users continue to face 'range anxiety' when travelling long distances up north or down south — fearing not being able to find a charging point in time to replenish their battery.

A study by Deloitte on the 2023 Global Automotive Consumer Study Southeast Asia Perspectives published in March this year revealed that Malaysians are most concerned about the lack of public chargers for battery-powered EVs.

Other media reports also described that

many EV users described the east coast of peninsular Malaysia as an 'EV desert' where charging stations are few and far between.

At the time of writing, a check by the *StarESG* editorial team found that there were 41 stations in Pahang, seven in Terengganu and only five in Kelantan.

The findings are based on data from the Malaysia Electric Vehicle Charging Network (MEVnet), created by the Department of Town and Country Planning (PLANMalaysia) in collaboration with the Malaysian Green Technology and Climate Change Corporation (MGTC).

Meanwhile, the government has been called upon to enhance the installation process on the ground.

Citing EV Connection Sdn Bhd/JomCharge managing director Lee Yuen How, who gave a presentation titled 'Addressing Challenges of Early Electric Vehicle Adopters in Malaysia' at the recent Energy Transition Conference 2023 organised by Tenaga Nasional Berhad, it was reported that although there is an improvement in the approval process in terms of the documentation to deploy charging points by the Charge Point Operators (CPOs), a long time is still needed to deploy a charging point as there are several layers of approvals, from local councils to landowners and more.

Noting that local authorities and landowners need more guidance to improve the approval process, Lee also points out that some installations take up to nine months to be completed due to a delay in the approval process.

In addition to that, transitioning public transportation into a sustainable sphere is also a daunting task for the government to undertake given the lack of favour and confidence towards the sector.

This issue follows the high costs needed for infrastructure that stretches throughout the nation to reach far flung corners.

According to a Statista survey conducted in Malaysia in January 2023 on transportations, around 52.84% of 1,022 respondents preferred to travel with their private automobiles.

By comparison, around 20.35% of the survey respondents preferred private motorcycles as their mode of transportation. Only 18% opted for public transportation.

Thus, MIDA opines that realising Malaysia's full potential of sustainable mobility will continue to be hindered unless there is collective action from key stakeholders across the value chain — including manufacturers, policymakers, property players, infrastructure providers and day-to-day consumers.

Viability of hydrogen as a renewable energy

Hydrogen has the potential to play a significant role in the transition to a clean energy future, and it is likely to become a more popular renewable energy source in the years to come.

By ERIC QUAH
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OVER the years, as nations began realising the severity of the effects from climate change, the push for renewable energy has seen a slew of different technologies being considered as solutions.

The United Nations (UN) listed six commonly used renewable energy sources, the first being solar power followed by wind energy, geothermal, hydropower, ocean energy and bioenergy.

Among these is a rising contender, which is hydrogen.

According to the International Renewable Energy Agency (IRENA), the global installed capacity of solar and wind power reached 942GW and 786GW, respectively, in 2021.

In contrast, the global installed capacity of hydrogen electrolyzers was only 0.7GW, which shows that solar and wind power are currently much more popular than hydrogen.

This can be attributed to the high cost of production, the lack of infrastructure and safety concerns. Nonetheless, it is a promising renewable energy source.

Stacking up for the nation

Hydrogen has the potential to play a significant role in the transition to a clean energy future, and it is likely to become a more popular renewable energy source in the years to come.

Its popularity is expected to increase as the cost of production decreases in the coming years once the proper infrastructures are developed.

In June of this year, the state of Sarawak announced that it has plans to make headway on several fronts into a green hydrogen economy with two facilities expected to be operationalised by 2027.

The state capital Kuching plans to install an urban transportation structure starting 4Q25 that uses a hydrogen-powered autonomous rapid transit system — a hybrid of train, bus and tram.

Then on Sept 27, Science, Technology and Innovation Minister Chang Lih Kang announced that the first hydrogen fuel stations and public buses are expected to be operational in the peninsula next year.

A promising resource

Projections from IRENA show that the global installed capacity of hydrogen electrolyzers will reach 85GW by 2030. That is an indication that hydrogen is expected to grow significantly in the coming years.

The reason why hydrogen could take centre stage is because of its potential of being a clean, versatile and storable energy carrier.

Hydrogen produces zero emissions, making it a viable alternative to fossil fuels.

And like fossil fuels, it can be used in a variety of ways that includes for transportation, power generation and industrial applications. As a testament to its versatile nature, hydrogen can be stored in tanks, as compressed gas or even in liquid form.

This makes it highly efficient as form of storage, with the ability of packing surplus solar or hydropower energy for later usage.

Hydrogen is mostly produced through electrolysis — by splitting water molecules into hydrogen and oxygen using an electric cur-

rent.

If the electricity used in this process is generated using a renewable source like solar, wind and water, then the hydrogen is considered green.

Hydrogen created in Sarawak is generated from the state's abundant hydropower, which makes it a green resource.

To use hydrogen for powering an electric transport requires a fuel cell to help it combine with oxygen.

This causes a reaction that releases electricity, with heat and water as byproducts, which demonstrates the element's potential as a viable zero-emission fuel resource.

The fuel cells are highly scalable, which makes it ideal for generating energy vast enough to run a powerhouse or small enough to charge a laptop.

Hydrogen fuel cells are also useful in remote locations due to their lack of moving parts, which translates as being highly reliable and unlikely to fail.

A hydrogen powered vehicle drives in the same range as fossil fuels (around 480km), which is far better than EVs.

Expensive endeavour

There are however certain barriers to overcome when it comes to using hydrogen as a renewable resource, chief of which is the cost of producing hydrogen.

For a state like Sarawak, which taps into its hydropower energy source for hydrogen production, the cost of production can be kept reasonably lower.

However, in its current technological state, hydrogen production relies on electrolysis, a process that is expensive and highly energy

intensive.

In the absence of renewables, extraction is typically done by the aid of fossil fuels. If this process disregards carbon capture and storage, the resultant product cannot claim to be green.

In addition, building fuel cells that convert the hydrogen into usable energy is also expensive as compared to solar power cells or wind turbines.

That is because rare metals such as platinum and iridium are required as catalysts for the conversion.

Vehicles that run on hydrogen are even more expensive than the current crop of battery-powered EVs, which is fast becoming a standard in green mobility.

At the moment hydrogen-powered vehicles tend to be larger and used in commercial settings, such as trains and aeroplanes, rather than being privately owned.

Then there is the issue of safety. Hydrogen is highly flammable and corrosive, even more than fossil fuels. Safety concerns associated with its production, transportation and use would need to be considered at every stage of implementation.

Even so, hydrogen has quite good prospects should the costs for creating the resource and its fuel cells fall as more economies adopt it, as Sarawak, and now Peninsula Malaysia, have.

This could even be due to the emergence of new technologies of hydrogen creation and synthesis. As the demand for clean energy sources increases in the bid to achieve net zero, especially in transportation, hydrogen could very well play an increasingly pivotal role in the future.



Hydrogen has the potential to play a significant role in the transition to a clean energy future, and it is likely to become a more popular renewable energy source in the years to come.

ESG

in the **news**

OCT 19

• **Pos Malaysia Bhd** will remain fiscally responsible as it continues to green its fleet operations in line with its sustainability roadmap that was rolled out earlier this year, says its group CEO Charles Brewer.

The national postal service provider has tied up with Yinson GreenTech for the electrification of its four-wheeler delivery fleet, where the latter will be providing Pos Malaysia with 143 commercial smart electric vans.

• **Alliance Bank Malaysia Bhd** and **SME Corp Malaysia** have signed a memorandum of understanding to jointly assist micro, small and medium enterprises to adopt ESG practices through a combination of relevant financing and non-financing solutions.

• **Capital Markets Malaysia (CMM)** has launched a Simplified ESG Disclosure Guide to provide small and medium enterprises (SMEs) within global supply chains with a streamlined and standardised set of guidelines in relation to ESG disclosures.

OCT 21

• **EP Manufacturing Bhd (EPMB)** has proposed to set up an automotive manufacturing facility in Melaka that will serve as a hub for energy-efficient vehicles (EEVs) and electric vehicles (EVs) in Malaysia.

The new facility, which will cost about RM100mil, will be established in several phases at the Hicom Pegoh Industrial Park. Upon completion, the first phase of the facility will have the capacity to produce up to 30,000 vehicles a year, EPMB said in a statement.

OCT 24

• **Bank Negara** expects at least half of new financing by banks to be aligned with climate supporting or transitioning activities, as set in the Financial Sector Blueprint 2022 to 2026.

OCT 25

• **City Energy Pte Ltd** and **Gentari Sdn Bhd** have inked a joint feasibility study agreement to construct a pipeline from Malaysia to Singapore for the import of hydrogen into the republic.

"This collaboration with City Energy is a strategic step for Gentari towards accelerating the adoption of clean hydrogen as a viable energy source for customers in Asia-Pacific and further afield," said Gentari chief hydro- gen officer Michele Azalbert at a signing ceremony.

• **Nestle (M) Bhd** will be leveraging its coffee brand, Nescafe, to amplify its commitment to sustainability.

Nestle said it will harness the Nescafe brand's global reach to put a spotlight on its efforts to cultivate a sustainable coffee ecosystem, founded on respect for farming communities and for the planet.

OCT 26

• **Tenaga Nasional Bhd (TNB)** is accelerating its energy transition initiatives in line with the government's National Energy Transition Roadmap (NETR).

After meeting with TNB recently, Kenanga Research said it felt assured the company is translating its deep commitment in accelerating energy transition into firm and consistent action, ensuring its goals on RE growth and emissions reduction are within reach, in line with NETR targets.

OCT 27

• **Nestle (M) Bhd** will continue to invest year in and year out to keep its industrial assets competitive and efficient, while reducing its environmental impact.

"Once again, this year we will see good pro-

gress in our key published measurements."

"Indeed, constantly making progress in our ESG initiatives through our multiple programmes remains the highest priority," said Nestle chief executive officer Juan Aranols.

OCT 28

• **Malakoff Corp Bhd** has proposed to acquire a 49% stake in solid waste management services company E-Idaman Sdn Bhd for a cash consideration of RM133.2mil.

OCT 30

• **The Samalaju Industrial Park** in Bintulu remains a choice destination for foreign direct investment after having attracted over RM52bil in total investments.

The latest investor is China's solar technology firm, LONGi Green Energy Technology Co Ltd, which will invest RM1.3bil in a monocrystalline ingot manufacturing plant.

OCT 31

• **Gamuda Bhd** has entered into a joint-venture agreement (JVA) with **Sabah Energy Corp Sdn Bhd (SEC)** and **Kerjaya Kagum Hitech JV Sdn Bhd (KKHJV)** to undertake a private finance initiative for the development of the RM4bil 187.5 megawatt hydroelectric power plant in Tenom, Sabah.

• **Gentari Sdn Bhd (Gentari)**, via its wholly-owned subsidiary **Gentari International Renewables Pte Ltd**, has entered into an agreement with AM Green BV to jointly invest in a green ammonia platform called AM Green Ammonia Holdings BV (AMG Ammonia).

The first export of green ammonia from this platform is targeted by late 2025 and aims to serve key Organisation for Economic Co-operation and Development markets, such as Germany, Japan, South Korea and Singapore.

NOV 1

• The project to jointly develop a hydropower plant in Tenom, Sabah secured by **Gamuda Bhd** will generate about RM2bil worth of civil works for the construction group, according to MIDF Research.

This will boost its outstanding order book to RM25.6bil, and in the longer term give it a recurring income base.

NOV 2

• **Malakoff Corp Bhd** plans to increase its market share by seeking opportunities to expand its portfolio of rooftop solar, grow in terms of large-scale solar (LSS) projects and engage in potential mergers and acquisitions (M&As), says managing director and chief executive officer Anwar Syahrin Abdul Ajib.

In achieving its 1,400 megawatt (MW) renewable capacity target by 2031, Anwar said it is a market share game. The company's market share is now between 15% and 20%.

NOV 3

• **OCBC Bank (M) Bhd** and **IJM Land Bhd** have embarked on a strategic tie-up to promote sustainable living through a green homeownership programme that rewards purchasers for their ESG orientation.

NOV 6

• **Tenaga Nasional Bhd (TNB)** and **Petroliam Nasional Bhd (PETRONAS)** have signed a memorandum of understanding (MoU) to explore carbon capture and storage (CCS) technology for gas-fired power plants.

In a joint statement, the companies said this collaborative endeavour underscored both parties' commitment to Malaysia's National Energy Transition Roadmap (NETR), in line with the nation's ambition to attain net-zero carbon emissions by 2050.

NOV 8

• The establishment of a single market aggregator and an energy exchange is to facilitate price discovery and ensure a just and equitable energy transition.

In addition, besides upgrades required to the country's existing power grid, tariff reforms and subsidy rationalisation are critical measures to spur greater adoption of RE, **CGS-CIMB Research** said.

NOV 9

• **Tenaga Nasional Bhd (TNB)** has collaborated with **Chargeplus Sdn Bhd (Charge+)** to explore a ground-breaking cross-border roaming platform to connect their customers to electric vehicle (EV) charging points across Malaysia and Singapore.

The MoU formed the cornerstone for the development of a seamless cross-border network of electric vehicle charging infrastructure, in alignment with the National Energy Transition Roadmap's goal to deploy 10,000 EV charging stations by 2025.

• **Dialog Group Bhd's** strategic projects in electric vehicles (EVs) and green energy bode well for the company's growth. MIDF Research said, following Malaysia's call for an orderly energy transition and a boost in the oil and gas sector's role in promoting cleaner energy, Dialog was on a positive track.

NOV 10

• The mid-term review of the **National Oil and Gas Services and Equipment (OGSE) Industry Blueprint 2021 to 2030** next year will encompass sustainability and energy transition for the industry as Malaysia accelerates its low-carbon aspirations to achieve net-zero greenhouse gas emissions as early as 2050.

Economy Minister Rafizi Ramli said the Malaysia Petroleum Resources Corp (MPRC) would lead the review with other OGSE Blueprint partners.

NOV 13

• More developers are expected to embark on solar-ready home projects in Sarawak as the state government rolls out its **net energy metering (NEM) scheme** to boost the use of RE.

The NEM, which is administered by state-owned utility body Sarawak Energy Bhd (SEB), is a utility billing mechanism that credits direct solar photovoltaic (PV) system home owners for the electricity that they add to the state electricity grid.

According to Sarawak Utility and Telecommunications Minister Datuk Julaihi Narawi, the usage of solar energy also aligns with the state government's commitment to RE and to reduce carbon emissions by as much as 800,000 tonnes by 2030.

NOV 14

• **JLand Group Sdn Bhd (JLG)** and **Cenergi SEA Bhd** have formed a joint venture (JV) partnership with an investment value of RM140mil to deploy rooftop solar and energy efficiency solutions to JLG's commercial and industrial (C&I) consumers across the former's 4,479.50 ha industrial parks in Johor.

In a joint statement, the companies said the strategic partnership would jointly undertake investments, installation, operations, and maintenance of rooftop solar and energy-efficiency solutions.

• **Jentayu Sustainables Bhd** will remain focused on completing the acquisition of Jentayu Solar and Telekomang Hydro by next year.

In its annual report, the sustainable-energy solutions provider said it undertook significant initiatives with local communities surrounding the project sites for the two projects located in Sabah in financial year 2023 (FY23).

NOV 15

• **Ranhill Utilities Bhd** will continue to make strides towards realising its target of attaining 3,000 minimal liquid discharge of water, wastewater and reclaimed water treatment capacity by 2027.

In a filing with Bursa Malaysia, the company said it will continue to pursue its energy target of having 1,000 megawatts of generation capacity.

• **Malakoff Corp Bhd** has signed a solar power purchase agreement (SPPA) with **Gas**

Malaysia Bhd for the development, operation and maintenance of solar photovoltaic systems at three Gas Malaysia sites.

"Malakoff will also be installing electric vehicle charging stations at Gas Malaysia HQ and Gas Malaysia at Jalan Gurney in Kuala Lumpur," it said.

NOV 16

• **DPS Resources Bhd's** wholly-owned subsidiary **DPS Energy Sdn Bhd** has entered into a joint-venture (JV) agreement with **Mutiara Mahajuta Sdn Bhd**.

The JV involves projects encompassing agro-tourism, crops, biofarms, RE, solar farms and aqua-phonics on 190 acres in Alor Gajah, Melaka.

Letters & opinions

ACCORDING to the World Economic Forum, green jobs are expected to expand in areas of electrical efficiency, power generation and the automotive industry.

As a degree holder in Environmental Science and Technology, I currently work in the automotive industry and look forward to seeing more green innovation technologies such as electric vehicles (EVs) like EV cars and motorcycles to gain momentum in Malaysia.

My anticipation follows the announcement of our Budget 2024 which includes a rebate of up to RM 2,400 for the purchase of electric motorcycles by individuals, making electric motorcycles more attractive to buyers. This development highlights the government's gradual introduction of a multi-solution approach for greener transportation in Malaysia. In addition to the My50 Unlimited Travel Pass for all Rapid KL public transports, these initiatives will undoubtedly provide more commuting options as we strive to achieve our net-zero goals.

As we know, there are also many types of EV cars, including those with internal combustion engines, hybrids, plug-in hybrids, and pure electric cars available for consumers. But, these vehicles typically come with price tags surpassing RM 100,000, making them primarily affordable for the higher-income bracket.

In a country like Malaysia, it's challenging to achieve sustainability-related goals without ensuring that the population other than T20 are financially ready to embrace these trends. This challenge is faced by both the government and Malaysians.

Additionally, Bursa has enhanced sustainability reporting and made sustainable reporting mandatory. It's significant to emphasise the importance of publishing ESG-related information alongside the financial statement-prioritised annual report, which the investors view. The Brundtland Report of 1987 already mentioned sustainable development for the first time in the previous century.

It is never too late to achieve success, but it requires strong determination to take the very first step and continue the journey.

I believe that there is more good news yet to come. Bank Negara Malaysia has released an article mentioning that the Credit Guarantee Corporation Malaysia Berhad (CGC) and 18 other banks will offer a portfolio guarantee scheme worth RM 1bil to aid small-medium enterprises (SME) in environment, social and governance (ESG) financing.

Excited to hear more
LIM JIA XIN



When the Felde Model was introduced, many Malaysians in rural areas overcame poverty, thanks to earnings from oil palm.

Improving quality of life

The Malaysian palm oil industry plays a significant role in uplifting smallholders' livelihoods and reducing poverty.

PALM oil tops the list of the world's most consumed vegetable oil - ubiquitous in many of our daily sustenance, household products and cosmetics, among others.

However, there is little awareness on how the global palm oil boom has positively impacted welfare in rural communities in areas where it is grown.

Malaysia's palm oil industry has grown into a major economic force in the country - the fourth largest contributor and an employer to nearly a million people, according to the United Nations Development Programme (UNDP).

Oil palm cultivation is associated with income gains for many smallholder farmers. These income gains likely translate into longer-term improvements in household living standards.

Enhancing quality of life

The Federal Land Development Authority (Felda) was established on July 1, 1956 under the Land Development Ordinance of 1956 for the development of land and relocation.

With a main objective to eradicate poverty through oil palm and rubber cultivation, Felda carried out projects of land development and agricultural activities, industrial and commercial social economy.

Many oil palm and rubber planters who hailed from extremely humble backgrounds became eligible to be part of the Felda scheme. Under the scheme, each successful applicant received 4.1ha of land. Natural rubber was initially cultivated as the core crop.

However, rubber tree plantations were later on converted into oil palm plantations given the fact that rubber prices were fluctuating widely, while yield and earnings were weath-

er-based.

These factors combined paved the way for the introduction of oil palm, which has solid demand and constant yields year-round.

It is estimated that a 4.1ha piece of land grown with matured trees can generate between 10 and 15 metric tonnes of oil palm fruit per hectare per year, and prices for a tonne of crude palm oil can go as high as RM 8,000 per tonne. (2 March 2022 - MPOB CPO daily price RM 8076.50).

The Felda scheme works in a way that in the first three years of planting (before the trees mature), each settler receives an advanced livelihood wage each month.

Once the planting reaches the fourth year, the trees would have matured enough to start producing fruits, and this translates to an increase in the settler's wages.

Felda halted acceptance of new settlers in 1990, after 112,635 were placed in 317 schemes throughout the country.

Presently, Felda continues to play a major role in providing adequate and modern facilities on the schemes.

Shrinking poverty numbers

Given that oil palms thrive in tropical climates and can be harvested throughout the year in Malaysia, sustainable production of palm oil can provide farming families in tropical areas with a year-round income.

Additionally, sustainable palm oil production plays a key part in reducing poverty and providing rural infrastructure in the producing countries.

Roads, schools and healthcare facilities follow in the wake of the jobs it creates, leading to community development.

A report published on UNDP's website stated that production of palm oil is intricately linked through land use systems and rural livelihood generation.

This means palm oil expansion districts experienced more rapid increases in household expenditures for people in agriculture and the bottom quintile.

Palm oil expansion also tends to coincide with a sustained boost to primary, industry, and total district outputs, but no discernible impact on services.

Besides providing livelihood for millions of smallholders worldwide, research shows that palm oil production helps support the economies of producing countries, based on data reported by the International Institute for Sustainable Development.

UNDP reported that a million jobs have been created in Malaysia thanks to palm oil production, while further data shows that Malaysia oil palm production has risen from 1.26 million tonnes in 1975 to 18.45 million tonnes in 2022.

Over the same period, palm oil product exports have climbed from 1.17 million tonnes in 1975 to 15.71 million tonnes in 2022. Oil palm plantations grew from 0.64 million hectares in 1975 to 5.67 million hectares in 2022. To date, 55.4% of these were located in Sabah and Sarawak.

In Sarawak, oil palm plantation cover expanded from 14,000 ha in 1975 to 1.62 million ha in 2022.

Meanwhile in Sabah, oil palm plantation cover grew from 59,000 ha in 1975 to 1.51 million ha in 2022.

Poverty rates have decreased since the beginning of the industry's expansion - indicating that it's unwise to assume that the palm oil industry had only left negative impacts on the society and economy.

Environmental concerns surrounding the palm oil industry will likely remain a hot topic in global policy debates about its future.

However, the Malaysian Palm Oil Council (MPOC) remains committed to leading the promotion of sustainable palm oil on behalf of the Malaysian palm oil industry.

"The efforts to raise awareness about palm oil and educate the current generation on the contributions and role of the palm oil industry in poverty eradication have helped create an appreciation of Malaysia's achievements," said MPOC.



Poverty rates in Malaysia have dipped since the boom of oil palm production in the country.

Cultivating sustainable ways to feed the country

As a sustainable farm, Cultiveat's plants are grown in biodegradable cartridges that sit in reusable trays and incorporate eco-friendly features and practices.

By ERIC QUAH
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IN A world where land mass is fast becoming crowded with development and industrialisation, the agricultural industry has to find ways to become more efficient and yet be productive in their approach.

As a Malaysian farm that practises vertical farming in greenhouses, Cultiveat Group Sdn Bhd offers a smart and sustainable choice to get fresh quality vegetables.

It took part in the recently launched ESG Positive Impact Awards (ESG PIA) 2023 as a Marketplace participant, showcasing its produce to guests during the event, which was held on Oct 31 at Menara Star, Petaling Jaya.

Cultiveat was the brainchild of brothers John-Hans Oei and John-lan Oei, who originally owned a business that serviced restaurants with their organic waste converter.

The brothers had segued into traditional farming to utilise the resulting byproduct: organic compost. These farms faced problems with pests and unpredictable weather.

In searching for a solution, they later collaborated with developers from a plant cartridge technology and after two years of research and development, Cultiveat was born.

As a sustainable farm, its produce is grown in biodegradable cartridges that sit in reusable trays and incorporate eco-friendly features and practices.

Marketing head Charmaine Kon said unlike traditional soil farming that commonly uses polybags, which takes longer to disintegrate, each biodegradable cartridge used for planting breaks down within a few years and that makes it more viable than a polybag.

"Our produce is also cultivated in vertically stacked structures, thereby growing up to ten times more produce within the same area of land compared to soil farming," Kon added.

"This is a more efficient use of land."

Farming in this manner also allows Cultiveat to utilise neglected spaces, reducing the need for land clearing, which causes deforestation and soil erosion, to set up its farms.

Growing the produce in cartridges as opposed to in the ground also prevents soil nutrient depletion from a lack of crop rotation or continuous planting.

Cultiveat grows cool-weather crops like lettuces, herbs and tomatoes within the lowlands of Klang, a feat that would normally require air conditioning and artificial lighting (as with indoor farms), consuming high energy to replicate the cool weather like those up at the highlands.

Furthermore, crops grown outdoors are susceptible to volatile weather conditions.

Cultiveat's smart farms are designed to harness what nature already provides — sunlight — but with semi-automated roofs that adjust the amount of light and heat into its greenhouses.

The farms also maintain conducive cool temperatures using energy-efficient fans and rainwater that is collected and channelled through the greenhouse walls.

This wise water management is another way that it practises sustainable farming.

Its plant-driven irrigation system calculates the precise amount of water required by each plant from seed to maturity and delivers the water via pipes directly to the growing trays.

This way, water usage is optimised without wasting more than what is required. This is in contrast with watering that is done en masse at plantations.

The produce is also grown without pesticides or harmful chemicals that are detrimental to the health of farmers, the environment and surrounding communities.

In fact, Cultiveat recently received the myGap Pesticide-Free certification and grant by the Ministry of Agriculture which certifies that our produce contains no pesticides.

It also verifies other good



Semi-automated roofs adjust the amount of sunlight and heat into its greenhouses to maintain optimum environment for planting cool-weather crops.



The Cultiveat team at the launch of ESG Positive Impact Awards 2024 at Menara Star on Oct 31.



Cultiveat makes use of vertical farming as a solution to land usage and to preserve biodiversity.

agricultural practices such as low-impact land usage, safe and healthy working conditions for farmers, and adequate training and facilities for farmers.

By using precision farming methods, it ensures that about 98% of its crops are viable for sale, which minimises wastage and ensures wise use of natural resources and energy consumption.

When asked how its farming practices can help preserve biodiversity, Kon replied that using the vertical farming itself solves the question of land usage.

"Furthermore, we don't practise land clearing," said Kon.

She added that refraining from

using harmful chemicals to protect water sources and reusing water are also ways of conserving biodiversity.

"At Cultiveat, we're constantly innovating our farming methods and systems to improve the quality, quantity and productivity of our produce," said Kon.

"We're working on growing more types of crops in different types of locations to reduce dependence on farming only during certain seasons or only on certain types of landscape."

With more farms to scale, more food will be grown and sold locally, which in turn provides better accessibility and prices for

consumers, she said.

The ESG PIA recognises and showcases Malaysian companies' journeys and achievements in the ESG space. Backed by OCBC Bank (Malaysia) Bhd as the main sponsor, it also aims to accelerate ESG momentum across 15 categories and inspire greater adoption by businesses to drive lasting change and positive impact for a sustainable tomorrow.

The ESG PIA 2023 is organised by Star Media Group Bhd with OCBC Bank (Malaysia) Bhd as the main sponsor. To register your interest in the awards programme, visit staregawards.com.my



Volunteer-run Gerai OA, which was formed in 2004 for research and documentation of indigenous crafts, services the needs of the Orang Asal groups. — Photo from Gerai OA's Facebook page.

Businesses with sustainability and people at the core

By LEE CHONG HUI
ESGeditorial@thestar.com.my

BECOMING a sustainable consumer is easier than one might think.

Taking baby steps including carrying a reusable bag, recycling plastic bottles, reducing consumption of plastic, ensuring zero food waste are good ways to be a responsible sustainable consumer.

Making informed purchases from sustainable-centric businesses also helps. By aligning profit with purpose, such businesses are ensuring their future while contributing to a world where green progress is accessible to all.

Graze Market, Gerai OA, Zero Waste Earth Store, Centre for Environment, Technology and Development, Malaysia (CETDEM) and the Green Factory are a few examples of such businesses.

Launched in 2019, the Zero Waste Earth Store leverages on the power of community engagement and active participation to reduce waste and promote sustainable living.

Its co-founder Dr Janira Kumari says the store's mission is to minimise waste, particularly non-recyclable and non-compostable waste, with the goal of diverting as little as possible to landfills and incinerators.

It provides eco-conscious products to the community, in addition to educating, inspiring, and empowering individuals to make more sustainable choices in their daily lives.

"Our ultimate goal is to incorporate zero waste principles into various aspects of society, including business practices,

manufacturing processes, and individual lifestyles.

By reducing waste, conserving resources, and mitigating environmental impacts, we are committed to contributing to the broader sustainability goals of our local community and beyond," says Zero Waste's other co-founder Jaclynnd Wong. The store, which bridges the gap for those seeking eco-friendly refill options, also hosts regular workshops, recycling events, and provides ESG solutions to foster a greater understanding of environmental sustainability and its benefits.

With an aim to make food affordable to all, Graze Market founder and chief executive officer Clara Wan shares that the business purchases imperfect vegetables, fruits and clearance food products from farmers and producers.

"The discount is then transferred to customers who like affordable options as well as support the mission to fight food waste.



The Cetdem team, which advocates for climate change (mitigation), energy audits, taking action, among others, exhibiting their efforts at the launch.

"30% of food is being wasted daily while millions still go to bed hungry. At the same time, farmers and producers lose 30% of their income from this loss and wastage which could otherwise have been eaten if there were lesser expectations of perfection," she says.

The business also processes the produce into delicious food products such as sauces, jams, marinades and dehydrated fruits to extend the shelf life. Any parts that are not usable will be composted and returned to the farm.

Wan adds that Malaysians can counter food wastage by practicing five simple steps.

"Finish all the food on the plate, maintain a clean and organised refrigerator where perishables are placed in the front row, plan meals in advance by purchasing necessary ingredients.

"Eat in season as the ingredients usually taste the best during the peak and prices are low. Lastly, compost any inedible parts so that



The team from Graze Market engaging with patrons at the official launch of ESG Positive Impact Awards 2024 at Menara Star on Oct 31.



Dr Janine explaining the benefits of some of Zero Waste Earth Store's products.



The Green Factory showcased its wares, which are a product of a circular, sustainable value chain across its manufacturing process.

they don't end up in the landfill." Graze Market is currently looking for partners who would like to sponsor nutritious food packs to the under-served communities or purchase curated gift packs made out of its artisanal products.

"Through strategic partnerships, we can fight food waste and give food a second chance," said Wan. Meanwhile, Gerai OA is a volunteer-run group that was formed in 2004 for research and documentation of indigenous crafts, as well as servicing the needs of the Orang Asal groups.

Its coordinator Reita Rahim says Gerai OA focusses on traditional and heritage crafts which uses natural raw materials available in each artisan's traditional territories.

"Producing crafts in small quantities but of exceedingly high quality ensures better supplemental income mainly for women and elderly artisans while maintaining the sources and sustainability of their non-timber forest products.

"In some locations, certain source materials are also cultivated, which also helps to alleviate the pressure of over-harvesting," she says.

CETDEM organic farming project coordinator Tan Siew Luang notes that mounting environmental problems and the lack of sustainable solutions led to CETDEM's establishment.

"We advocate for climate change

(mitigation), energy audits, taking action, among others. We provide sustainable solutions like organic farming, leadership and demonstration, living using passive insulation, solar devices and more," says Tan.

The Green Factory adopts a circular, sustainable value chain across its manufacturing process. It offers furniture, interior fit-outs, home and living gifts, as well as providing education on green furnishings, talent development, community building and green manufacturing.

These businesses, which place sustainability and people at the core, were part of the Star Media Group (SMG) ESG Positive Impact Awards (ESG PIA) 2023 launch.

Entering its second edition this year, the ESG PIA — with OCBC Bank (Malaysia) Bhd as the main sponsor — seeks to recognise and showcase Malaysian companies' journeys and achievements in the ESG space.

It also aims to accelerate ESG momentum across 15 categories and inspire greater adoption by businesses to drive lasting change and positive impact for a sustainable tomorrow.

The ESG PIA 2023 is organised by Star Media Group Bhd with OCBC Bank (Malaysia) Bhd as the main sponsor. To register your interest in the awards programme, visit staregawards.com.my.



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Pos Aviation takes a bold step towards green mobility

POS Aviation, a leading player in airport ground handling services, is embarking on a groundbreaking journey towards sustainability and innovation with the initiation of a proof of concept (POC) involving electric vehicles (EVs) at Kuala Lumpur International Airport Terminal 1 and 2 (KLIA Terminal 1 and 2).

Central to this pioneering initiative is the company's commitment to reduce its environmental impact and enhance operational efficiency.

In the POC trial, the Hangcha Aviation Tractor Model QSD320-XD2-MI (HCSD320-MI), an advanced electric vehicle tractor, will be put to the test in an authentic airport setting.

The primary objective is to assess the viability and advantages of transitioning from their existing fleet of over 60 diesel-powered tractors to environmentally friendly EVs.

Pos Aviation's sustainability initiative involves deploying EVs to significantly reduce its carbon footprint and enhance the airport operations' environmental efficiency.

By adopting EVs, the company expects lower maintenance costs and higher energy efficiency, enabling substantial operational savings. These savings will be directed towards advancing sustainability ini-

tiatives and environmental conservation efforts.

The one-month trial period commenced on Nov 1 and concludes on Dec 1 this year. Throughout this duration, comprehensive data will be meticulously collected and analysed to evaluate the performance, efficiency and environmental benefits of the EV tractor.

Should the trial yield positive outcomes, Pos Aviation is committed to transitioning its entire fleet to electric vehicles.

Upon the successful completion of the trial, Pos Aviation envisions an ambitious roadmap that involves the widespread deployment of electric vehicles across various facets of its operations, encompassing baggage and cargo handling, as well as maintenance services.

This comprehensive approach seamlessly aligns with Pos Aviation's dedication to sustainable practices and environmental stewardship.

As a subsidiary of Pos Malaysia, Pos Aviation shares the same commitment as its parent company in exploring additional sustainable alternatives. Together, both aspire to contribute significantly to a greener and more environmentally conscious future, fostering a paradigm shift in the aviation industry's environmental practices.



Pos Aviation, a division of Pos Malaysia, is dedicated to investigating further sustainable options, just like its parent company.

IFC appoints new country manager for Singapore, Malaysia and Brunei

THE International Finance Corporation (IFC), the largest global development institution focused on the private sector in emerging markets and a member of the World Bank Group (WBG), has appointed Katia Daude Gonçalves as country manager for Singapore, Malaysia and Brunei.

In an IFC statement released on Nov 14, Gonçalves will work closely with regional investment and advisory teams to help drive cross-border investments and capital mobilisation between Singapore-based companies and financial institutions in emerging markets and developing economies around the world.

She will also play a critical role in building IFC's nascent presence and portfolios in Malaysia and Brunei, developing new and impactful investment and advisory opportunities in both countries.

"Singapore is a critical hub and business partner for IFC, and we have big ambitions to grow our partnerships and portfolios in Malaysia, where we recently established a presence, and Brunei, which we recently welcomed as a member of IFC," said Gonçalves.

"A clear similarity that all three share is the strength and potential of their private sectors

to help address key development challenges both at home and in emerging and developing markets abroad. We look forward to working together to address issues from poverty to climate change, ultimately for the benefit of people and planet."

Meanwhile, IFC East Asia and the Pacific regional director Kim-See Lim said: "The Singapore ecosystem has been a vital enabler of IFC's investment programme in Asia, the Pacific and around the world. We are excited to see what the future holds for our work in Malaysia and Brunei, which we see as vital partners in our mission to alleviate poverty and promote shared prosperity.

"Gonçalves' appointment is an equally exciting step in our next chapter in Singapore, Malaysia and Brunei, as our work becomes even more critical in empowering the private sector to help us address the challenges of the hour."

A Mozambican national, Gonçalves joined the IFC in 2009 and most recently served as IFC's Resident Representative for Mozambique.

She began her career at Banco Internacional de Mozambique Investimento, the country's first fully fledged investment bank.

WBG opened its Singapore office in 1999. An agreement was struck in 2011 to expand the partnership, and representatives from IFC and the Multilateral Investment Guarantee Agency (MIGA) joined the office to strengthen its engagement with the private sector.

It is now WBG's globally largest office and co-locates the International Bank for Reconstruction and Development (IBRD), IFC and MIGA.

IFC committed a record US\$1.2bil in the last fiscal year across 18 projects with Singapore-linked clients and partners looking to grow their presence in emerging and developing economies. Projects in FY23 include work with CapitaLand Ascott Trust, Agrocorp International, Entobel, Enterprise Singapore, Standard Chartered and YCH Group.

Since 2011, IFC has committed more than US\$7.5bil across over 150 deals to support Singapore-linked clients in their expansion plans in emerging and developing markets around the world.

IFC recently established a presence in Malaysia to support the country's efforts to foster greater sustainable, resilient and inclusive economic growth. Last year it outlined



As the newly appointed IFC country manager, Katia Daude Gonçalves will help financial institutions and Singapore-based businesses raise capital while also building IFC's presence and portfolios in Malaysia and Brunei.

strategic priorities in Malaysia that focuses on enhancing productivity through innovation and digitalisation, facilitating an inclusive and resilient recovery, and accelerating the country's response to climate- and nature-related risks. It has since built a pipeline of potential investments in the country that align with its strategic priorities.

Brunei officially joined IFC in 2021. Since gaining its independence in 1984, the kingdom has joined various regional and international organisations, including IBRD, the Association of South-East Asian Nations (Asean) and the United Nations.

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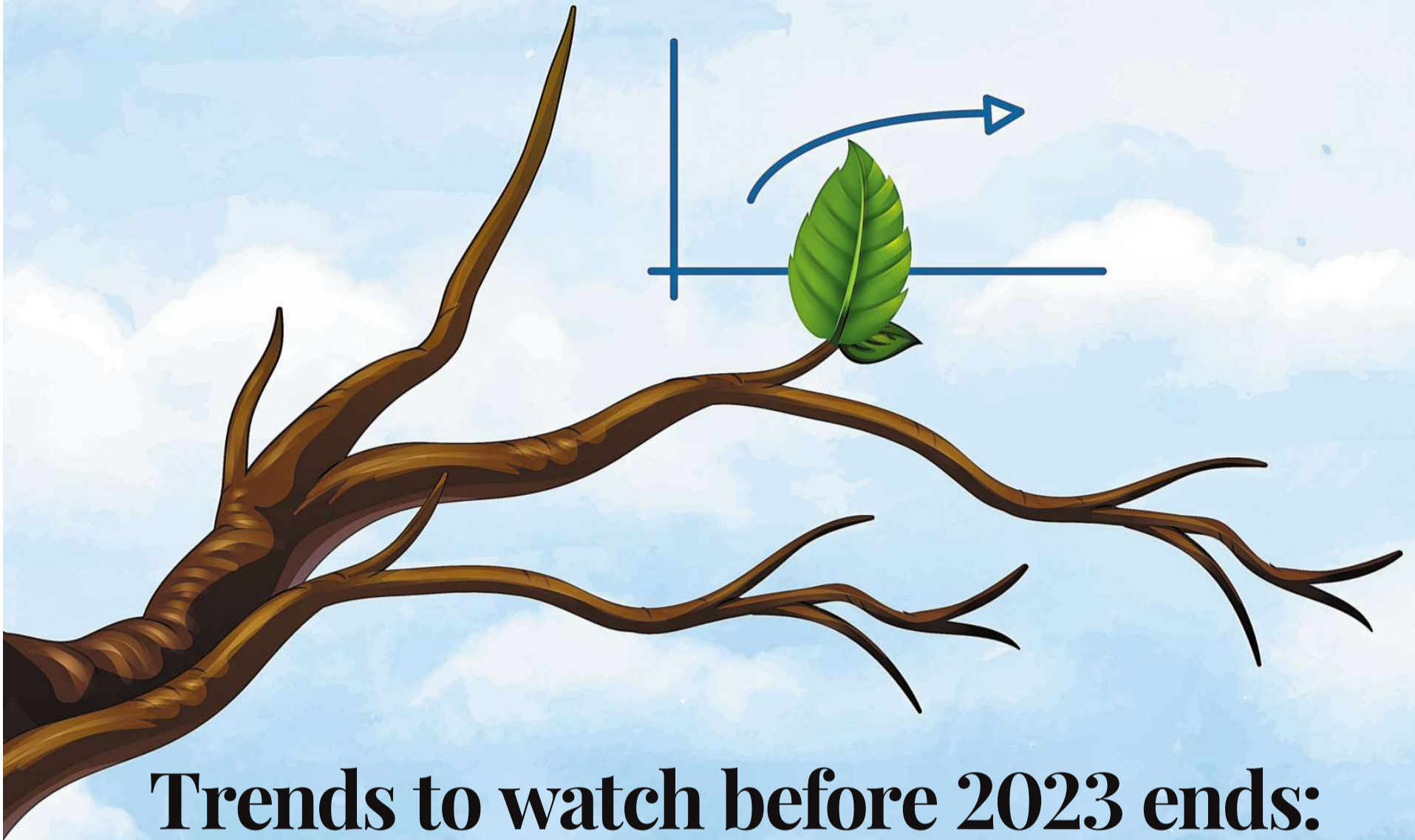
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Trends to watch before 2023 ends: Transition finance within responsible investment in Asia

IN THE Asian context, transition finance can take the centre stage within the responsible investment market.

According to the Organisation for Economic Cooperation and Development (OECD), transition finance is defined as finance “intended to decarbonise entities or economic activities that are emissions-intensive, may not currently have a low- or zero-emission substitute that is economically available or credible in all relevant contexts, but are important for future socioeconomic development” [1].

Transition finance is a new approach to the decarbonisation of high-emitting industries that is spearheaded in Asia; particular attention is given to those sectors that might be negatively impacted by transition to sustainability such as aviation, oil and gas, and coal.

For instance, the Asia Transition Finance Study Group [2] was created by Japan to provide a comprehensive support measure to South-East Asian Nations (Asean) countries to promote transition finance: the aim is to create practical recommendations to supplement existing frameworks, such as the International Capital Market Association (ICMA) guidelines.

Responsible finance’s objective is to finance the transition of our economy towards a more sustainable model while aiming at delivering financial returns. To reach that goal, it needs to be deployed at scale to reach all geographies, all sectors and all types of clients.

To achieve the objective of the Paris Agreement and limit global warming to well below 2°C, all sectors of the global economy, and in particular high emitting industries, must rapidly decarbonise.

Transition finance is predicted to grow in popularity in the field of responsible invest-

ment in specific geographies and sectors, as it is needed for a whole-of-economy decarbonisation to achieve the objectives of the Paris Agreement.

At the same time, inclusive transition is about decarbonising without compromising social and economic development — the energy supply must be reliable and affordable.

In this context, transition finance can ensure that the energy transition is just, as it can help to avoid sizeable economic inefficiencies in emerging markets where there are countries in which greenhouse gas emitting sectors represent a large share of economic activity.

The energy mix needs to shift progressively, first to relatively less emissions-intensive fuels like natural gas, and then to renewables.

For example, should the energy transition not be successful in these sectors, the loss in economic value for Asia would be around 15 to 20% of GDP³ [1] by mid-century.

While investments in environmental, social and governance (ESG) activities will contribute to the decarbonisation of Asian economies, investments in transition activities are also necessary.

Only a combination of both will enable a just transition, one that reduces greenhouse gas emissions but also ensures the reliability and affordability of energy supply.

That said, certain challenges need to be overcome for transition finance to be successful in achieving the transformation of the real economy and gain credibility.

There is still little consensus on how to support the transition to an inclusive low-carbon economy, as there are no set of technical criteria, or qualifying sectors, or technologies that are commonly used.

Transition finance is still a nascent

approach and needs to gain credibility by setting tangible key performance indicators (KPIs) and by taking a dynamic view. Better transparency, consistency and real success stories need to be developed.

If transition finance addresses its challenge to gain credibility, asset firms like Amundi believe its ambition will increase.

In order to do so, financial market participants have to identify high-emitting companies and analyse their climate strategies (which is a prerequisite for transition finance), support the implementation of companies’ climate strategies, thoroughly assess companies’ transition plans when deciding to provide financing to a company, and only finance companies with credible plans.

Also, financial market participants should make use of existing frameworks: set interim net zero targets, use metrics and KPIs, use carbon credits (once plans have been made to “avoid” and “reduce” carbon emissions), be coherent internally with a company’s business plan, among others.

Amundi anticipates several factors that can support a credible transition finance trend in Asia.

“As the real change need to happen at the company level, we do not believe that specific financial instruments will be needed, and that existing ones should suffice,” it said.

“Issuers can typically finance decarbonisation projects by issuing Sustainability-Linked Bonds, whose proceeds are used to fund projects with environmental or social benefits projects.

“Another driver of success and credibility will be increased data transparency and consistency, dissemination of real success stories.

“Lastly, active ownership and shareholder continued engagement on climate strategies

will greatly influence companies.”

As ESG regulations and investors’ demand increases across Asia, asset owners and asset managers should pay attention to fast growth of responsible investing in the region.

ESG integration has boomed in the three years between 2019 and 2021, and will continue to do so in the long term despite the challenging year due to the Russia-Ukraine war in 2022 and consequent energy and food crises.

“We expect that climate-related funds will continue to dominate product development in the medium to long-term as governments contribute to the achievement of the global net zero goal,” it said.

At the same time, Asia has to face the specific double challenge of economic development and decarbonisation, to which a broad and accelerated deployment of responsible investments could be an answer.

Because transition finance addresses these challenges specifically, in the sense that it focuses on enabling a socially acceptable energy transition, and provided it demonstrates its credibility and ambition, it is set to become the centre stage in the field of responsible investment in Asia. – **Article courtesy of Amundi Malaysia Sdn Bhd**

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Overview and evolution of corporate governance challenges in Malaysia

Significant roles of corporate governance professionals and company secretaries



By SIMON YEOH

This is the second instalment of a three-part discourse on governance. StarESG will present the conclusion in the subsequent issue.

A GROUP that plays an important role in enhancing and leading the corporate governance agenda is the corporate governance professionals and company secretaries.

They are often considered as advisers and gatekeepers of the board.

As officers of the company, they play a repertoire of roles, that is, advising the board on procedural and compliance requirements; assisting the board in applying good corporate governance practices and serving as the focal point of stakeholders' communications; and supporting the board in making effective governance-related decisions and in the process, adding value to

the board.

Their roles go beyond regulatory compliance as they serve as strategic advisers to the board. Hence, there is a growing importance of this profession as corporate governance will continue to evolve constantly.

FTX case study

Poor leadership and a lack of governance safeguards can plunge a company into chaos. FTX began operations in 2019 and held a significant portion of its assets in crypto tokens.

According to a report last year in the Corporate Governance Institute titled FTX collapse is a case study in bad governance by Dan Byrne, the collapse of FTX consequently sparked a drop in the prices of other major cryptos.

It was evident that FTX had major governance issues.

Firstly, the system integrity was compromised as there was no centralised control of the cash, giving rise to inaccurate bookkeeping and registration of the company's crypto assets with the government authorities. This was exacerbated by the abuse by employees on luxury purchases using corporate funds.

Using the updated Malaysian Code on Corporate Governance (MCCG) as a point of reference, several salient corporate governance issues can be highlighted.

Firstly, pursuant to Practice note 10.3 -Principle B of the MCCG (11. Risk management and internal control framework), was there an existence of a risk management committee to provide an effective oversight on the company's risk management framework and policies that could have identified FTX's system integrity, lack of centralised controls and inaccurate bookkeeping?

Secondly, were there independent non-executive directors on the audit committee to ensure transparency in the disclosure of information in relation to financial reporting?

Was there a separation of powers with no domination from individuals or small groups of individuals?

For example, the guidance notes G9.1 (Principle B-Effective audit and risk management, MCCG) recommends that the chairman of the audit committee and chairman of the board cannot be the same person who may potentially impair the objective review of decisions and recommendations made by the committees.

Finally, did the company establish a board charter and code of conduct and ethics, including declaring potential conflicts of interest?

Ultimately, there appears to be a lack of integrity, accountability and ethical values among top management, which are common factors in corporate failures.

Positive changes during Covid-19

Due to the Covid-19 pandemic and the movement control order, the Securities Commission (SC) had initiated some measures of their own.

For example, on April 18, 2020 the SC issued a guidance note on the conduct of fully virtual and hybrid general meetings.

On the following October 23, it allowed the use of electronic signatures for documents.

Furthermore, on May 5 that same year, with the aim of reducing the spread of Covid-19 at the workplace, the SC issued guidance on health and safety in the workplace, business operations and dealing with external parties.

Key governance issues in emerging industries

The ongoing "digital revolution" invariably raises key governance and risk issues despite making our everyday lives easier, that is, blockchain, artificial intelligence, ChatGPT and more.

Inevitably, there would be unidentified and unintended consequences, and this would pose inherent risks.

This was further emphasised in the working paper prepared by Mark Fenwick and Erik PM Vermeulen entitled *Technology and Corporate Governance: Blockchain, crypto, and artificial intelligence*.

The authors concluded that regulatory models need to adapt to these developments in order to remain effective and remain relevant.

The risk for regulators and other policy makers is that by failing to act, other more creative jurisdictions will gain a competitive advantage in attracting the best new business and more creative "talents".

As highlighted above, due to the revolution of digitalisation and introduction of blockchains, ChatGPT and more, a host of governance issues are bound to emerge.

Consequently, the regulators will need to continue to be responsive to the constant changes, especially in coming out with policies and best practices from a governance standpoint.

Apart from this, there is also the need to address the governance issue of cybersecurity.

It is worthy to also note that the SC will soon be introducing a "Technology Risk Management" framework to assess the industry technology risk governance and capability.

Simon Yeoh is the president of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). The views expressed here are the writer's own. Stay tuned for part three which will be published in the upcoming issue of StarESG.

Nurturing quality education and environmental awareness in M'sia

Eco World Foundation uplifts disadvantaged students and drives holistic progress in education



By **CHOW ZHI EN**
ESGeditorial@thestar.com.my

WITHIN the global landscape of sustainability, Malaysia's pursuit of SDG 4 — Quality Education — has been underscored through concerted efforts to expand access, promote inclusivity and nurture a conducive environment for learning.

According to research conducted by Jeffrey Sachs Center on Sustainable Development, Malaysia has made significant advancements in SDG 4, achieving full literacy and ensuring that teachers in schools possess appropriate qualifications.

The majority of students across Malaysia demonstrate strong reading proficiency, both at Grades 2/3 by the end of primary levels [1].

While we have made progress in this area, it is important to note that achieving that also means to "ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations" as laid out in Target 4.5 of SDG 4.

In continued pursuit of SDG 4

Despite generous federal funding for education in Malaysia, there are still those who slip through the cracks and need a hand.

Certain schools may lack the resources they need to provide a quality education, such as textbooks, technology and equipment. Not to mention, schools in rural and low-income areas receive less funding than schools in urban and high-income areas.

This can lead to difficulty for students to learn effectively and inadvertently create gaps in the quality of education between different regions of the country.

These gaps are how and where private sectors come to play their part in nation building through their environmental, social and governance (ESG) initiatives.



SK Seri Perling 2 in Johor Baru was one of 3 schools that were selected to receive aid this year. Lee (third from left) was invited to officiate the launch of the walkway alongside (to his left) Eco World Development Group Bhd chief executive officer Datuk Chang Khim Wah and EcoWorld divisional general manager Phan Yan Chan.



Eco World Foundation provides underprivileged students with school supplies under their Students Aid Programme (SAP).



EcoWorld staff volunteers conduct home visits for SAP students to ensure case-to-case veracity.

The right help for the right groups

The Eco World Foundation was first established in May, 2014, as a corporate social responsibility (CSR) initiative, devoted to three goals: to provide basic educational assistance to disadvantaged students; provide general welfare aid to the underserved populations; and assist the needy with medical treatment or equipment.

Speaking practically, the foundation's chairman, Tan Sri Lee Lam Thye says: "We may have lots of

programmes and activities we want to carry out but without funds, it becomes difficult to implement them."

Noting the importance of funds, the company had held numerous fundraising campaigns on top of the contributions of Eco World Development Group Berhad (EcoWorld) to the Foundation.

"When we got started, we made it a point to do annual fundraising. Part of it comes from [EcoWorld] and part of it comes from our business associates," says Lee.

With an average sum of RM3mil a year, the foundation supports about 3,000 students through its Students Aid Programme (SAP) currently.

"This is a programme we've worked on jointly with the Education Ministry," explains Lee on the approval process for donating to schools.

"Every year, we write to them to tell them about the programme and how we want to help the government," he adds.

To date, the foundation has helped over 8,000 students all over the nation — from Kuala Lumpur, Selangor, Penang, Johor, Perlis, Kedah, Pahang and Sabah.

No child left behind

Schools that apply for the programme undergo a thorough application process conducted by EcoWorld staff volunteers to ensure that the schools' underprivileged students receive aid.

Under the programme, primary school students are provided with school bags, uniforms, canteen meals, and school computer class and tuition fees worth approximately RM1,100.

Meanwhile, secondary school students can apply for continuation of assistance of between RM1,000 to RM1,400 yearly for their educational needs.

For tertiary level students, the foundation spends between RM8,500 to RM18,000 a year to pay for their tuition fees and for living expenses.

Improving the learning environment

Creating a conducive learning environment also means that schools need to be equipped with the proper facilities. It is possible that with a positive enrollment rate in schools, the growing number of students can sometimes exceed the "band-

width" of school facilities.

Earlier this month, the Eco World Foundation, together with Eco Ardence, contributed towards the expansion of SJKT Ladang North Hummock's canteen with the Project Eko Kids Café.

Before the much-needed canteen extension, SJKT Ladang North Hummock Setia Alam had a small canteen that required three recess sessions to accommodate its students.

The RM40,000 Project Eko Kids Café included a 20mx5m extension involving roofing, flooring, wiring inclusive of lights and fans together with four sets of canteen table and benches.

With the school's rising student population, the expansion will give students a bigger and more comfortable environment.

Another beneficiary, SK Seri Perling 2 in Johor Baru, received a sheltered walkway measuring 50 metres which had been constructed at the rear gates, providing relief to students from waiting under extreme weather conditions.

Before the construction of the walkway, there was no shade available to protect students in that area as they waited for school buses or when they arrived for classes.

Sustainable growth

Looking ahead, Lee says that the foundation is looking at creating more tangible impacts.

"We also want to look at introducing projects in line with the environment [aspect of ESG] at schools like tree planting to cultivate the love for nature in students," says Lee.

"If there is any way we can promote ESG in Malaysia, it is through education. By conducting this programme we [can] also educate students from an early age to take care of the environment.

"Schools are a place to learn unity and harmony and we have a role to play in nation building. It's where students learn about our multicultural, multilingual, multireligious nation, and learn to appreciate one another."

He adds that the foundation plans to diversify the SAP to include aid for special needs children, and create and maintain a community and alumni between students in the programme.

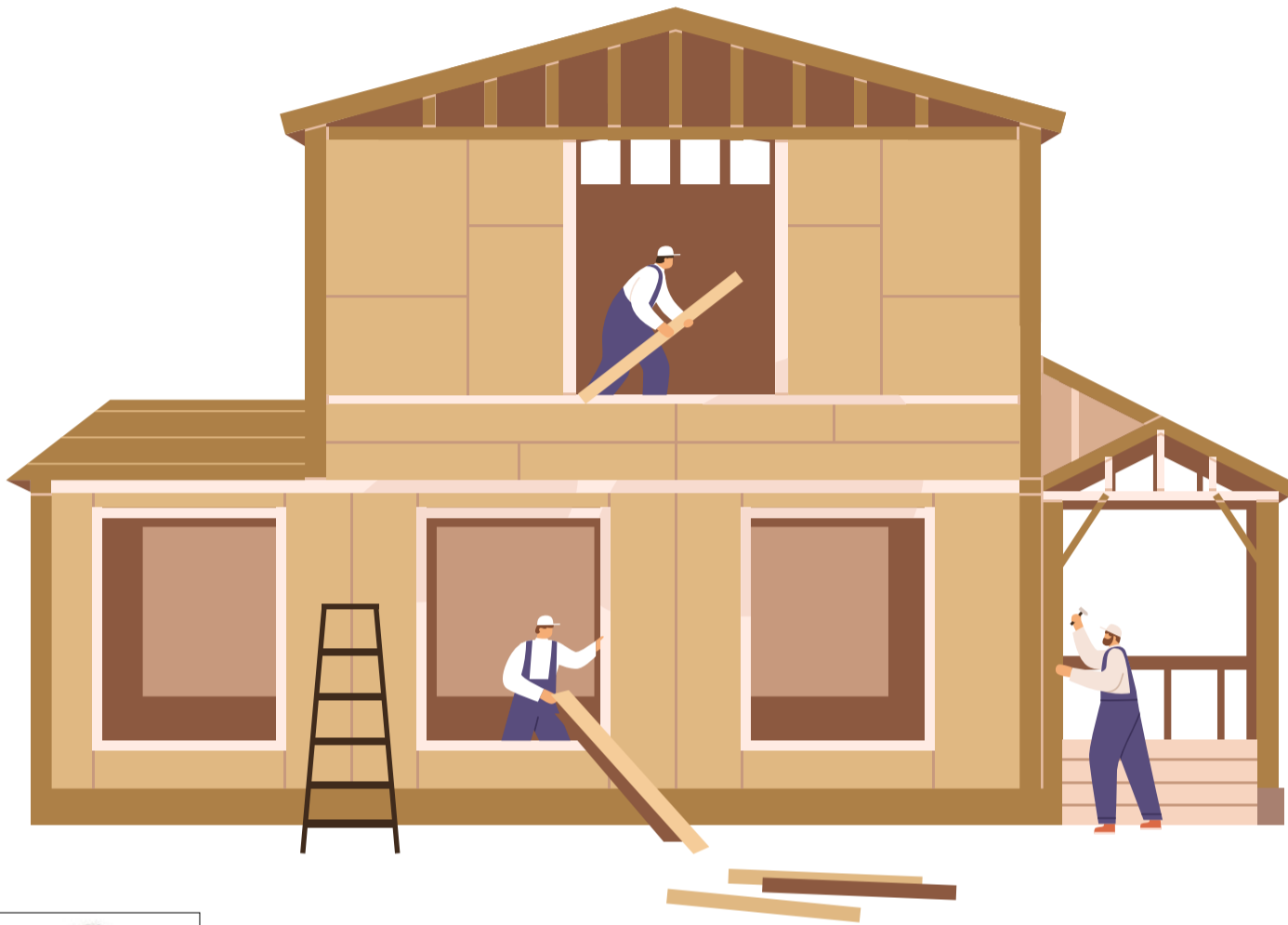
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SJKT Ladang North Hummock students now have a more spacious area for recess with the canteen expansion thanks to the Project Eko Kids Café.

Engineering wood: Pioneering sustainable ESG development in M'sia's construction industry



By **HAJI MUHAMMAD KHUSAIRY BAKRI**

In a concerted effort to embrace sustainable practices and advance environmental, social and governance (ESG) development principles, Malaysia is strategically looking towards the transformative potential of engineering wood within its construction sector. This innovative approach is poised to revolutionise Malaysia's construction industry, offering a sustainable pathway toward economic growth while prioritising environmental conservation and social well-being.

Engineering wood, often called composite or manufactured wood, encompasses a diverse array of materials fabricated through innovative bonding techniques. These include cross-laminated timber (CLT), oriented strand board (OSB), laminated veneer lumber (LVL) and particleboard. These engineered wood

products are designed to possess enhanced structural properties, including superior strength, durability, and dimensional stability, making them attractive alternatives to traditional timber and concrete in various construction projects, as mentioned in 2020 by Liew in *"Sustainable building materials: A comprehensive review of engineered wood products"*.

In a country like Malaysia, where the forestry industry plays a significant economic role, engineering wood presents a promising opportunity. It allows for reduced reliance on natural timber resources, thereby contributing to the conservation of forests and the preservation of biodiversity. Additionally, the use of engineered wood aligns with the country's ambitions to mitigate deforestation and address climate change concerns, as explained by Kua and Sulaiman in 2017 in *"The Potential of Engineered Wood Products in the Malaysian Construction Industry: Opportunities and Challenges."*

The adoption of engineering wood in Malaysia holds substantial promise in fostering ESG principles, primarily in the environmental domain. Numerous studies and research, including reports by the Malaysian Timber Industry Board (MTIB) in 2020 on Sustainable Forest Management in Malaysia and academic institutions, underline

the reduced environmental impact of engineered wood compared to traditional construction materials. The manufacturing process of engineered wood products involves lower energy consumption. It emits fewer greenhouse gases, resulting in a significantly reduced carbon footprint throughout the lifespan of buildings, as mentioned by the World Green Building Council in 2019 in *"Bringing Embodied Carbon Upfront: Coordinated Action for the Building and Construction Sector to Tackle Embodied Carbon."*

Furthermore, the carbon sequestration potential of engineered wood presents a considerable opportunity for Malaysia's commitment to climate change mitigation, as mentioned by the Department of Environment Malaysia in 2021 on Malaysia's Climate Change Policy and Nationally Determined Contributions (NDCs). These materials serve as a carbon sink, contributing to reducing greenhouse gas emissions, in line with Malaysia's



international commitments outlined in the Paris Agreement.

Integrating engineering wood in Malaysia's construction industry also holds substantial economic and social implications. With the broader adoption of engineered wood, the country's manufacturing sector and related timber industries could experience a surge, fostering job creation and innovation within the sector.

From a societal perspective, using engineered wood in construction could significantly expedite building processes, leading to faster and more efficient construction practices. These materials' lightweight and easily manageable nature can reduce labor costs and provide cost-effective housing solutions for the population, contributing to the country's social development.

Despite the numerous advantages, several challenges must be addressed for the widespread adoption of engineered wood in Malaysia. These encompass industry-wide acceptance, standardisation, cost competitiveness, and the need for increased awareness among stakeholders.

Addressing these challenges demands a collaborative effort between government entities, industry stakeholders, and regulatory bodies. Policies supporting incentives for the use of engineered wood, the establishment of industry standards, and extensive public awareness campaigns are essential. Moreover, investments in research and development for innovative wood technologies will further enhance the performance and applications of engineered wood in diverse construction projects.

In conclusion, incorporating engineering wood into Malaysia's construction sector is a promising step towards sustainable development. Its environmental, economic, and social benefits align harmoniously with the country's ESG goals. Through collaborative efforts, innovation, and strategic interventions, the extensive adoption of engineered wood can pave the way for Malaysia's more sustainable and resilient built environment.

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**YOUR
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What's at stake: A glimpse into Malaysia's rare biodiversity



Currently, there are less than 150 wild tigers left in Malaysia, their fate hangs in the balance. – Photos by Emmanuel Rondeau / WWF-US



A black leopard (*Panthera pardus*) spotted in Royal Belum State Park, Malaysia. - Photos by Emmanuel Rondeau / WWF-US



The Malayan Tapir (*Tapirus indicus*) is native to South-East Asia from the Malay peninsula to Sumatra.



By WWF-MALAYSIA

AS THE sun begins to dip below the horizon of Malaysia's Royal Belum State Park, the team makes the final adjustments to the last of the digital camera traps. Everyone is in good spirits and the leeches have taken a day off as the ground is dry underfoot. The light may be fading, but the anticipation is high.

An anti-poaching team of dedicated orang asli working with WWF-Malaysia have been trekking through the dense, humid forests of Royal Belum State Park with wildlife photographer Emmanuel Rondeau to set up a series of high-quality cameras in this 130-million-year old rainforest, for over a week.



(From left) WWF Malaysia senior field biologist Afif Wafiy, senior anti-poaching patrol member Merapi Mat Razi, anti-poaching patrol team member Azib Adek, WWF Malaysia field biologist Imran Hamri, anti-poaching patrol team members Yahya Charol, Raihan Adoi, Zainal Abu, WWF Malaysia conservation assistant Syahrul Baharim and filmmaker and photographer Emmanuel Rondeau after a big day working on installing high quality DSLR camera traps to try and capture an image of a tiger in Royal Belum State Park, Malaysia.

The team celebrates as the clasps on the last water-proof camera case are locked firmly shut, and take a step back to look at the complex motion-sensored camera system. This is the last of eight custom built camera traps, designed by Rondeau, installed across this forest for the next five months, waiting patiently for wildlife to walk by and trigger the camera to take a photo.

After months of preparation the team hopes these cameras will capture a glimpse into the biodiversity of Royal Belum State Park and more importantly, some of the first high quality images of tigers in Malaysia.

Across South-East Asia tiger populations are decreasing and in Cambodia, Lao PDR, and Vietnam they're already nationally extinct. Malaysia's tiger population is at an all-time low with less than 150 tigers left in the country. Their future hangs in the balance.

What's driving tigers, their prey, and other wildlife towards extinction in this region? Snares.

Snares are deadly traps made from wire that are set by poachers in the hope of catching wildlife, and prized most of all is the tiger. Snares have significantly contributed to the decline in tiger populations across Malaysia. Royal Belum State Park is one of the last strongholds of tigers in the country and capturing a photo of one here symbolises either the last generation of tigers in Malaysia, or alternatively, a generation of hope.



Merapi Mat Razi (centre) holds a snare that was removed from Royal Belum State Park, Malaysia.

After months of maintenance and battery changes these cameras captured an insight into what's left of the rich diversity of wildlife in one of the world's oldest rainforests. Documenting what's at stake if poaching, deforestation and human-wildlife conflict are not addressed.

And possibly documenting – a Malayan tiger.

A sun bear, also highly sought after by poachers, scales twisted vines and roots in its search for fruits, small rodents, birds, termites, and other insects to eat. These bears are endemic to South-East Asia and are the smallest of the bear family.

The Malay Peninsula is home to the largest population of black leopards (also known as black panthers) in the world. Black leopards get their colour from a genetic mutation that causes an overproduction in the dark pigment melanin, which results in black fur coats and is very hard to see against the backdrop of the rainforest.

There are many unusual animals that live in the rainforest and the Malay tapir is definitely one of these. With its long snout and patchwork markings this is the only species of tapir that can be found in Asia. Listed by the IUCN as endangered, they spend most of their time wandering the rainforest looking for shoots and leaves to eat.

Although known as one of the most arboreal cat species, the clouded leopard spends ample time on the forest floor. Little is known about this elusive cat but they prey on primates, rodents, small deer and wild boars which they ambush from the trees or stalk from the ground.

And finally, the image we had all been hoping for, a tiger.

This image of a Malayan tiger in the wild represents the generation of hope.

Conservation efforts have been ramped up in recent years in an effort to halt the decline of this iconic species.

At the heart of this work is a dedicated team of anti-poaching patrol officers, known as Project Stampede, an initiative borne of WWF-Malaysia's partnership with Maybank.



A sun bear (*Helarctos malayanus*) in Royal Belum State Park, Malaysia.

Today, there are 60 patrol team members in Royal Belum State Park and teams are formed of indigenous peoples from communities in the area. These patrol teams have been instrumental in reducing active snares by 98% across Royal Belum State Park.

The teams plan patrol routes ahead of schedule and send a team of roughly 10 anti-poaching members for one to two weeks at a time. Navigating with GPS devices, they carry all their own kit to scale the forests for signs of poachers and snares and, more recently, set hundreds of camera traps to monitor the status of wildlife and threats in the landscape.

It is hoped the success of these teams will contribute towards a positive impact on tiger populations, but these kinds of conservation results can only be seen over decades.

Increasing tiger populations in Malaysia is by no means impossible and would be a historic achievement for the country. But it will only be possible with political will, sustainable financing, and support from *orang asli* and local communities.

The future of tigers in Malaysia is not yet written and we have the opportunity to ensure there are generations of tigers to come. But, time is not on our side and conservation actions need to be immediate and large-scale to reverse the national decline of tigers. The time for action is now.



Nurturing the future of Malaysia

Tackling gripping issues for safer and healthier children

Compiled by **ONG HUEY ERN**
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World Children's Day (Nov 20) was first commemorated in 1954 as Universal Children's Day.

This is significant because in 1959, the UN General Assembly adopted the Declaration of the Rights of the Child and also subsequently adopted the Convention on the Rights of the Child in 1989 on the same date.

These international documents recognise that children, as they have not yet

reached physical and mental maturity, require special safeguards to protect their rights.

World Children's Day is a day of action, a day to truly hear their voices, advocate their concerns on important issues - from education and mental health to climate change and beyond - and to promote and celebrate children's rights.

This day also raises awareness of children's rights.

Last year, Bukit Jalil National Stadium in Kuala Lumpur and Sultan Ibrahim Stadium in Johor were lit up in blue in

support of World Children's Day.

Johor football fans were encouraged to dress up in blue for the game, two child announcers introduced players as they came on to the pitch as part of the children's takeover initiative and activities such as face painting were available, celebrating and spotlighting children.

Sabah Council of Social Services also participated across three locations in Sabah, Unicef Malaysia engaged in sign language interpreters and wheelchair access that aided children with disabilities to participate.

Still there are areas in which children rights are not completely protected.

This year's theme, 'For every child, every right,' highlights three main talking points:

> For every child, peace - reminds them of their right to live in a peaceful world.

> For every child, a livable planet - their right to have a livable planet to live in

> For every child, a voice - calls for children's voices to be included in decisions that affect them.

Protecting children from sexual exploitation, abuse and violence

Last September, the United Nations Children's Fund (Unicef) released the Disrupting Harm report which highlighted potential efforts and practices in Malaysia to address the growing concern about online child sexual exploitation and abuse.

According to the report, the lowest self-reported computer abilities were seen in children aged 12-13 years and those residing in rural areas - which is where digital literacy becomes an important tool in safeguarding marginalised youth from online harm including sexual exploitation,



abuse and violence.

This year alone, the Ministry of Women, Family and Community Development Ministry handled 2,959 child abuse cases between Jan and May through the Social Welfare Department (JKM).

Azalina Othman Said also said that individuals who were aware of sexual abuse involving children but failed to make a police report could be fined up to RM5,000 under the Sexual Offences Against Children Act 2017 (Act 1972).

> Empowering with education and awareness: The Malaysian Communications and Multimedia Commission (MCMC) recommends parents to create a safe and non-judgmental environment where they feel comfortable sharing any incidents they may encounter while using the Internet.

It's important that parents and guardians build a relationship of trust to allow them to intervene if and when necessary.

Parents can also keep an eye on your child's online activity by monitoring their social media interactions and the websites and apps they use.



> Strengthen legal framework and law enforcement: During Budget 2023, the Ministry of Women, Family, and Community Development was also tasked with establishing a Child Development Department to provide comprehensive support for children.

A special unit under the Sexual, Women, and Child Investigations Division (D11) will be established to combat child pornographic activities and collaborate with various agencies to identify those involved.

Then on Oct 23 this year, Datuk Seri

Battling malnutrition

Poverty inequality affects families' ability to buy better quality, fresher foods - Unicef Malaysia has identified one in five children have stunted growth.

The Health Ministry has had a programme for rehabilitating malnourished children since June of 1989.

Back then, it was an immediate strategy to rehabilitate 12,690 children who were detected to be undernourished through the Nutrition Surveillance System in 1988.

The ministry had identified that the main macronutrient deficiency problem among Malaysian children was protein and energy malnutrition, leading to children being underweight for their age.

This programme, better known as the "Food Basket Programme", is still being carried out in government health clinics.



The objectives of the programme include:

- > To improve health and nutritional status through food and micronutrient supplementation.
- > To improve health through provision of sanitary facilities and clean water supply.
- > To improve health through education on health and nutrition.

