

## CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5202  
**COMPANY NAME** : MSM MALAYSIA HOLDINGS BERHAD  
**FINANCIAL YEAR** : December 31, 2017

### OUTLINE:

#### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

#### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	<b>: Applied</b>
<b>Explanation on application of the practice</b>	<p><b>Strategic plan of the Company (e.g. the current Strategic Planning 2020) is tabled to the Board for deliberation and consideration before it is approved. Key Performance Indicators' ("KPI") and details of yearly action plan on the strategies are also discussed at Board level together with the yearly budget approval. The Company also strives for continuous improvements of policies and procedures to ensure that its obligations to its shareholders and other stakeholders are met. Among others, some of the Board's responsibilities performed with regards to the Company's strategic aims include: -</b></p> <ol style="list-style-type: none"><li><b>1) Promoting good corporate governance culture by ensuring critical policies and procedures are in place and being implemented within the Company.</b></li><li><b>2) Management's proposals are being thoroughly reviewed and challenged before decisions are made for implementation. Board is also monitoring the implementation through regular updates and reviews from Management.</b></li><li><b>3) Ensuring the strategic plan of the Company supports long-term value creation through regular engagement and communication with Management to discuss ideas on Company's plan moving forward.</b></li><li><b>4) Supervising and assessing Management performance through quarterly financial performance review and also yearly assessment of individual performance vs KPI set earlier of the year.</b></li><li><b>5) Ensuring good internal controls and risk management practice by ensuring a sound framework is in place and regular review is performed by internal auditors and reports</b></li></ol>

	<p>are regularly submitted to and reviewed by the aBoard.</p> <p>6) Understanding principal risks of the Company via regular briefing and update of the risk register of the Company in the Board Governance and Risk Management Committee (“BGRMC”) and Board meetings.</p> <p>7) Ensuring Senior Management has necessary skills and experience to perform their duties, and there are measures in place to provide succession planning of the Board and Senior Management.</p> <p>8) Ensuring the Company has in place procedures to enable effective communication with stakeholders.</p> <p>9) Ensuring the integrity of the Company’s financial and non-financial reporting through appointment of external auditors.</p> <p>The risk appetite for Board approval is targeted to be completed by end of 2018.</p>	
<p><b>Explanation for departure</b> :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</p>		

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	Applied
<p><b>Explanation on application of the practice</b></p>	<p>The Chairman's roles and responsibilities are detailed out in the Board Charter which is made available on MSM's corporate website at <a href="http://www.msmsugar.com">www.msmsugar.com</a>.</p> <p>The Chairman's main role is to ensure effective conduct of the Board through the execution of the following:</p> <ul style="list-style-type: none"> <li>• Guide and mediate the Board's actions with respect to organisational priorities and good governance;</li> <li>• Ensure the Board conducts itself in accordance with the Board Charter;</li> <li>• Ensure the Board meetings are conducted effectively with all relevant matters tabled in the agenda and that all Directors receive timely information and are properly briefed;</li> <li>• Ensure the Board is updated on material matters relating to the Group by the Executive Director ("ED") and President/Group Chief Executive Officer ("P/GCEO");</li> <li>• Be the major point of contact between the Board and the ED and P/GCEO;</li> <li>• Undertake appropriate corporate communications activities together with the ED and P/GCEO;</li> <li>• Ensure the ED and P/GCEO look beyond his executive functions and accept his full share of the responsibilities;</li> <li>• Review progress regularly on important initiatives and significant issues facing the Group together with the ED and P/GCEO; and</li> <li>• Initiate and oversee the ED's and P/GCEO's performance evaluation process.</li> </ul>
<p><b>Explanation for departure</b></p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	
<p><b>Timeframe</b></p>	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	Applied
<p><b>Explanation on application of the practice</b></p>	<p>The position of Chairman of the Board and the Executive Director (“ED”) and President/Group Chief Executive Officer (“P/GCEO”) are held by different individuals with clear separation of roles between the positions to promote accountability and facilitate division of responsibilities between them. In this regard, no one individual can influence the Board’s discussions and decision-making.</p> <p>Datuk Wira Azhar Abdul Hamid, who was appointed as Chairman effective 26 September 2017 is responsible to carry out the leadership role in the conduct of the Board, ED, P/GCEO and Management. He also leads the Board in its collective oversight of Management.</p> <p>Dato’ Khairil Anuar Aziz who was appointed as Director on 22 November 2017 was being re-designated from Non-Independent Non-Executive Director to Non-Independent Executive Director on 11 December 2017. Dato’ Khairil Anuar Aziz is responsible to (i) provide the leadership to MSM and to spearhead MSM’s strategic direction, and (ii) be involved in the day-to-day management of MSM and its Group of Companies which is in accordance with Clause 6.3.1 of MSM Board Charter. Dato’ Khairil Anuar Aziz’s role and responsibility as ED is governed by the provisions of MSM’s Memorandum and Articles of Association, Board Charter and the terms stipulated in the letter of appointment.</p> <p>The P/GCEO is responsible on MSM’s day-to-day operation subject to the specific delegations of responsibility/authority approved by the Board and shall report direct to Dato’ Khairil Anuar Aziz. On top of that, the P/GCEO must also focus on the completion of the construction of the Johor refinery and to ensure the capacity is marketed profitably.</p>
<p><b>Explanation for departure</b></p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	
<p><b>Timeframe</b></p>	

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	Applied
<p>Explanation on application of the practice</p>	<p>In 2017, MSM Board was supported by two (2) suitably qualified and competent Company Secretaries who have prerequisite qualifications and experience. The Board through the Board Evaluation Assessment questionnaire evaluated the support and services provided by both Company Secretaries for the financial year under review.</p> <p>The responsibilities of the Company Secretaries are :</p> <ul style="list-style-type: none"> <li>• Co-ordinate of all Board business including meeting agendas, Board papers, minutes of meetings, communication with regulatory bodies and all statutory and other required submissions;</li> <li>• Provide unimpeded advice and services to the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance;</li> <li>• Ensure that Board procedures and applicable rules are observes;</li> <li>• Maintain records of the Board and Board Committees and its respective meetings and ensuring effective management of the Company's records;</li> <li>• Prepare comprehensive minutes to document Board proceedings and ensuring conclusions are accurately recorded;</li> <li>• Disseminate of information in a timely manner relevant to Directors' roles and functions and keeping them updated on new or evolving regulatory requirements;</li> <li>• Carry out other functions as deemed appropriate by the Board from time to time;</li> <li>• Assist the Board with interpreting legal and regulatory acts related to the listing rules and international regulations and developments; and</li> <li>• Advise the Board on its obligatory requirements to disclose material information to the shareholders and financial markets on a timely basis.</li> </ul> <p>The Company Secretaries, in keeping abreast of the latest developments of all relevant laws/requirements did attend courses/trainings during 2017 as below :</p>

No.	Trainings	Organiser	Date
1.	Training for the Best Practise Guide on AGM's for Company Secretaries of Listed Issuers	MAICSA	28 March 2017
2.	In-House Director's Training Programme	In-house training by Dr. Lee Chin Tui, FGVPM	20 April 2017
3.	Risk Appetite Statement Workshop	In-house training by Group Risk Management	11 May 2017
4.	Decoding Transaction & RPT Rules	In-house training by CKM Advisory Sdn. Bhd.	5 June 2017
5.	Computation of Percentage Ratios	In-house training by CKM Advisory Sdn. Bhd.	13 June 2017
6.	2017 Outlook : Price and Output Workshop	In-house training by : 1. Dr. Lee Chin Tui, FGVPM, 2. UOB Kay Hian 3. Jupiter Security	19 July 2017
7.	Technical Briefing for Company Secretaries of Listed Issuers	Bursa Malaysia	28 Sept 2017
8.	FRS Updates & Financial Statements Review Workshop	PricewaterhouseCoopers	6 Sept 2017
<p>On 29 December 2017, the Board announced to Bursa Malaysia that Abd Rashid Atan has tendered his resignation as a Joint Company Secretary of the Company with effect from 31 December 2017. Following the resignation of Abd Rashid Atan, Koo Shuang Yen acts as the sole Company Secretary of the Company.</p>			
Explanation for departure :			
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
Measure :			
Timeframe :			

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.5**

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>The agendas and meeting papers are distributed to the Board and Board Committee members in a timely manner prior to all Board and Board Committee meetings to allow sufficient time for appropriate review to facilitate productive discussions at the meetings.</p> <p>Minutes of the Board and Board Committee meetings are distributed in a timely manner to the members (including President/Group Chief Executive Officer) and the Chairman, respectively. The Board may seek clarifications of the minutes or request for any correction before the minutes are confirmed as true and correct record.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

**Practice 2.1**

The board has a board charter which is periodically reviewed and published on the company’s website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	<b>:</b>	<b>Applied</b>
<b>Explanation on application of the practice</b>	<b>:</b>	<p><b>MSM’s Board Charter serves as a constitution for the Board and among others outlines the following :</b></p> <ol style="list-style-type: none"> <li><b>1) the roles and responsibilities of the Board</b></li> <li><b>2) the balance and composition of the Board</b></li> <li><b>3) the Board’s authorities</b></li> <li><b>4) the schedule of matters reserved for the Board</b></li> <li><b>5) the establishment of the Board Committee</b></li> <li><b>6) the process and procedures for convening Board meetings</b></li> <li><b>7) the Board’s assessment and review of its performance</b></li> <li><b>8) the compliance and ethical standards</b></li> <li><b>9) the accessibility by the Board to information and advice and declarations of conflict of interest.</b></li> </ol> <p>The Board Charter is published on MSM’s corporate website at <a href="http://www.msmsugar.com">www.msmsugar.com</a></p>
<b>Explanation for departure</b>	<b>:</b>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	<b>:</b>	
<b>Timeframe</b>	<b>:</b>	

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	Applied
<p><b>Explanation on application of the practice</b></p>	<p><b>MSM being the subsidiaries of Felda Global Ventures Holdings Berhad ("FGV") observes FGV's Code of Ethics and Conduct ("CoEC") and Code of Business Practice ("CoBP") which is applicable to all Board of Directors of Companies within FGV Group. The CoEC and CoBP outline the ethical standards of behaviour and conduct expected from all Directors of MSM Group.</b></p> <p><b>In managing the conflicts of interest, MSM Board members are required to make declarations at every Board of Directors Meeting in the event that they have any interests in the proposals being considered by the Board. This shall include interest arises through close family members, in line with various statutory requirements in regards to the disclosure of Director's interest. The interested Directors are required to abstain from deliberation and voting on the relevant resolutions in which they have conflict of interest at any Board meeting or shareholders meeting and where appropriate, excuse themselves from being physically present during the deliberations.</b></p> <p><b>MSM circulates the notice of closed period in relation to the dealings in MSM shares to its Board members and all its principal officers of MSM Group who are deemed to have privy to price sensitive information and knowledge, in advance whenever the closed period is applicable.</b></p>
<p><b>Explanation for departure</b></p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	
<p><b>Timeframe</b></p>	

## Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	Applied
<p><b>Explanation on application of the practice</b></p>	<p><b>MSM Group has put in place a Whistleblowing Policy that provides clarity of oversight and responsibilities of the whistleblowing process, the reporting process and protection to whistleblower and confidentiality afforded to the whistleblower.</b></p> <p>The Policy was established with the aim to maintain the highest standard of ethics and legal conduct within the Group with the main objectives of the following :</p> <ul style="list-style-type: none"> <li>(i) to provide avenues for employees to disclose any acts of wrongdoing.</li> <li>(ii) to assure the employees that they will be protected from reprisals, discrimination or victimisation for whistleblowing in good faith.</li> <li>(iii) to provide a formal mechanism for action on all reports made.</li> </ul> <p>The Whistleblowing Policy allows the reporting individual to report on alleged unethical behaviour within the Group such as, but not limited to, the following :</p> <ol style="list-style-type: none"> <li>1. Malpractice, impropriety, fraud and embezzlements.</li> <li>2. Misappropriation of assets and funds.</li> <li>3. Criminal breach of trust.</li> <li>4. Illicit and corrupt practices.</li> <li>5. Questionable or improper accounting.</li> <li>6. Misuse of confidential information.</li> <li>7. Acts or omissions, which are deemed to be against the interest of the Group, laws, regulations or public policies.</li> <li>8. Breaches of any rules, regulations, policies and procedures of the Group.</li> <li>9. Attempts to deliberately conceal any of the above or other acts of wrongdoing.</li> </ol> <p>The reporting individual is encouraged to report all concerns in a written letter to any of the identified individuals or through the e-Alert form on FGV Group's corporate website and <a href="mailto:alert@feldaglobal.com">alert@feldaglobal.com</a></p>

	<p>The complaints made through FGV Group’s corporate website and <a href="mailto:alert@feldaglobal.com">alert@feldaglobal.com</a> are administered by FGV’s Group Governance Division. All reports or complaints received will be treated with strict confidentiality. Although the Company treats every report it receives seriously, action may also be considered against the whistleblower if the report is found to contain untrue, false, malicious, mischievous, vexatious or reckless allegations.</p>	
<p><b>Explanation for departure</b></p>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	:	
<p><b>Timeframe</b></p>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>To-date, MSM has a total of nine (9) Board members of which five (5) are Independent Non-Executive Directors, three (3) are Non-Independent Non-Executive Directors and one (1) is Non-Independent Executive Director.</p> <p><b>Independent Non-Executive Directors :</b></p> <ol style="list-style-type: none"><li>1) Dato' Zainal Haji Ismail</li><li>2) Dato' Hajjah Rosni Haji Zahari</li><li>3) Dato' Rosini Abd Samad</li><li>4) Datuk Lim Thean Shiang</li><li>5) Dato' Mohammad Fakhruddin Haji Mohd Ariff</li></ol> <p><b>Non-Independent Non-Executive Directors :</b></p> <ol style="list-style-type: none"><li>1) Datuk Wira Azhar Abdul Hamid (Chairman)</li><li>2) Dato' Zakaria Arshad</li><li>3) Datuk Hanapi Suhada</li></ol> <p><b>Non-Independent Executive Director:</b></p> <ol style="list-style-type: none"><li>1) Dato' Khairil Anuar Aziz</li></ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.2**

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	<b>Not applicable - No independent director(s) serving beyond 9 years</b>	
<b>Explanation on application of the practice</b>	:	<b>To-date, MSM has five (5) Independent Non-Executive Directors of whom none of them has served more than nine (9) years.</b>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	<b>Adopted</b>
<b>Explanation on adoption of the practice</b>	:	<b>MSM has in its Board Charter a provision on the tenure limits of its Independent Non-Executive Director as below :</b> <i>Clause 6.4.5 (iv) :</i> <i>“The tenure of an Independent Non-Executive Directors shall not exceed a cumulative term of nine (9) years.”</i>

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

## Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	<b>: Applied</b>
<b>Explanation on application of the practice</b>	<p><b><u>Board of Directors</u></b></p> <p>The Board considers and decides on the appointment of new Directors upon appropriate recommendation from the Nomination and Remuneration Committee (“NRC”).</p> <p>NRC in carrying out its responsibility in accordance with the requirement of its Terms of Reference shall assess the proposed Board/Senior Management candidates based on the selection criteria :</p> <ul style="list-style-type: none"><li>a) skills, knowledge, experience</li><li>b) contribution and performance</li><li>c) character, professionalism and integrity</li><li>d) number of directorships and other external obligations which may affect the Director’s commitments including time commitment and valued contribution</li><li>e) ability to discharge certain responsibilities/functions as expected from Independent Directors.</li></ul> <p>The proposed candidates also required to disclose their other business interest that may result in conflict of interest.</p> <p>The Board ensures a balanced Board where individual merits and relevance are the key entry requirements. Collectively, the Board has an appropriate mix of diversity and skills to ensure constructive debate and thoughtful decision making. The Board comprises of high calibre members from diverse professional backgrounds, skills and economics, law, general management and strategy – requisites for the successful direction of the Group, a mix of male and female with age ranging from 46 to 73.</p> <p><b><u>Senior Management</u></b></p> <p>Appointment of the Senior Management (by definition the job grading of Assistant General Manager and above) in MSM is governed by the following criteria:</p> <ul style="list-style-type: none"><li>- Approval matrix:<ul style="list-style-type: none"><li>○ Job Grades Assistant General Manager<ul style="list-style-type: none"><li>– President/Group Chief Executive Officer</li></ul></li><li>○ Job Grades General Manager, Senior General Manager<ul style="list-style-type: none"><li>– Nomination and Remuneration Committee</li></ul></li></ul></li></ul>



	<ul style="list-style-type: none"> <li>○ <b>Job Grades Sub CEO and Top Management</b> – <b>Nomination and Remuneration Committee and Board of Directors</b></li> <li>- <b>Competency Requirements Matrix:</b> <ul style="list-style-type: none"> <li>○ <b>Knowledge</b> – Basic degree or preferably post graduate relevant to field of work and/or professional qualification. In technical areas – possession of “competency qualification” is an added advantage</li> <li>○ <b>Experience</b> – vast years of work experience in relevant field at post managerial levels at minimum years requirement</li> <li>○ <b>Attributes</b> – Undergo a profiling as part of selection criteria – to allow us an understanding of “indication of managerial styles”</li> <li>○ <b>Achievement at work</b> (through “Behavioral Event Interview”)</li> </ul> </li> </ul> <p><b>Equality Hiring</b> – no preference for gender, race or cultural background. The opportunities in the Company although focussed on technical competency, offers a wide range of skills set requirements from financial, administrative to the wide range of technical positions within our refineries and offices.</p> <p><b>Racial and gender distribution can be improved</b> – Factories location, shift roster and technical and labour intensive jobs influence hiring statistics on factors to be improved.</p> <p><b>The Company is taking the following measures:</b></p> <ol style="list-style-type: none"> <li>1) <b>Hiring policy in place approved by NRC and Board</b> – Hire, transfer/secondment/movement/exit</li> <li>2) <b>Equality hiring</b> – to ensure proportionate racial and gender distribution are met, however measures is as per position/location basis</li> </ol>
<b>Explanation for departure</b> :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	<b>Departure</b>
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<b>The current Board comprises of nine (9) members out of which two (2) are women directors, representing 22.22% women directors on Board.</b>
		<b>The Board satisfies with the current board members composition and encourages female participation. The Board will continue its support for adequate female representation in the Board.</b>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	<b>The Nomination and Remuneration Committee ("NRC") is reviewing the Board structure, size and composition based on the Board Nomination and Election Policy and Procedures for MSM which was approved by the Board on 22 March 2018.</b>
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

<b>Application</b>	:	<b>Departure</b>
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<b>The Board has solely relied on recommendations from existing Board members, Management or major shareholders on proposed candidates as Directors.</b>
		<b>Nomination and Remuneration Committee (“NRC”) as per Clause 7.1.1 (iii)(c) of its Terms of Reference shall consider candidates proposed by the Chairman of the Committee and by any Director or shareholder. NRC shall consider and assess the candidate’s background based on the criteria prescribed in Paragraph 2.20A of the Bursa Malaysia’s Main Market Listing Requirements and other requirements in regards to the appointments of Directors. If the candidate is found suitable upon being assessed by NRC, then the Board will no longer search from independent sources.</b>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	<b>The Board on 22 March 2018 has approved the Board Nomination and Election Policy and Procedures which formalize the policies on Board Composition, Independence, Conflict of Interest and Board Assessment. The Policy on Board Composition provides the size of the Board, the selection criteria, the Director’s skills sets and the Board diversity to be considered for new appointment of Directors of which the Board shall also consider potential candidate to be appointed as Director proposed not only by the existing Directors, Senior Management staff, major shareholder but also third party referrals/independent sources.</b>
<b>Timeframe</b>	:	

### **Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### **Practice 4.7**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	<b>: Applied</b>
<b>Explanation on application of the practice</b>	<p>The current Nomination and Remuneration Committee (“NRC”) is chaired by Dato’ Zainal Haji Ismail, an Independent Non-Executive Director.</p> <p>The Chairman of NRC shall :</p> <ol style="list-style-type: none"><li>1) be responsible for the conduct of all NRC meetings. In the absence of the Chairman of the Committee, the members present shall elect a Chairman for the meeting from amongst the members present;</li><li>2) report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;</li><li>3) draw to the Board’s attention any relevant matters deemed to be of major importance;</li><li>4) be available to answer questions about the Committee’s activities at the annual general meeting of the Company. All other members of the Committee shall also attend the annual general meeting.</li><li>5) determine the frequency of the Committee meeting and discuss the schedule of meetings with the members of the Committee.</li><li>6) ensure that proper agenda is prepared for the Committee meeting</li><li>7) call a meeting of the Committee if so requested by any member of the Committee or by Chairman of the Board.</li><li>8) exercise the right to request meeting attendees to leave the meeting room if matters discussed are confidential or may be impaired due to the presence of individual concerns.</li></ol> <p>The key/areas of responsibilities of the Chairman of the NRC together with other members of the NRC among others are as below:</p>

	<ol style="list-style-type: none"> <li>1. Review the composition of the Board, the Board Committee, the directorship in the Group and the Group Top management</li> <li>2. Review the nomination and election process and appointment and re-appointment and re-election process</li> <li>3. Evaluate the contribution and commitment of Directors</li> <li>4. Review letter of appointments</li> <li>5. Induct and continue education programme</li> <li>6. Review Board assessments</li> <li>7. Review succession planning</li> <li>8. Review all remuneration matters including Remuneration Policy</li> <li>9. Review remuneration of the President/Group Chief Executive Officer and the Executive Director and the Group Top Management</li> <li>10. Review other general remuneration across MSM Group</li> </ol>
<b>Explanation for departure</b> :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b> :	<b>Applied</b>
<b>Explanation</b> : on application of the practice	<p>The formal performance evaluation of the Board including Board Committee members provides the opportunity to assess and evaluates the Board's performance including the independence of the Independent Directors. The assessment was done on yearly basis and the process was being facilitated by the appointed external consultant.</p> <p>The evaluation process involved a peer and self-review assessment, where Directors assessed their own and also their fellow Directors' performance.</p> <p>The evaluation covers :</p> <ol style="list-style-type: none"><li>i. review of the Terms of Reference of the Board as well as the Board Committee;</li><li>ii. review of the Minutes of the Board and Board Committee meetings carried out throughout the period under review;</li><li>iii. review of the relevant documentation and information deemed necessary in facilitating the assessment;</li><li>iv. interview sessions and surveys via questionnaires with all Board members and Board Committee members.</li></ol> <p>The Board Effectiveness Evaluation carried out in the 2017 covers a broad spectrum of governance attributes encompassing nine (9) elements namely performance, strategy, governance, talent, integrity, compliance, reporting, operations and planning taken into accounts observations at MSM's 6<sup>th</sup> Annual General Meeting held on 15 May 2017 as well as the new principles and recommendations under the new Malaysian Code on Corporate Governance 2017.</p> <p>This assessment was rated based on assessment rating as below :-</p> <ol style="list-style-type: none"><li>1) Satisfactory (High) : Rating 8 – 10</li><li>2) Partially satisfactory (Medium) : Rating 5 – 7</li><li>3) Unsatisfactory (Low) : Rating 1 – 4</li></ol> <p>Based on the overall assessment, MSM was rated between 7 to 8 out of 10 which details as below :</p>

	Category/Areas covered	Score
	<b>i) Governance :</b> 1) Composition 2) Determination of Agenda 3) Participation of Directors in Boardroom 4) The Committees' role, structure are defined to complement Board's requirements	10 8 10 8
	<b>ii) Talent :</b> 1) Composition 2) Induction Program	7 9
	<b>iii) Performance :</b> 1) Monitoring & Reporting 2) Relationship between Directors and Senior Management	7 7
	<b>iv) Strategy/Operation :</b> 1) Participation and Contribution	7
	<b>v) Integrity/Planning :</b> 1) Relationship and Participation	9
	<p>The final evaluation report together with the identified recommendations and initiatives to enhance the Board's performance was presented to the NRC and the Board in August 2017. MSM Board instructed the NRC to monitor that the next step of actions be taken accordingly to ensure that the identified recommendations and initiatives are achieved.</p>	
<b>Explanation for departure :</b>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure :</b>		
<b>Timeframe :</b>		

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	Applied
Explanation on application of the practice	<p>MSM has in place a Directors Remuneration Policy ("the Policy") which was last reviewed and revised in August 2016. A summarize remuneration structure for Board of Directors and Senior Management are made available on the Company's corporate website at <a href="http://www.msmsugar.com">www.msmsugar.com</a>.</p> <p>The Policy covers remuneration package for MSM's Non-Executive Directors ("NED") and Board Committees. The remuneration packages include fees for NEDs, meeting allowances, benefits-in-kind and other benefits. The level of Directors' remuneration is set to be competitive to attract and retain Directors of such calibre to provide the necessary skills and experience as required and commensurate the Board's responsibilities, expertise and complexity of the Company's activities for the effective management and operations of the Group. NED's remuneration package reflects the experience, expertise and level of responsibilities undertaken by the NEDs.</p> <p>Executive Director's remuneration package is fixed for the duration of his contract and formulated by taking into consideration the assessment of the performance against targets as well as benchmarking to market rate for benefit-in-kind, annual increment and bonus. The remuneration package and bonus payable, if any, shall be reviewed and recommended by the Nomination and Remuneration Committee and approved by the Board. The Executive Director is not entitled to Director's annual fees or any meeting allowance for the Board and Board Committee meetings.</p>
Explanation for departure	



*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### **Intended Outcome**

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### **Practice 6.2**

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	<b>: Applied</b>
<b>Explanation on application of the practice</b>	<p><b>MSM has a Nomination and Remuneration Committee ("NRC") for the purpose to assist the Board in fulfilling its roles and responsibilities in regards to the :</b></p> <ul style="list-style-type: none"><li><b>(i) composition of the Board, the Board Committee, the directorship in the Group and the Group Top Management</b></li><li><b>(ii) nomination and election process and appointment and re-appointment and re-election process</b></li><li><b>(iii) Board assessments and succession planning</b></li><li><b>(iv) remuneration matters including Remuneration Policy</b></li><li><b>(v) remuneration of the President/Group Chief Executive Officer and the Executive Director and the Group Top Management and general remuneration across MSM Group</b></li></ul> <p><b>NRC is governed by its own Terms of Reference ("TOR") which is established pursuant to the Bursa Malaysia's Main Market Listing Requirement ("MMLR") and was approved by the Board. The TOR is reviewed periodically between one (1) to three (3) years, as and when required especially when there are changes to the relevant laws and regulations. The latest TOR was reviewed and revised in November 2016. All amendments to the TOR were tabled to and approved by the Board.</b></p> <p><b>The current NRC comprises exclusively Non-Executive Directors with majority of Independent Directors. This is in line with Paragraph 15.08(A)(1) of the MMLR.</b></p>

	<b>Members of NRC are :</b>		
	<b>No.</b>	<b>Members</b>	<b>Type of Membership</b>
	1.	Dato' Zainal Haji Ismail	Chairman Independent Non-Executive
	2.	Dato' Hajjah Rosni Haji Zahari	Member Independent Non-Executive
	3.	Dato' Zakaria Arshad	Member Non-Independent Non-Executive
The full details of the NRC's TOR are published in MSM's corporate website at <a href="http://www.msmsugar.com">www.msmsugar.com</a> .			
<b>Explanation for departure</b> :			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b> :			
<b>Timeframe</b> :			

## Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	<b>Applied</b>																																												
<b>Explanation on application of the practice</b>	:	<p>In compliance with the MMLR, MSM practices detailed disclosure on named basis for the remuneration received by individual Directors from MSM and its Group of Companies. The Directors' remuneration for the financial year under review is disclosed below as well as in the Corporate Governance Overview Statement of the Annual Report categorised into components (salary/bonus of Executive Director, Directors' annual fees, meeting allowances, benefits-in-kind and other benefits) distinguishing between Executive and Non-Executive Directors.</p> <p>Directors' Remuneration (exclude GST) for the financial year ended 31 December 2017 is as follows :</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name of Directors</th> <th>Director's Fees FYE 2017 (RM'000)</th> <th>Meeting Allowance &amp; Benefits (RM'000)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Datuk Wira Azhar Abdul Hamid <i>(appointed with effect from 26 September 2017)</i></td> <td>83</td> <td>4</td> </tr> <tr> <td>2.</td> <td>Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad <i>(resigned on 19 June 2017)</i></td> <td>155</td> <td>8</td> </tr> <tr> <td>3.</td> <td>Datuk Hanapi Suhada</td> <td>128</td> <td>22</td> </tr> <tr> <td>4.</td> <td>Dato' Zakaria Arshad</td> <td>136*</td> <td>28*</td> </tr> <tr> <td>5.</td> <td>Datuk Noor Ehsanuddin Mohd Harun Narrashid <i>(resigned on 26 September 2017)</i></td> <td>98</td> <td>45</td> </tr> <tr> <td>6.</td> <td>Dato' Zainal Haji Ismail</td> <td>138</td> <td>84</td> </tr> <tr> <td>7.</td> <td>Dato' Hajjah Rosni Haji Zahari</td> <td>138</td> <td>83</td> </tr> <tr> <td>8.</td> <td>Datuk Lim Thean Shiang</td> <td>142</td> <td>74</td> </tr> <tr> <td>9.</td> <td>Dato' Rosini Abd Samad</td> <td>184</td> <td>76</td> </tr> <tr> <td>10.</td> <td>Dato' Mohammad Fakhruddin Haji Mohd Ariff</td> <td>137</td> <td>75</td> </tr> </tbody> </table>	No.	Name of Directors	Director's Fees FYE 2017 (RM'000)	Meeting Allowance & Benefits (RM'000)	1.	Datuk Wira Azhar Abdul Hamid <i>(appointed with effect from 26 September 2017)</i>	83	4	2.	Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad <i>(resigned on 19 June 2017)</i>	155	8	3.	Datuk Hanapi Suhada	128	22	4.	Dato' Zakaria Arshad	136*	28*	5.	Datuk Noor Ehsanuddin Mohd Harun Narrashid <i>(resigned on 26 September 2017)</i>	98	45	6.	Dato' Zainal Haji Ismail	138	84	7.	Dato' Hajjah Rosni Haji Zahari	138	83	8.	Datuk Lim Thean Shiang	142	74	9.	Dato' Rosini Abd Samad	184	76	10.	Dato' Mohammad Fakhruddin Haji Mohd Ariff	137	75
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	<b>11.</b> Dato' Khairil Anuar Aziz <i>(appointed : 22 November 2017)</i> <i>(re-designated : 11 December 2017 to ED)</i>	<b>3*</b>	-
<p><i>*Directors' Annual Fees will be paid to Felda Global Ventures Holding Bhd</i></p> <p>The detailed disclosure of remuneration breakdown for all Directors is set out in Corporate Governance Overview Statement on page 88 of the 2017 Annual Report.</p>			
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

## Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	<b>Applied</b>																		
<b>Explanation on application of the practice</b>	:	<p>The five (5) Senior Management personnel are President/Group Chief Executive Officer ("P/GCEO"), Acting Chief Executive Officer ("ACEO") cum Chief Technical Officer ("CTO"), Chief Financial Officer ("CFO"), Deputy General Manager ("DGM") and Assistant General Manager ("AGM").</p> <p>Details of the top five (5) MSM Senior Management's remuneration in respective bands of RM50,000 for FYE 2017 are as follows :</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name</th> <th>Range of Remuneration Band (RM'000)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Dato' Mohamad Amri Sahari@Khuzari</td> <td>950 – 1,000</td> </tr> <tr> <td>2.</td> <td>Raja Faridah Raja Ahmad</td> <td>450 – 500</td> </tr> <tr> <td>3.</td> <td>Mohd Shaffie Said</td> <td>350 – 400</td> </tr> <tr> <td>4.</td> <td>Ismail Samsu</td> <td>350 – 400</td> </tr> <tr> <td>5.</td> <td>Osman A. Karim</td> <td>300 – 350</td> </tr> </tbody> </table>	No.	Name	Range of Remuneration Band (RM'000)	1.	Dato' Mohamad Amri Sahari@Khuzari	950 – 1,000	2.	Raja Faridah Raja Ahmad	450 – 500	3.	Mohd Shaffie Said	350 – 400	4.	Ismail Samsu	350 – 400	5.	Osman A. Karim	300 – 350
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4.	Ismail Samsu	350 – 400																		
5.	Osman A. Karim	300 – 350																		
<b>Explanation for departure</b>	:																			
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																				
<b>Measure</b>	:																			
<b>Timeframe</b>	:																			

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	<b>Not Adopted</b>
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	<b>: Applied</b>
<b>Explanation on application of the practice</b>	<p><b>MSM's Audit Committee's Chairman, Dato' Rosini Abd Samad is an Independent Non-Executive Director. She is not the Chairman of the Board.</b></p> <p><b>Dato' Rosini Abd Samad is a member of the Malaysian Institute of Accountants, an Honorary Fellow CPA Australia and a professional member of the Institute of Internal Auditors Malaysia.</b></p> <p><b>Dato' Rosini Abd Samad has fulfilled the requisite qualifications as stipulated in Paragraph 15.09(1)(c)(i) of the Bursa Malaysia's Main Market Listing Requirement.</b></p> <p><b>The Chairman of the Audit Committee shall :</b></p> <ol style="list-style-type: none"><li><b>1. be responsible for the conduct of all Audit Committee meetings. In the absence of the Chairman of the Committee, the members present shall elect a Chairman for the meeting from amongst the members present.</b></li><li><b>2. report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.</b></li><li><b>3. draw to the Board's attention any relevant matters deemed to be of major importance.</b></li><li><b>4. be available to answer questions about the Committee's activities at the annual general meeting of the Company. All other members of the Committee shall also attend the annual general meeting.</b></li><li><b>5. determine the frequency of the Committee meeting and discuss the schedule of meetings with the members of the Committee.</b></li><li><b>6. ensure that proper agenda is prepared for the Committee meeting.</b></li><li><b>7. call a meeting of the Committee if so requested by any member of the Committee or by Chairman of the Board.</b></li></ol>



	<p><b>8. exercise the right to request meeting attendees to leave the meeting room if matters discussed are confidential or may be impaired due to the presence of individual concerns.</b></p> <p><b>The key/areas of responsibilities of the Chairman of the Audit Committee together with other members of the Audit Committee among others are as below :</b></p> <ol style="list-style-type: none"> <li><b>1. Assess the risks and control environment</b></li> <li><b>2. Oversee financial reporting</b></li> <li><b>3. Evaluate the internal and external audit process</b></li> <li><b>4. Review conflict of interest situations and related party transactions</b></li> <li><b>5. Undertake any other such functions as determined by the Board from time to time.</b></li> </ol>
<p><b>Explanation for departure :</b></p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure :</b></p>	
<p><b>Timeframe :</b></p>	

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	<b>Departure</b>
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<b>Currently, there is no former key audit partner in the Audit Committee. However, MSM will adopt this policy in the next review in 2018.</b>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	<b>MSM Board will formulate a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.</b>
<b>Timeframe</b>	:	<b>1 year</b>

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	Applied
Explanation on application of the practice	<p>MSM has in place the External Auditors Policy ("the Policy") which was established in February 2016. The Policy covers matters in relation to appointment and re-appointment of external auditors, assessment of external auditors' performance and independence, audit partner rotation, audit delivery and reporting, engagement of external auditors for non-audit services and removal or external auditors.</p> <p>The external auditor's performance and independence shall be assessed for re-appointment upon completion of every annual audit. The assessment shall be undertaken by every subsidiary and submitted to Group Finance before finalization of the MSMH Group's financial statements.</p> <p>Any threats to independence shall be disclosed to the Audit Committee ("AC") together with assessment of the mitigated actions to eliminate the threats or reduce them to an acceptable level.</p> <p>The procedures for assessing performance and independence of external auditor are as below :</p> <ol style="list-style-type: none"><li>1. the performance and independence of the external auditor which includes the audit engagement partner and the audit team using the prescribed assessment checklist.</li><li>2. Head of Finance shall complete the prescribed assessment checklist upon completion of the annual audit.</li><li>3. Group Finance shall review and consolidate the assessment by the companies and incorporate its assessment through the prescribed assessment checklist to conclude on the overall performance and independence assessment of the external auditor.</li><li>4. Group Finance shall prepare a paper to the AC summarizing the assessment of the management, its feedback and recommendation to the AC.</li></ol>

	<p>5. The AC shall consider the assessment, feedback and recommendation of the in making its own assessment basing on the prescribed assessment checklist.</p> <p>6. The assessment shall cover the following :</p> <ol style="list-style-type: none"> <li>1. Calibre of external audit firm</li> <li>2. Quality processes / performance</li> <li>3. Audit team</li> <li>4. Independence and objectivity</li> <li>5. Audit scope, planning and methodology</li> <li>6. Audit fees</li> <li>7. Audit deliverables – quality, timeliness, added value</li> <li>8. Audit communications – written and verbal with management and AC</li> </ol> <p>9. The AC’s conclusions on the assessment and its recommendation shall be forwarded to the Board for endorsement and subsequently included as an agenda item of the next AGM for shareholders’ approval.</p> <p>10. Where the AC concludes that the performance of the external auditor is less than satisfactory or the independence has been impaired, the AC shall consider the next course of action, which may include:</p> <ul style="list-style-type: none"> <li>◆ Discussion with the external audit firm to resolve performance issues;</li> <li>◆ Replacement of members within the external audit team; or</li> <li>◆ Not recommending re-appointment external auditor.</li> </ul> <p>11. Where the AC’s conclusions do not recommend re-appointment of the external auditor, a closed tender process of the remaining three (3) of the Top 4 accounting firms shall be undertaken to propose a new external auditor for MSMH Group as an agenda item of the next AGM for shareholders’ approval.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

## Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	<b>Adopted</b>																
<b>Explanation on adoption of the practice</b>	:	<p><b>MSM's current Audit Committee comprises of three (3) members who are all Independent Non-Executive Directors. The Chairman is a member of the Malaysian Institute of Accountants, an Honorary Fellow CPA Australia and a professional member of the Institute of Internal Auditors Malaysia. This is in line with Paragraph 15.09 of the Bursa Malaysia's Main Market Listing Requirement.</b></p> <p><b>Members of Audit Committee are :</b></p> <table border="1"><thead><tr><th><b>No.</b></th><th><b>Members</b></th><th><b>Type of Membership</b></th><th><b>Appointment Date</b></th></tr></thead><tbody><tr><td><b>1.</b></td><td><b>Dato' Rosini Abd Samad</b></td><td><b>Chairman Independent Non-Executive</b></td><td><b>7 January 2015</b></td></tr><tr><td><b>2.</b></td><td><b>Datuk Lim Thean Shiang</b></td><td><b>Member Independent Non-Executive</b></td><td><b>23 August 2016</b></td></tr><tr><td><b>3.</b></td><td><b>Dato' Mohammad Fakhruddin Haji Mohd Ariff</b></td><td><b>Member Independent Non-Executive</b></td><td><b>22 February 2017</b></td></tr></tbody></table>	<b>No.</b>	<b>Members</b>	<b>Type of Membership</b>	<b>Appointment Date</b>	<b>1.</b>	<b>Dato' Rosini Abd Samad</b>	<b>Chairman Independent Non-Executive</b>	<b>7 January 2015</b>	<b>2.</b>	<b>Datuk Lim Thean Shiang</b>	<b>Member Independent Non-Executive</b>	<b>23 August 2016</b>	<b>3.</b>	<b>Dato' Mohammad Fakhruddin Haji Mohd Ariff</b>	<b>Member Independent Non-Executive</b>	<b>22 February 2017</b>
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<b>3.</b>	<b>Dato' Mohammad Fakhruddin Haji Mohd Ariff</b>	<b>Member Independent Non-Executive</b>	<b>22 February 2017</b>															

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

## Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	<b>Applied</b>																
<b>Explanation on application of the practice</b>	:	<p>The current MSM's Audit Committee membership provides the appropriate balance of skills, knowledge and experience that enables them to understand matters under the purview of the Audit Committee including financial reporting.</p> <p>The Chairman of Audit Committee is a member of MIA, Honorary Fellow CPA Australia and a professional member of the Institute of Internal Auditors Malaysia. Chairman is supported by the other two (2) members who have relevant experience and knowledge.</p> <p>All Audit Committee members attended trainings during the year 2017 as below :</p> <table border="1"><thead><tr><th>No.</th><th>Members</th><th>List of Training &amp; Organizer</th><th>Training Date</th></tr></thead><tbody><tr><td rowspan="5">1.</td><td rowspan="5">Dato' Rosini Abd Samad</td><td>1. Corporate Disclosure: What Every Director Needs to Know (Bursatra)</td><td>31 March 2017</td></tr><tr><td>2. Audit Committee Conference 2017 (IIA)</td><td>5 April 2017</td></tr><tr><td>3. Governing Boards – Excellence in Governance, (Asia World Summit)</td><td>10 &amp; 11 April 2017</td></tr><tr><td>4. Sugar Trading and Sugar Outlook Talk, (MSM)</td><td>26 April 2017</td></tr><tr><td>5. 2017 IIA Malaysia National Conference (IIA)</td><td>9 &amp; 10 October 2017</td></tr></tbody></table>	No.	Members	List of Training & Organizer	Training Date	1.	Dato' Rosini Abd Samad	1. Corporate Disclosure: What Every Director Needs to Know (Bursatra)	31 March 2017	2. Audit Committee Conference 2017 (IIA)	5 April 2017	3. Governing Boards – Excellence in Governance, (Asia World Summit)	10 & 11 April 2017	4. Sugar Trading and Sugar Outlook Talk, (MSM)	26 April 2017	5. 2017 IIA Malaysia National Conference (IIA)	9 & 10 October 2017
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			6. Corporate Board Symposium 2017, (IIA)	25 October 2017
	2.	Datuk Lim Thean Shiang	7. Sugar Trading and Sugar Outlook, (MSM)	26 April 2017
			8. Technical Update on Companies Act 2016 in Accounting Standard (Deloitte)	29 November 2017
	3.	Dato' Mohammad Fakhrudin Haji Mohd Ariff	9. Being Financially Literate: An Introduction to Understanding Financial Statement, (Bursatra)	29 March 2017
			10. Corporate Disclosure: What Every Director Needs to Know, (Bursatra)	31 March 2017
			11. Sugar Trading and Sugar Outlook (MSM)	26 April 2017
			12. Governing Boards – Excellence in Governance, (Asean World Summit)	10 & 11 October 2017
<b>Explanation for departure</b>	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
<b>Measure</b>	:			
<b>Timeframe</b>	:			

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

**Practice 9.1**

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<b>The MSM Group has a risk management and internal control framework (SORMIC) that is integrated into and where appropriate is embedded into the day-to-day business activities and management decision. The framework is adopted from MSM’s parent company; Felda Global Ventures Holdings Bhd. The MSM Group’s practices are generally aligned with the principles of ISO 31000. Our Board acknowledges its overall responsibility in overseeing the MSM Group’s risk management framework and internal control systems and is cognisant that the framework and control systems are designed to manage and reduce, rather than eliminate, the risks identified to an acceptable level of risk appetite.</b>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

## Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	<b>: Applied</b>
<b>Explanation on application of the practice</b>	<p><b>Yes, MSM does disclose its Risk Management Framework and Internal Control System in the Board Governance Risk Management Committee (BGRMC) and MSM's Board.</b></p> <p>The adequacy and effectiveness of this framework is shown through the Top Ten Group and Cluster Risks and mitigation measures are reported quarterly to MSM's Management, BGRMC, MSM's Board and to our parent company; Felda Global Ventures Holdings Bhd. In fact, this information is updated for all risks in the company's risk register which currently contains 81 risk items. The quarterly risk report also covers high level strategic risks, project and emerging risks which forms an effective tool in monitoring risk management and framework within the MSM Group.</p> <p>In relation to Risk Management, the BGRMC's roles and responsibilities are as below :</p> <ol style="list-style-type: none"><li>1) Directs and oversees the formulation of the Group's overall enterprise risk management framework and strategies, including policies, procedures, systems, capability and parameters to identify, assess and manage risks to ensure their relevance and appropriateness to the Group's position and business;</li><li>2) Reports, advises and recommends to the Board, the overall risk appetite, tolerance and strategy on managing business risks;</li><li>3) Reports to the Board, key business risks and seeks its approval on the management of key business risks that are aligned to the Group's risk appetite;</li><li>4) MSM allows its shareholders participate in its shareholders' meeting by attending the meeting in person or proxies; and</li></ol> <p>MSM allows its shareholders participate in its shareholders' meeting by attending the meeting in person or proxies.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

## Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	<b>:</b>	<b>Adopted</b>																
<b>Explanation on adoption of the practice</b>	<b>:</b>	<p><b>MSM has its Board Governance &amp; Risk Management Committee ("BGRMC") on 20 August 2014 to assist the Board in fulfilling its statutory and fiduciary responsibilities in relation to governance, ethics and risk management within the MSM Group.</b></p> <p><b>The current BGRMC comprises of three (3) Directors of which two (2) are Independent Directors and one (1) Non-Independent Director.</b></p> <p><b>Members of MSM BGRMC are :</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;">No.</th> <th style="width: 45%;">Members</th> <th style="width: 30%;">Type of Membership</th> <th style="width: 20%;">Appointment Date</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>Datuk Lim Thean Shiang</td> <td>Chairman Independent Non-Executive</td> <td style="text-align: center;">20 August 2014</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Dato' Rosini Abd Samad</td> <td>Member Independent Non-Executive</td> <td style="text-align: center;">23 August 2016</td> </tr> <tr> <td style="text-align: center;">3.</td> <td>Datuk Hanapi Suhada</td> <td>Member Non-Independent Non-Executive</td> <td style="text-align: center;">23 August 2016</td> </tr> </tbody> </table> <p><b>BGRMC is governed by its Terms of Reference. The key/areas of responsibilities of BGRMC as spelt out in the TOR is to direct and oversee the formulation of a structured mechanism to inculcate a strong risk management culture which include the areas of governance, ethics and integrity and risk management.</b></p> <p><b>The key/areas of responsibilities of BGRMC is to direct and oversee the formulation of a structured mechanism to inculcate a strong governance, ethical, integrity and risk management culture which include the following areas :</b></p>	No.	Members	Type of Membership	Appointment Date	1.	Datuk Lim Thean Shiang	Chairman Independent Non-Executive	20 August 2014	2.	Dato' Rosini Abd Samad	Member Independent Non-Executive	23 August 2016	3.	Datuk Hanapi Suhada	Member Non-Independent Non-Executive	23 August 2016
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	<p><b>1) Governance</b></p> <ol style="list-style-type: none"> <li><b>1. Direct and oversee the formulation of governance framework, programmes and policies</b></li> <li><b>2. Review reports on status and availability of procedures</b></li> <li><b>3. Monitor status and progress of formulation and implementation of the related governance framework, blueprints and policies</b></li> </ol> <p><b>2) Ethics &amp; Integrity</b></p> <ol style="list-style-type: none"> <li><b>1. Oversee and maintain the Code of Ethics &amp; Conduct and Code of Business Practice (Board and Board Committees)</b></li> <li><b>2. Oversee and maintain the Code of Ethics &amp; Conduct</b></li> </ol> <p><b>3) Risk Management</b></p> <ol style="list-style-type: none"> <li><b>1. Direct and oversee the formulation of the overall enterprise risk management framework and strategies</b></li> <li><b>2. Report, advise and recommend to the Board the overall risk appetite, tolerance, and strategy on managing business risks, key business risks</b></li> </ol> <p><b>The Board responsible on the establishment and overseeing the Group's risk management system and internal control systems. The Board is also fully committed to ensure the existence of an effective risk management systems and internal control systems within the Group and continuously reviews and evaluate the adequacy of these systems.</b></p>
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### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>The Group Internal Audit (“GIA”) reports to Audit Committee functionally and to the Group President/Chief Executive Officer of FGV on administrative matters. This is formalised in the GIA Charter approved by the Audit Committee.</p> <p>The Audit Committee undertakes the following function review of GIA’s activities :</p> <ol style="list-style-type: none"> <li>1. Review and approve the annual GIA plan by assessing the priority ranking of the audit universe to provide sufficient audit coverage and benchmarked against the previous year’s GIA Plan;</li> <li>2. Assess the adequacy of resources of the internal audit function to execute the Annual GIA Plan after taking into consideration the number of planned assignments and competencies required;</li> <li>3. Review the observations from the internal audit reports issued during the quarter;</li> <li>4. Review the progress of implementation of the recommendations from internal audit reports issued;</li> <li>5. Review the progress of the implementation of the annual GIA Plan;</li> <li>6. Evaluate the outcome of any special reviews and investigations, including those arising from Management and Audit Committee requests, and discussed with the Management on the action taken on the matter; and</li> <li>7. Appraise the performance of the Chief Internal Auditor.</li> </ol>
	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

**Practice 10.2**

The board should disclose–

- (i) whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- (ii) the number of resources in the internal audit department;
- (iii) name and qualification of the person responsible for internal audit; and
- (iv) whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p><b>All recommended information under this practice are disclosed in the 2017 Annual Report.</b></p> <p><b>The conduct of the Group Internal audit is based on a Group Internal Audit Charter which was established consistent with the requirements of the Institute of Internal Auditors’ International Standards of the Professional Practice of Internal Auditing.</b></p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

## Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	Applied															
<p><b>Explanation on application of the practice</b></p>	<ul style="list-style-type: none"> <li>• <b>Regular and timely disclosure of information to investors and media agencies particularly during quarterly results via audio conferencing, one-on-one calls, emails and interviews.</b></li> <li>• <b>Written correspondence to media and investors on questions and answers, information updates and statements.</b></li> <li>• <b>Meetings and courtesy visit; interactions with investors and government agencies to MSM's sugar refinery.</b></li> <li>• <b>Conduct Annual General Meeting (AGM) for effective shareholders participation and an opportunity for stakeholders to vote and be heard.</b></li> <li>• <b>Distributing and updating company information on corporate website, newsletters and annual reports.</b></li> <li>• <b>Publication of sugar commodity market research papers for public view.</b></li> <li>• <b>Press conference arrangement when necessary.</b></li> </ul> <p><b>During 2017, MSM had engaged with its shareholders as below :</b></p> <ul style="list-style-type: none"> <li>• <b>Analyst Briefing on quarterly results :</b></li> </ul> <table border="1" data-bbox="600 1608 1393 2022"> <thead> <tr> <th data-bbox="600 1608 684 1648">No.</th> <th data-bbox="684 1608 1102 1648">Briefing Type</th> <th data-bbox="1102 1608 1393 1648">Briefing Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="600 1648 684 1738">1.</td> <td data-bbox="684 1648 1102 1738">4<sup>th</sup> quarter for the financial year ended 31.12.2016</td> <td data-bbox="1102 1648 1393 1738">22 February 2017</td> </tr> <tr> <td data-bbox="600 1738 684 1832">2.</td> <td data-bbox="684 1738 1102 1832">1<sup>st</sup> quarter for the financial year ended 31.12.2017</td> <td data-bbox="1102 1738 1393 1832">24 May 2017</td> </tr> <tr> <td data-bbox="600 1832 684 1924">3.</td> <td data-bbox="684 1832 1102 1924">2<sup>nd</sup> quarter for the financial year ended 31.12.2017</td> <td data-bbox="1102 1832 1393 1924">29 August 2017</td> </tr> <tr> <td data-bbox="600 1924 684 2022">4.</td> <td data-bbox="684 1924 1102 2022">3<sup>rd</sup> quarter for the financial year ended 31.12.2017</td> <td data-bbox="1102 1924 1393 2022">22 November 2017</td> </tr> </tbody> </table>	No.	Briefing Type	Briefing Date	1.	4 <sup>th</sup> quarter for the financial year ended 31.12.2016	22 February 2017	2.	1 <sup>st</sup> quarter for the financial year ended 31.12.2017	24 May 2017	3.	2 <sup>nd</sup> quarter for the financial year ended 31.12.2017	29 August 2017	4.	3 <sup>rd</sup> quarter for the financial year ended 31.12.2017	22 November 2017
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## Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

## Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	<b>:</b>	<b>Applied</b>
<b>Explanation on application of the practice</b>	<b>:</b>	<p>In developing its reports, MSM refers and benchmark to the following standards :</p> <ul style="list-style-type: none"><li>i) International &lt;IR&gt; Framework</li><li>ii) Malaysian Code on Corporate Governance 2017 ("MCCG 2017") Guidelines</li><li>iii) Bursa Malaysia's Main Market Listing Requirements 2017</li></ul> <p>The Annual Report ("the Report") has been compiled in accordance with the concepts, guiding principles and content elements contained in the International &lt;IR&gt; Framework issued by the International Integrated Reporting Council (IIRC). This framework supports a focus on reporting on the ability to create value over the short-, medium- and long-term as well as the connectivity and interdependencies of the six capitals, namely financial, manufactured, intellectual, human, social and relationship and natural capital.</p> <p>The Report provides a complete and balanced review of MSM Malaysia Holdings Berhad and its subsidiaries on the Economic, Environmental and Social performance within the context of its strategy, risks and opportunities for the period 1 January 2017 to 31 December 2017.</p> <p>This Report adheres to the guidelines laid down within Bursa Malaysia's Main Market Listing Requirements and Sustainability Guidelines, as well as the Listing Requirements (24<sup>th</sup> March 2016). It also complies with requirements for Economic, Environmental and Social (EES) reporting as outlined under the Global Reporting Initiative (GRI). Compliance with Malaysian legal requirements under the Companies Act 1965, Companies Act 2016 and MCCG 2017 has also been adhered to.</p> <p>The content of MSM's 2016 Annual Report is summarised below:</p> <ul style="list-style-type: none"><li>◆ About This Report</li><li>◆ Vision &amp; Mission</li><li>◆ Values</li></ul>

	<ul style="list-style-type: none"> <li>◆ <b>Corporate Profile</b></li> <li>◆ <b>Corporate Information</b></li> <li>◆ <b>Corporate Structure</b></li> <li>◆ <b>Organisational Structure</b></li> <li>◆ <b>Product Portfolio</b></li> <li>◆ <b>Awards and Certification</b></li> <li>◆ <b>Calendar of Events</b></li> <li>◆ <b>Key Milestones</b></li> <li>◆ <b>Financial Calendar</b></li> <li>◆ <b>Our Business at a Glance</b></li> <li>◆ <b>Chairman’s Statement</b></li> <li>◆ <b>Group Business Model and Strategy Intent</b> <ul style="list-style-type: none"> <li>- <b>Our Strategic Business Model</b></li> <li>- <b>Strategic Planning 2020</b></li> <li>- <b>Global Presence</b></li> <li>- <b>Market Landscape</b></li> </ul> </li> <li>◆ <b>Operating Review</b> <ul style="list-style-type: none"> <li>- <b>Business Operations Analysis and Strategic Review</b></li> <li>- <b>Raw Sugar Sourcing and Procurement</b></li> <li>- <b>Raw Sugar Refining</b></li> <li>- <b>Supply Chain Management &amp; Distribution</b></li> <li>- <b>Sales &amp; Marketing</b></li> <li>- <b>Plantation</b></li> </ul> </li> <li>◆ <b>Financial Review</b> <ul style="list-style-type: none"> <li>- <b>Group Financial Review</b></li> <li>- <b>5-Year Financial Summary</b></li> <li>- <b>Simplified Group Statement of Financial Position</b></li> <li>- <b>Group Quarterly Financial Performance</b></li> <li>- <b>Statement of Value Added</b></li> <li>- <b>Segmental Analysis</b></li> <li>- <b>Sales Analysis</b></li> <li>- <b>Investor Relations</b></li> <li>- <b>Key Performance Index</b></li> </ul> </li> <li>◆ <b>Risk and Uncertainties</b> <ul style="list-style-type: none"> <li>- <b>Statement on Risk Management and Internal Control</b></li> <li>- <b>Business Continuity Management</b></li> <li>- <b>Mitigating Our Risks</b></li> </ul> </li> <li>◆ <b>Sustainability</b> <ul style="list-style-type: none"> <li>- <b>Sustainability Governance</b></li> <li>- <b>Our Relationship with Stakeholders</b></li> <li>- <b>Material Issues</b> <ul style="list-style-type: none"> <li>i) <b>Economic</b></li> <li>ii) <b>Environment</b></li> <li>iii) <b>Social</b></li> </ul> </li> <li>- <b>Taking Safety and Health to the Next Level</b> <ul style="list-style-type: none"> <li>i) <b>Sustainability Scorecard</b></li> </ul> </li> </ul> </li> </ul>
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	<ul style="list-style-type: none"> <li>◆ <b>Effective Leadership</b> <ul style="list-style-type: none"> <li>- Profile of the Board of Directors</li> <li>- Profile of Company Secretaries</li> <li>- Profile of the Senior Management</li> </ul> </li>   <li>◆ <b>Governance</b> <ul style="list-style-type: none"> <li>- Corporate Governance</li> <li>- Audit Committee Report</li> <li>- Nomination and Remuneration Committee Report</li> <li>- Additional Compliance Report</li> <li>- Corporate Integrity</li> </ul> </li>   <li>◆ <b>Financial Statement</b> <ul style="list-style-type: none"> <li>- Statement on Directors' Responsibilities</li> <li>- Directors' Report</li> <li>- Statement by Directors</li> <li>- Statutory Declaration</li> <li>- Independent Auditors' Report</li> <li>- Statement of Comprehensive Income</li> <li>- Statement of Financial Position</li> <li>- Consolidated Statement of Changes in Equity</li> <li>- Statement of Changes in Equity</li> <li>- Statement of Cash Flow</li> <li>- Notes to the Financial Statement</li> <li>- Supplementary Information</li> </ul> </li>   <li>◆ <b>Additional Information</b> <ul style="list-style-type: none"> <li>- Analysis of Shareholdings</li> <li>- Summary of Properties Owned</li> <li>- Summary of Properties Leased</li> <li>- List of Top 10 Properties Owned</li> <li>- Group Corporate Directory</li> </ul> </li>   <li>◆ <b>Notice of the 6<sup>th</sup> Annual General Meeting</b></li> </ul>
<b>Explanation for departure</b> :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<b>For MSM's 7<sup>th</sup> AGM in 2018, MSM has issued the Notice of AGM on 23 April 2018 which is more than 28 days prior to AGM date to comply with the best practice recommended by MCCG 2017.</b>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>All directors of MSM and all Chairman of the Board Committees attended the 2017 Annual General Meeting (“AGM”) except for Datuk Hanapi Suhada, who was on medical leave.</p> <p>All Directors including the Chairman of the Board Committees attended the 2017 AGM responded well to questions addressed to them.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.3**

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- (i) including voting in absentia; and
- (ii) remote shareholders’ participation at General Meetings.

<b>Application</b> :	<b>Departure</b>
<b>Explanation on application of the practice</b> :	
<b>Explanation for departure</b> :	<p><b>MSM always have its shareholders’ meeting in urban area as to ensure easy access by its shareholders.</b></p> <p><b>MSM does not practice either voting in absentia or remote shareholders’ participation at shareholders’ meetings.</b></p> <p><b>For shareholders, one of the primary disadvantages of remote participation is the lack of face-to-face communication. Shareholders should have the ability to confront the board of directors and assess their verbal and physical responses.</b></p> <p><b>The other primary concern is the risk of fraud and the validity of shareholder votes. In recent years, technology has helped ease security concerns, with special software platforms available that verify shareholder identities, validate shareholder votes, and deter hacking or identity fraud.</b></p> <p><b>Even MSM is currently depart from facilitating the voting in absentia and remote shareholders’ participation at shareholders’ meeting, MSM allows its shareholders to appoint any person(s) as their proxies to attend, participate, speak and vote in his stead at a general meeting.</b></p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	<b>MSM will assess the situation and consider to study on the technology to endeavor the development of an appropriate technology to facilitate voting in absentia and remote shareholders’ participation at general meetings.</b>
<b>Timeframe</b> :	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES  
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA  
MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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