

# **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5202  
**COMPANY NAME** : MSM Malaysia Holdings Berhad  
**FINANCIAL YEAR** : December 31, 2021

## **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 PURSUANT 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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors (Board) of MSM Malaysia Holdings Berhad (MSM or the Company) is responsible for the management and oversight of the Company's business and affairs. In order to ensure the effective discharge of the Board's functions and responsibilities, it has established a Board Charter (BC) to meet its obligations towards its stakeholders, as follows:</p> <ol style="list-style-type: none"><li>1. Establish and maintain corporate governance standards.</li><li>2. Review, challenge and approve Management's proposals on strategic plan.</li><li>3. Oversee the conduct of the Group's business – monitor the financial performance against approved budget, determine dividend matters, review funding requirements and review for integrity and approved financial statements for timely lodgement and release.</li><li>4. Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures.</li><li>5. Succession planning of the Board and Top Management.</li><li>6. Overseeing the development and implementation of Shareholder Communication Policy.</li><li>7. Review the adequacy and integrity of management information and internal control system.</li></ol> <p>While the Board maintains a schedule of key matters that are reserved for their decision, the responsibilities of the Board were discharged through delegation to Board Committees with clearly defined Terms of Reference (TOR). The Board Charter and the Board Committees' TOR are available on MSM's corporate website at <a href="http://www.msmsugar.com/our-company/corporate-governance">http://www.msmsugar.com/our-company/corporate-governance</a>.</p> <p>The Board delegates the execution of strategy, operations and the day-to-day management of the Group to the Group Chief Executive Officer (Group CEO). The Group CEO is supported by the EXCO.</p>

	<p>Management tabled to the Board MSM Business Plan 2021-2023 (BP23) which consists of key operational and financial targets, improvement plans, growth plans, strategies and initiatives of the Group from year 2021 to 2023.</p> <p>MSM BP23 highlighted the key initiatives from year 2021 to 2023 as follows:</p> <p><u>2021</u></p> <ul style="list-style-type: none"> <li>• Capacity optimisation for lower production cost</li> <li>• Assess MSM Prai rejuvenation life extension programme</li> <li>• Improve Average Selling Price and hedging</li> <li>• Direct contracts with Modern Trade, Big Industries and major SMIs</li> <li>• Grow export – Vietnam, China, Singapore, South Korea etc.</li> <li>• Grow value-added products for domestic and export markets</li> <li>• Debt rationalisation</li> </ul> <p><u>2022</u></p> <ul style="list-style-type: none"> <li>• Steady production in MSM Johor towards break-even</li> <li>• Enhance existing and new export markets</li> <li>• Expand VAPs into new markets and products</li> <li>• Income diversification from sugar-related products</li> <li>• Step up ESG, reduce GHG emissions, renewable energy such as solar and explore biomass energy-saving project</li> <li>• Explore strategic partnership to strengthen export segment and further unlock synergistic value</li> </ul> <p><u>2023</u></p> <ul style="list-style-type: none"> <li>• MSM Johor achieves Utilisation Factor and Yield maturity</li> <li>• Maximising production capacity for export</li> <li>• Expand logistics capabilities</li> <li>• Explore capacity growth overseas</li> <li>• Explore business diversification into food-related business</li> <li>• Explore growth via strategic M&amp;A in new food business value chain</li> </ul> <p>Further details on MSM BP23 strategies are available on page 70 of the Annual Integrated Report 2021.</p> <p>The key strategies were also translated into Key Performance Indicators (KPIs) for Management to facilitate the Board during the annual performance review. Similarly, the progress and achievements of the annual budgets and KPIs are presented to the Board for review every quarter.</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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The position of the Chairman of the Board is held by an Independent Non-Executive Director, Datuk Syed Hisham Syed Wazir, who has been providing effective leadership role in the conduct of the Board within and outside the boardroom towards a high standard of corporate governance whilst ensuring every decision are made for the best interest of the Company and its stakeholders. The profile of Datuk Syed Hisham Syed Wazir as Chairman is available on page 186 of the Annual Integrated Report 2021.</p> <p>The Chairman's roles as stated in the Board Charter (BC) amongst others are as follows:</p> <ul style="list-style-type: none"><li>◆ Ensure that all Directors are enabled and encouraged to participate at Board meetings;</li><li>◆ Guide and mediate the Board's actions with respect to organisational priorities and good governance;</li><li>◆ Be clear on what the Board has to achieve, both in the long-term and short-term;</li><li>◆ Ensure the Board behaves in accordance with the BC;</li><li>◆ Ensure the Board meetings are conducted effectively with all matters tabled in the agenda are carefully and thoroughly considered, Directors are given the opportunity to effectively contribute, all Directors receive timely information and are properly briefed to enable the Directors to make clear decisions and resolutions are noted;</li><li>◆ Fully informed of current events by the Group Chief Executive Officer (Group CEO) on all matters which may be of interest to Directors;</li><li>◆ Be the major point of contact between the Board and the Group CEO;</li><li>◆ Undertake appropriate public relations activities together with the Group CEO;</li></ul>

	<ul style="list-style-type: none"> <li>◆ Ensure the Directors look beyond their executive functions and accept his full share of the responsibilities;</li> <li>◆ Review progress regularly together with the Group CEO on important initiatives and significant issues facing the Group; and</li> <li>◆ Initiate and oversee the Group CEO's annual performance evaluation process.</li> </ul> <p>The BC is reviewed and updated periodically in accordance with the needs of the Company and its Group and incorporate any new/latest development of the relevant regulations and best practices that may have impact in the discharge of the Board's responsibilities.</p> <p>The BC is available on MSM's corporate website at <a href="http://www.msmsugar.com/our-company/corporate-governance">http://www.msmsugar.com/our-company/corporate-governance</a>.</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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The position of Chairman of the Board and the Group CEO are held by different individuals with clear separation of roles between the positions to promote accountability and facilitate division of responsibilities between them as defined in the Board Charter (BC). In this regard, no one individual can influence the Board's discussions and decision-making.</p> <p><b><u>Chairman</u></b></p> <p>The Chairman of the Company, Datuk Syed Hisham Syed Wazir, is responsible to carry out the leadership role in the conduct of the Board, Group CEO and Management. He also leads the Board in its collective oversight of Management.</p> <p>Datuk Syed Hisham Syed Wazir, since his appointment as Chairman, has fulfilled his responsibilities successfully. He has the ability to encourage the Directors to constructively challenge as well as focus on core issues of the Company during the Board meetings. He emphasises on the quality of the board papers presented to the Board, adequacy and accuracy of information.</p> <p>Datuk Syed Hisham Syed Wazir who is well regarded and respected by both Directors and Management for his broad knowledge, experience, dynamism, professionalism and also promotes latitude for deliberations, seeks views from Directors and Management during the Board meetings.</p> <p>The hands-on Chairman has been pushing the Senior Management hard to raise the performance bar to address the crisis situation, albeit constrained by the competency level and performance culture.</p> <p><b><u>Group CEO</u></b></p> <p>The role of the Group CEO is to design, develop and implement strategic plans for the organization in a manner that is both cost and time-efficient. The Group CEO also monitor the day-to-day operations of the organization, which includes managing committees as well as developing business plans in collaboration with the Board. The Group CEO is accountable to the Chairman of the Board and reports to the Board on a regular basis.</p>

	<p>Syed Feizal Syed Mohammad, the Group CEO is responsible to provide the leadership to MSM and to spearhead MSM’s strategic direction in accordance with the Company’s business strategic plan, risks appetite, policies, action plans and targeted performances as approved by the Board. Primarily, the Group CEO must ensure the ongoing success of the Group through being responsible for all aspects of the management and development of the Group.</p> <p>Under the leadership of Syed Feizal Syed Mohammad, MSM has developed strong engagement with various stakeholders, established strong collaboration in the network of local industry players including governmental bodies (ministries and agencies), analysts, suppliers, vendors. Syed Feizal Syed Mohammad together with Management have been committed progressively turnaround MSM and to restore confidence of all stakeholders.</p> <p>The roles and responsibilities of the Chairman of the Board and Group CEO is clearly documented in BC which is available at MSM’s corporate website at <a href="http://www.msmsugar.com/ourcompany/corporate-governance">http://www.msmsugar.com/ourcompany/corporate-governance</a>.</p>	
Explanation for departure :		
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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 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board is not a member of the Audit, Governance and Risk Committee (AGRC) and Nomination and Remuneration Committee (NRC).</p> <p>The Chairman has never been an AGRC or NRC member or invitee since the date of his appointment to the Board on 8 May 2020.</p> <p>This provides independency when deliberating on the observations and recommendations that put forth by the board committees in order to ensure check and balance as well as objective review by the Board.</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

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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>MSM Board is supported by a suitably qualified and competent Company Secretary who has prerequisite qualifications and experience and able to provide sound governance advice to the Board and carry out the responsibilities as defined in the Board Charter (BC) which among others:</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 observed;</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>In 2021, the Company Secretary presented to the Board the updated MCCG 2021 and a gap analysis on the application of the MCCG 2021 practices against MSM's practices and recommended some action plans for the Board's consideration and decision. This include adoption of the MCCG 2021 practices by amending the BC and Board Committees' Term</p>

	<p>of Reference (TOR) as well as other related policies to close some of the gaps.</p> <p>For the 2021 Annual General Meeting (AGM), the Company Secretary ensured that the fully virtual AGM was conducted in compliance with the Company’s Constitution, relevant laws and regulations. The Company Secretary assisted the Chairman and the Board in the conduct of the 2021 AGM and ensured that the proceedings were properly recorded. The full minutes of the 2021 AGM and the questions and MSM’s responses were published on MSM’s corporate website within 30 business days after the 2021 AGM.</p> <p>In keeping abreast of the latest developments of all relevant laws/ requirements, the Company Secretary attended courses/trainings during the financial year as below:</p> <table><tr><th>No.</th><th>Training</th><th>Organiser</th><th>Date</th></tr><tr><td>1.</td><td>Key Disclosure Obligations of a Listed Company</td><td>CKM Advisory</td><td>5 &amp; 6 May 2021</td></tr><tr><td>2.</td><td>Data and Compliance Report 2021 Clinic</td><td>Bank Negara Malaysia</td><td>30 June 2021</td></tr><tr><td>3.</td><td>The Updated Malaysian Code on Corporate Governance (April 2021)</td><td>MIRA Webinar</td><td>27 July 2021</td></tr><tr><td>4.</td><td>Cybersecurity: A Boardroom Agenda</td><td>Suruhanjaya Syarikat Malaysia</td><td>22 Sept 2021</td></tr></table> <p>The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharging her role during the financial year 2021.</p> <p>Ms Koo Shuang Yen is currently the Company Secretary of MSM Group since 20 May 2011. The profile of the Company Secretary is provided on page 195 of the Annual Integrated Report 2021.</p>	No.	Training	Organiser	Date	1.	Key Disclosure Obligations of a Listed Company	CKM Advisory	5 & 6 May 2021	2.	Data and Compliance Report 2021 Clinic	Bank Negara Malaysia	30 June 2021	3.	The Updated Malaysian Code on Corporate Governance (April 2021)	MIRA Webinar	27 July 2021	4.	Cybersecurity: A Boardroom Agenda	Suruhanjaya Syarikat Malaysia	22 Sept 2021
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### 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 1.6

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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In order for the Board meetings to be convened more effectively and to ensure in-depth deliberations of matters are achieved, the meeting agendas are sequenced taking into account the complexity of the matters to be tabled for approval, discussion or notation by the Board. The meeting agendas are set by the Chairman or Board Committee's Chairman respectively, in reference to the responsibilities and duties of the Board and respective Board Committees and in consultation with the Group CEO and Company Secretary.</p> <p>As part of MSM initiatives to reduce papers usage which is in line with MSM's cost optimisation exercise, all Board and Board Committee notice of meetings, agendas and meetings material (Board Meeting Pack) were uploaded and circulated to the Directors via Convene, an application system with high security standard. Directors are able to access the contents of the meeting materials anywhere, anytime in a highly secured manner.</p> <p>The Board Meeting Pack for scheduled meetings were circulated to the Directors prior to each of the Board and Board Committee meetings. This is to allow sufficient time for appropriate review to facilitate effective and objective discussions at the meetings. However, papers that are deemed urgent may still be submitted to the Company Secretary to be tabled at the Board/Board Committee meeting, subject to the approval of the Chairman or Board Committee's Chairman respectively.</p> <p>The complex issues and critical matters which require proper effective discussion were tabled at the Board meeting to enable the Board to make decision objectively while administrative or non-operational matters, upon Chairman's consent, may be circulated to the Board via Directors' Circular Resolutions (DCR). DCRs are normally accompanied with relevant board papers in the same prescribed format. All approved DCRs were tabled for confirmation at the next Board meeting.</p> <p>When necessary, Management and/or external advisors are invited to attend the Board and Board Committee meetings to provide insights, professional views, advice and explanation on specific items in the meeting agenda as tabled on the said meetings.</p>

	<p>Upon conclusion of each of the Board and Board Committee meeting, minutes were prepared accurately to record all issues raised, discussions, deliberations, decisions and conclusions including dissenting views made by the Directors at Board and Board Committee meetings along with clear actions to be taken by responsible parties. Further, the status of matters arising from previous meetings will be presented at the next scheduled meeting for update or discussion until completion.</p> <p>The final draft minutes of the Board and Board Committee meetings were then circulated to the all Board members and Chairman of the Board Committees respectively on a timely manner. This has allowed the Board members and Chairman of the Board Committees to comment and seek clarifications of the minutes or request for any necessary corrections prior confirming the minutes as true and correct record in the following respective meetings.</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**

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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has a Board Charter (BC) that serves as a constitution for the Board and among others outlines the following:</p> <ol style="list-style-type: none"> <li>1) the roles and responsibilities of the Board</li> <li>2) the balance and composition of the Board</li> <li>3) the Board's authorities</li> <li>4) the schedule of matters reserved for the Board</li> <li>5) the establishment of the Board Committee</li> <li>6) the process and procedures for convening Board meetings</li> <li>7) the Board's assessment and review of its performance</li> <li>8) the compliance and ethical standards</li> <li>9) the accessibility by the Board to information and advice and declarations of conflict of interest.</li> </ol> <p>Board's decisions are always supported by the respective Board Committees which are responsible to deliberate any issues related to its scopes and carry their recommendations to the Board for final approval. Each Board Committee is guided by its Terms of Reference (TOR) that describes the purpose, scope and authority of the committee. All TORs will be periodically reviewed to ensure consistency with the Company's needs and statutory requirements.</p> <p>The BC and TOR for each Board Committee incorporate the relevant regulations and best practices to ensure consistency with the Board's objectives and responsibilities which are available on MSM's corporate website at <a href="http://www.msmsugar.com/our-company/corporate-governance">http://www.msmsugar.com/our-company/corporate-governance</a>.</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 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>MSM being the subsidiary of FGV Holdings Berhad (FGV) observes FGV's Code of Ethics and Conduct (CoEC), and Code of Business Practice (CoBP) which are applicable to all Board of Directors of Companies within FGV Group including MSM. The CoEC and CoBP outline the ethical standards of behaviour and conduct expected from all Directors of MSM Group. The CoEC and CoBP expressly prohibits improper solicitation, bribery, insider trading, money laundering and other corrupt activities.</p> <p>MSM has also established an Anti-Bribery Policy Statement (Policy Statement) to comply with the Paragraph 15.29 (1) and (2) of Main Market Listing Requirements (Listing Requirements) and guided by the Guidelines on Adequate Procedures, Section 17A (5) of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment Act 2018). This statement sets forth the commitment of MSM in applying the highest standards of ethical conduct and integrity, in its business activities, by putting in place adequate policies and procedures in the prevention of corruption and bribery.</p> <p>There are three (3) key focus areas examined – Corruption, Fraud and Abuse of power. A copy of the Policy Statement is available on the Company's corporate website.</p> <p>In managing the conflicts of interest, MSM Board members are required to make declarations at the beginning of every Board of Directors' meeting in the event if 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 Directors who have their interest are required to abstain from deliberating 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 present during the deliberations.</p>



	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>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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The MSM Whistleblowing Policy provides clarity of oversight and responsibilities of the whistleblowing reporting process, protection and confidentiality afforded to the whistleblower is in place in the MSM Group.</p> <p>The Policy aims to maintain the highest standard of ethics and legal conduct within the Group with following objectives:</p> <ul style="list-style-type: none"><li>(i) provide avenues for employees to disclose any act of wrongdoing.</li><li>(ii) assure the employees that they will be protected from reprisals, discrimination or victimisation for whistleblowing in good faith.</li><li>(iii) provide a formal mechanism for action on all reports made.</li><li>(iv) take necessary action of any improper conduct reported by other sources.</li></ul> <p>The Policy enables the reporting individual to report on alleged unethical behaviour within the Group such as, but not limited to the following:</p> <ul style="list-style-type: none"><li>(i) Malpractice, impropriety, fraud and embezzlements.</li><li>(ii) Misappropriation of assets and funds.</li><li>(iii) Criminal breach of trust.</li><li>(iv) Illicit and corrupt practices.</li><li>(v) Questionable or improper accounting.</li><li>(vi) Misuse of confidential information.</li><li>(vii) Acts or omissions, which are deemed to be against the interest of the Group, laws, regulations or public policies.</li><li>(viii) Breaches of any rules, regulations, policies and procedures of the Group.</li><li>(ix) Attempts to deliberately conceal any of the above or other acts of wrongdoing.</li><li>(x) Abetting any of the above.</li></ul> <p>On 25 May 2021, the Board has approved the establishment of the Whistleblowing Channel System and Committee in MSM Group.</p>

	<p>The MSM Whistleblowing Committee comprises of the following permanent members:</p> <ul style="list-style-type: none"> <li>(i) Head of Corporate Governance &amp; Risk Management</li> <li>(ii) Head of Legal Affairs</li> <li>(iii) Head of Group Human Resource</li> <li>(iv) Head of Safety</li> <li>(v) Head of Treasury</li> <li>(vi) Head of Corporate Strategy &amp; Investor Relation*</li> <li>(vii) Head of Finance (Compliance)*</li> </ul> <p>(*) <i>Alternate Whistleblowing Committee members: Whistleblowing Committee may appoint the following Committee Members as and when required.</i></p> <p>The whistleblowing reporting report will be channelled via the following medium:</p> <table border="1" data-bbox="563 763 1257 987"> <tr> <td>e-form</td> <td>msmwhistleblowing-form.msmsugar.com</td> </tr> <tr> <td>email</td> <td><a href="mailto:msmwb@msmsugar.com">msmwb@msmsugar.com</a></td> </tr> <tr> <td>Letter</td> <td>MSM WB Secretariat Level 44, Menara Felda, Platinum Park, KLCC, 50088, Kuala Lumpur</td> </tr> <tr> <td>Hotline</td> <td>03-2181 6827</td> </tr> </table> <p>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. However, no employee who discloses information in good faith under this procedure will suffer reprisals or victimisation nor will their career be affected in any way.</p>		e-form	msmwhistleblowing-form.msmsugar.com	email	<a href="mailto:msmwb@msmsugar.com">msmwb@msmsugar.com</a>	Letter	MSM WB Secretariat Level 44, Menara Felda, Platinum Park, KLCC, 50088, Kuala Lumpur	Hotline	03-2181 6827
e-form	msmwhistleblowing-form.msmsugar.com									
email	<a href="mailto:msmwb@msmsugar.com">msmwb@msmsugar.com</a>									
Letter	MSM WB Secretariat Level 44, Menara Felda, Platinum Park, KLCC, 50088, Kuala Lumpur									
Hotline	03-2181 6827									
<b>Explanation for departure</b> :										
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<b>Measure</b> :										
<b>Timeframe</b> :										

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>There is a strong sense of environmental and social responsibility at the core of MSM Group as the leading refined sugar producer in Malaysia. The Group aims to become a sustainable business by working towards a future that balances environmental, social, economic and governance needs to create positive impacts for its stakeholders in an increasingly resource-constrained and volatile world.</p> <p>The Group shall continuously explore opportunity to improve productivity in the existing operations by implementing Good Agricultural Practices (GAP) and Good Manufacturing Practices (GMP) for an efficient use of natural resources in a sustainable manner and with minimal impact to the environment, wherever possible. This commitment goes beyond the Group's direct impact and includes the business value chain impacts.</p> <p>The Group is strongly committed to:</p> <ul style="list-style-type: none"><li>a) Meet the requirement of all applicable legislations as well as other Code of Practices and sustainability commitments that we subscribe to.</li><li>b) Engage our stakeholders in promoting sustainability practices.</li></ul> <p>The risk that has been monitored via Enterprise Risk Management System (ERMS) provides the Board and Top Management with the foresight on the potential risk. The sustainability risk will also be incorporated during the next cycle of ERMS updating.</p> <p>Risk is always a component taken into account in strategizing the direction of the business.</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

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Group continues to leverage on various communication platforms with the internal and external stakeholders in delivering Company's sustainability strategies, priorities and targets e.g. company website, internal meetings and emails, financial performance results, general meetings and formal and informal shareholders' engagements to ensure that the stakeholders are well informed on the Group's direction.	
<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**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.3**

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board is always updated on any opportunities and issues related to sustainability and provide necessary directives to the Management.</p> <p>The Board is also being updated quarterly on the potential risk affecting the Group via monitoring through ERMS including the highlights of key emerging risk.</p> <p>The Board also kept themselves abreast with the knowledge on sustainability by attending training and development program and be able to deliberate and tackle issues which are relevant to the Company and its business.</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

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

## Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p><b><u>Board</u></b></p> <p>In 2021, the Board Effectiveness Assessment (BEA) which was conducted internally has considered and reviewed the Board's performance in addressing the Company's material sustainability risks and opportunities.</p> <p>The sustainability criteria have been assessed by the Board under the Board's roles and responsibilities, Board process and Board agenda, minutes and information. The Board has rated effective for the sustainability scores.</p> <p><b><u>Senior Management</u></b></p> <p>There was no material sustainability risks and opportunities element in the Senior Management performance indicator.</p> <p>The Board and Senior Management always considered and integrated sustainability and Environmental, Social and Governance (ESG) elements into the objectives and its decision making. The Board and Senior Management also ensure the Company has adequate dedicated resources at the right levels in order to drive sustainability goals, strategies within the Company.</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>	:	Sustainability and ESG elements will be incorporated into the Senior Management Performance Indicators as these are drivers to attain sustainability goals and targets in the Company.
<b>Timeframe</b>	:	Within 1 year



### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

<i>Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	<p>Currently, the Corporate Strategy (CS) &amp; Investor Relation (IR) Department, through its dedicated Environmental, Social and Governance (ESG)-focused member, reports directly to the Group CEO, and advises all Heads of Operations on matters pertaining to the Group's sustainability strategy. The CS &amp; IR Department also works closely with MSM's Health Safety, Environment, Security &amp; Quality (HSES&amp;Q), the department that spearheads the implementation of sustainability-led strategies and programmes within the Group, which is led by Radzlan Ramli.</p> <p>Representatives from each MSM's premises are required to further strengthen the integration of sustainability in the operations of the Company and to update the Group's sustainability progress and report for every quarter.</p> <p>MSM Group Sustainability Policy (Policy) set to ensure and serves to facilitate the achievement of MSM Group's commitment to conduct business responsibly throughout MSM business process. The Policy establishes MSM's commitment to work towards a future that creates a positive impact on ESG responsibilities for the stakeholders.</p> <p>Currently, Management is working towards revising and updating the Policy to align with MSM current practices and business strategies and to take into account constructive input on the concerns and expectations from the stakeholders.</p> <p>MSM reported its sustainability practices and performance on an annual basis through its Annual Report. It summarises the key highlights of MSM efforts towards achieving sustainable development through ESG initiatives to comply with all applicable environmental legislation, regulation and requirements that pertain to our receiving, manufacturing and distribution practices.</p> <p>MSM concerted efforts aim to enhance its sustainability framework with clearer medium to long-terms goals and measurable progress on its "high" priority issues. MSM prioritises the effective use of resources,</p>

	<p>energy and fuel, and also waste reduction. This commitment goes beyond the Group's direct impact and includes effort to ensure good practices across MSM supply chain. MSM also encourage its value chain partners to embrace sustainable environmental practices at their work sites and educate MSM staff on environmentally friendly practices.</p> <p>MSM currently approach each of the topics on the respective ESG Material Topics:</p> <p><b>Environment</b></p> <ul style="list-style-type: none"> <li>• Resource Management</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>• Economic Impact</li> <li>• Operational Performance</li> <li>• Service &amp; Product Quality</li> <li>• Human &amp; Social Capital</li> <li>• Talent Management</li> <li>• Occupational Health &amp; Safety Performance</li> </ul> <p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Governance</li> </ul> <p>On sustainability, MSM target to remap its resource/material topics with more defined priorities and initiatives through effective use of resources, energy and fuel, and also waste reduction to align with the changing business landscape and current market conditions:</p> <ul style="list-style-type: none"> <li>- MSM's commitment to address climate change under the Policy and actively making efforts and initiatives to minimise climate change impact including reduction of Greenhouse Gas (GHG) emissions.</li> <li>- Energy efficiencies initiatives for long-term sustainability (conduct energy efficiency audit, energy certifications, solar PV installation, biomass, off-site alternative green energy, efficient LED lighting at the warehouses, using of inverters in the pumps, GPS tool tracking system to monitor fuel consumption, etc).</li> <li>- Continue to monitor key environmental aspects such as energy optimisation, water usage, waste management (hazardous and non-hazardous) and mapping on the inventory of waste and reduction, as well as greenhouse gases to measure progress in minimising environmental impact.</li> </ul> <p>MSM has commenced its journey towards establishing the ISO14001: Environmental Management System with awareness building and audits beginning early 2022 and targeted for completion in the same year. MSM is in the midst of updating its Environmental Policy and SOPs as MSM is moving forward with ISO 14001 certification in 2022.</p> <p>MSM has also initiated collaborative arrangements such as the signing of the Certificate of Collaboration with the Penang Department of</p>
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	Environmental (DOE) to work on green initiatives in preserving and conserving the environment.
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## Intended Outcome

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

## Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Nomination and Election Policy and Procedures (BNEPP) Paragraph 6.4 on the <i>"Policy on Board Assessment"</i> and Nomination and Remuneration Committee's (NRC) Terms of Reference (TOR) Paragraph 7.1.3. on the <i>"Appointment/ re-appointment/ re-election process and its criteria"</i> require NRC to review the composition of the Board by undertaking a Board Assessment annually on the effectiveness of the Board, Board Committees and Individual Directors. The Board's skills matrix is also reviewed annually.</p> <p>The NRC had reviewed and conducted an assessment process to evaluate the eligibility of retiring Directors before recommending to the Board for approval:</p> <ul style="list-style-type: none"><li>i) re-appointment of Independent Director upon completion of three (3) years tenure in accordance with the provisions under the MSM's Constitution and shall not exceed a cumulative term of 9 years as stated in BNEPP and Board Charter.<ul style="list-style-type: none"><li>– In March 2021, the Board had agreed to re-appoint Datuk Lim Thean Shiang and Dato' Rosini Abd Samad, who were approaching the expiration of the three (3) years tenure as Independent Director in accordance with Clause 108 of the Company's Constitution. Both Datuk Lim Thean Shiang and Dato' Rosini Abd Samad have not exceeded the maximum cumulative of nine (9) years since their appointment dates.</li></ul></li><li>ii) list of the retiring Directors who are re-eligible for re-election at the Annual General Meeting for shareholders' approval.<ul style="list-style-type: none"><li>– Datuk Lim Thean Shiang and Dato' Rosini Abd Samad were retiring in accordance with Clause 99 Of the Company's Constitution and re-elected as Director at the 10<sup>th</sup> Annual General Meeting of the Company held on 17 June 2021.</li></ul></li></ul> <p>In determining the eligibility of Directors for re-appointment/ re-election, NRC also considered the following elements, among others:</p> <ul style="list-style-type: none"><li>a) The Individual Director Performance Report as part of the external Board Evaluation Assessment which focuses more on soft governance aspects of the Director (individual</li></ul>

	contribution, communication with members, their decision making and traits); and b) Special skills and knowledge an individual Director brings to the organization.	
<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 5.2

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Paragraph 15.02(1) of the Main Market Listing Requirements (Listing Requirements) requires a listed issuer to ensure that at least two (2) Directors or 1/3 of the Board of Directors of a listed issuer, whichever is the higher, are independent directors.</p> <p>During the financial year 2021, the following changes to the Board composition took place:</p> <ul style="list-style-type: none"><li>a) Appointment of nominee Director of Koperasi Permodalan Felda Malaysia Berhad (KPF), Dato' Amir Hamdan Hj Yusof as the Non-Independent Non-Executive Director of MSM with effect from 12 January 2021.</li><li>b) Resignation of Dato' Haris Fadzilah Hassan on 7 April 2021.</li><li>c) Appointment of the following Non-Independent Non-Executive Directors as FGV's representatives, with effect from 18 October 2021:<ul style="list-style-type: none"><li>1. Azman Ahmad</li><li>2. Nik Fazila Nik Mohamed Shihabuddin</li></ul></li></ul> <p>With the above changes, at the end of the financial year ended 31 December 2021, the Board composition is in compliance with Paragraph 15.02 and 3.04 of the Listing Requirements which consists of nine (9) members, of which:</p> <ul style="list-style-type: none"><li>• six (6) are Independent Non-Executive Directors (INED), namely:<ul style="list-style-type: none"><li>1. Datuk Syed Hisham Syed Wazir</li><li>2. Choy Khai Choon</li><li>3. Dato' Muthanna Abdullah</li><li>4. Datuk Dr Abd Hapiz Abdullah</li><li>5. Dato' Rosini Abd Samad</li><li>6. Datuk Lim Thean Shiang</li></ul></li><li>• three (3) are Non-Independent Non-Executive Directors (NINED), namely:<ul style="list-style-type: none"><li>1. Dato' Amir Hamdan Hj Yusof</li><li>2. Azman Ahmad</li><li>3. Nik Fazila Nik Mohamed Shihabuddin</li></ul></li></ul>

	<p>All the six (6) Independent Non-Executive Directors satisfy the independence test under the Listing Requirements. They constitute 67% of the Board.</p> <p>The presence of the six (6) independent directors on the Board provides diverse professional backgrounds, skills, extensive experience and knowledge in the areas of accounting, legal, corporate business, strategy and risk. Their expertise allows them to provide independent judgement on the issues of strategy, business performance, resources and standards of conduct. They also provide independent views in the Board's discussions to ensure that the strategies proposed by the Management are fully deliberated and examined in the long-term interest of the Group, as well as the shareholders and other stakeholders.</p> <p>None of the Independent Directors are involved in the day-to-day management of MSM and its Group of Companies.</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

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

### Practice 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Not applicable - Step Up 5.4 adopted	
<b>Explanation on application of the practice</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 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: <p>The Board Charter (BC) and Board Nomination and Election Policy and Procedures (BNEPP) have provisions that limits the tenure of an Independent Director to a cumulative term of nine (9) years.</p> <p>The following paragraph in the BC stated that:</p> <ul style="list-style-type: none"><li>a) <u>Clause 6.4.5 (iv):</u> The tenure of an Independent Non-Executive Directors shall not exceed a cumulative term of nine (9) years.</li><li>b) <u>Clause 6.4.5 (v):</u> The term of any Independent Directors in MSM Board shall not exceed three (3) years. Upon completion of three (3) years tenure, such Independent Director shall cease to be a Director but still be eligible for re-appointment to a maximum of nine (9) years. After a cumulative term of nine (9) years, an Independent Director shall cease to be a Director of the Company. Notwithstanding the above, the Independent Directors shall be subjected to the annual assessment on independence, as part of the Board Assessment.</li></ul> <p>MSM also has in its BNEPP provisions on the tenure limits of its Independent Directors as below:</p> <ul style="list-style-type: none"><li>a) <u>Clause 6.2.3:</u> The term of any Independent Directors in MSM Board shall not exceed three (3) years. Upon completion of three (3) years tenure, such Independent Director shall cease to be a Director, but may still be eligible for re-appointment to a maximum of nine (9) years.</li><li>b) <u>Clause 6.2.4:</u> After a cumulative of nine (9) years, an Independent Director shall cease to be a Director of the Company.</li><li>c) <u>Clause 6.2.5:</u> Notwithstanding the above, the Independent Directors shall be subjected to the annual assessment on independence, as part of the Board Assessment.</li></ul>

## Intended Outcome

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

## Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied												
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee’s (NRC) Terms of Reference (TOR) and Board Nomination and Election Policy and Procedures (BNEPP) require NRC to undertake a formal, rigorous and transparent process to appoint suitable Board/Senior Management candidates based on the following 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 of Independent Non-Executive Director, prior to their appointment were required to disclose their other business interest that may result in conflict of interest and background checks on them were also undertaken.</p> <p>In the financial year under review, the diversity in gender, age and skill and experiences of the Board are as follow:</p> <div><div><p>Gender</p><table><tr><th>Gender</th><th>Count</th></tr><tr><td>Female</td><td>2</td></tr><tr><td>Male</td><td>7</td></tr></table></div><div><p>Age</p><table><tr><th>Age Group</th><th>Count</th></tr><tr><td>50-59</td><td>2</td></tr><tr><td>60-69</td><td>7</td></tr></table></div></div>	Gender	Count	Female	2	Male	7	Age Group	Count	50-59	2	60-69	7
Gender	Count													
Female	2													
Male	7													
Age Group	Count													
50-59	2													
60-69	7													

	<div><div><div>Skill &amp; Experience</div><div><div><div>4</div><div>1</div><div>5</div><div>4</div><div>3</div><div>2</div><div>2</div><div>1</div></div><div><div>Strategy &amp; Risk</div><div>Upstream Business</div><div>Corporate</div><div>Business/Administration</div><div>Accounting/Finance</div><div>Legal</div><div>Logistics/Transportation</div><div>ESG</div></div></div></div></div> <div><p>Section 6.1.2 of BNEPP states that one of the considerations in determining the appropriate candidates for nomination and election to the Board is that the candidate is not an Active Political Person i.e. not a Member of Parliament, State Assemblyman, Supreme Council Member of a political party or member who holds a position at divisional level in a political party.</p><p>At present, no Active Political Person sits on the Board.</p><p><b><u>Senior Management</u></b></p><p>Appointment of Senior Management in MSM is governed by the approval matrix as per MSM’s Employee Approving Authority (EAA) and further was replaced by MSM Limit of Authority (LOA) which governed the overall aspect of the appointment which was approved by the Board on 23 November 2020 whereby:</p><p>A. Approval Matrix:</p><div><div><div>1.</div><div>All C-suites positions are reviewed and deliberated by the NRC and recommended to the Board for final approval.</div></div><div><div>2.</div><div>All positions within job ranking General Manager to Vice Presidents shall be approved by the Group Chief Executive Officer.</div></div><div><div>3.</div><div>The EAA/LOA also outlined the approval matrix on appointments of other positions job grade, i.e. from managerial, executive and non-executive positions.</div></div></div></div>
Explanation for departure	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure	

<b>Timeframe</b>	:		
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### Intended Outcome

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

### Practice 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In 2021, Dato' Amir Hamdan Hj Yusof, En Azman Ahmad and Pn Nik Fazila Mohamed Shihabuddin, who are nominee directors from Koperasi Permodalan Felda Malaysia Berhad and FGV Holdings Berhad respectively were appointed as Non-Independent Non-Executive Director of MSM.</p> <p>The Board Nomination and Election Policy and Procedures (BNEPP) formalizes the policies on Board Composition, Independence, Conflict of Interest and Board Assessment. Included in the BNEPP is the policy on Board Composition which provides guidelines on 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 candidates to be appointed as Director proposed not only by the existing Directors, Senior Management staff, major shareholder but also third party referrals/independent sources.</p> <p>The Board utilised independent sources and third party referrals to identify the candidates with the necessary skill sets and experience as set out in the BNEPP. Recommendations from the existing Board members, Management or major shareholders were not solely relied upon.</p> <p>The Board then evaluated the profiles of the shortlisted candidates consist of their academic/professional qualifications, skill sets, past employment history, board experience and directorships (past and current). With regards to this appointment, Nomination and Remuneration Committee (NRC) ensures that all assessment/review of directors are properly made by considering the selection criteria specified in BNEPP and thereafter table and recommend to the Board for approval.</p>

	NRC Terms of Reference Paragraph 7.1.3 allows NRC to consider candidates proposed by the Chairman of NRC and by any Director or shareholder but must consider the candidates' character, experience, competence, integrity and time commitment as prescribed in Paragraph 2.20A of the Listing Requirements and other criteria in the BNEPP.	
<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 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The shareholders were given sufficient information of the directors who were standing for re-election (name, age, gender, working experience, whether they have any conflict of interest, directorship in other companies as well as details of any interest) in the Annual General Meeting (AGM) Notice. A statement that the Board supports the re-election were also stated in the AGM Notice.</p> <p>During the 10<sup>th</sup> AGM held on 17 June 2021, Datuk Lim Thean Shiang and Dato' Rosini Abd Samad were standing for re-election pursuant to Clause 99 of the Company's Constitution and Section 205(3)(b) of the Companies Act, 2016 while Dato' Amir Hamdan Hj Yusof was standing for re-election pursuant to Clause 105 of the Company's Constitution and Section 205(3)(b) of the Companies Act, 2016. The Shareholders had approved their re-election as director of MSM.</p> <p>All details were provided to the Shareholders in the Annual Report to assist them to make an informed decision on the reappointment of a Directors.</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

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

### Practice 5.8

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Nomination and Remuneration Committee (NRC or the Committee) is an Independent Non-Executive Director as stated in the Paragraph 4.1 of the NRC Terms of Reference (TOR). The current NRC is chaired by Dato' Muthanna Abdullah, an Independent Non-Executive Director. The profile of Dato' Muthanna Abdullah as Chairman of the NRC is available on page 188 of the Annual Integrated Report 2021.</p> <p>The Chairman of NRC shall:</p> <ol style="list-style-type: none"><li>1) be responsible for the conduct of meeting and must be present at all NRC meetings;</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; and</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 are set up in the TOR which is available at MSM's corporate website at <a href="http://www.msmsugar.com/our-company/corporate-governance">http://www.msmsugar.com/our-company/corporate-governance</a>.</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**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>MSM Board Nomination and Election Policy and Procedures (BNEPP) Paragraph 6.18 requires MSM to adopt board diversity, in terms of gender, age, ethnicity and cultural background. However, no indication of 30% or any percentage for women director was mentioned in the BNEPP but the Board will endeavour to achieve and to give some room to Nomination and Remuneration Committee to find the potential candidates as Director based on the skills set and fit</p> <p>As at 31 December 2021, MSM Board comprises seven (7) male Directors and two (2) female Directors (22% female representation).</p> <p>The Board is satisfied with the current board members composition and also encourages women participation.</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>	:	The Board will continue its support for adequate female representation in the Board. The Board is mindful of having a diverse composition of skills set, experience, age and gender when it comes to the appointment of Directors and remain committed to achieve at least 30% women participation in the Board.
<b>Timeframe</b>	:	Within 3 years

### Intended Outcome

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

### Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>MSM Board Nomination and Election Policy and Procedures (BNEPP) aims to provide guidelines on the nomination and elections matters to be in-line with the requirements of Companies Act, 2016, Main Market Listing Requirements and better practices of MCCG 2021 and the Corporate Governance Guide – 4th Edition.</p> <p>The BNEPP includes the guidelines on the Board diversity, in terms of gender, age, ethnicity and cultural background in considering the composition of the Board which includes the following:</p> <ul style="list-style-type: none"><li>(a) adopts a merit-system and does not discriminate, including on the grounds of gender and ethnicity, in determining the composition of the MSM Board;</li><li>(b) adopts a Board which is made up of different age groups, in order to infuse a mixture of qualities such as ideas, risk appetites or experience, above the full age of 18 years old and no age limit as provided in MSM's Board Charter; and</li><li>(c) maintain an appropriate diversity in relation to the mix of technical and non-technical qualities of Directors, to avoid 'groupthink' during deliberations. For example, Directors with a balanced range of risk appetites enables strategic decisions to be made while risks are being managed.</li></ul> <p>However, there is no policy on gender diversity for Senior Management.</p> <p>The application on gender diversity for Senior Management is premised on merit based selection and appointment along a fair and equitable consideration and deliberation for qualification, experience, skills, intelligence and empathy.</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>	:	The Board agreed on the gender diversity but to remain its principle where the skills set and experience be a priority in order to minimise the gaps in board composition and Senior Management.

<b>Timeframe</b>	:	Within 3 years	
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## Intended Outcome

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

## Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>Unlike previous years, the exercise of Board Effectiveness Assessment for 2021 (BEA 2021) was carried out internally and facilitated by Company Secretary. The Board was in the opinion that the external consultant may be appointed for the BEA exercise every two (2) to three (3) years for realignment to ensure the process is correct.</p> <p>The BEA 2021 was carried out from 21 December 2021 to 10 January 2022. Three (3) sets of assessment forms were circulated to the seven (7) directors (except two (2) newly appointed directors) to assess the effectiveness of the following:</p> <ul style="list-style-type: none"><li>a. Board as a whole</li><li>b. Board of Committees</li><li>c. Directors' self and peer evaluation.</li></ul> <p>The three (3) C-suites of the Company, namely, the Group CEO, Chief Financial Officer and Group Chief Operating Officer also participated to evaluate the effectiveness of the Board as a whole and Board of Committees.</p> <p>The results of the assessment and the outcome were compiled, summarised and analysed based on the feedback gathered from the completed questionnaires.</p> <p>Further details on the BEA 2021 is disclosed in the Nomination and Remuneration Committee Report and Corporate Governance Overview Statement of MSM Annual Integrated Report 2021 on pages 242 and 216 respectively.</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

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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>MSM has in place a Directors' Remuneration Policy (Policy) which summarises the remuneration structure for Board of Directors. The Policy covers remuneration package for the 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>Messrs. KPMG Management &amp; Risk Consulting Sdn Bhd (KPMG MRC) was engaged to undertake a high level review and perform an in-depth benchmarking on MSM NED remuneration structure which is timely as the revision of the remuneration policy has been overdue.</p> <p>The final report was presented to the Nomination and Remuneration Committee (NRC) on 15 March 2021 and subsequently approved by the Board on 25 March 2021. The revised remuneration structure has been approved by the Shareholders at MSM's 10th Annual General Meeting which was held on 17 June 2021.</p> <p>MSM has appointed the external solicitor specializes in human resource matter for the purpose of reviewing the draft NED Policy and conducting the benchmarking exercise. The working committee which comprises representatives from Group Human Resource, Company Secretary and Legal Affairs have gone through the draft policy reviewed by the external solicitor.</p>

	<p>The draft NED Policy together with the benchmarking and Review Exercise report prepared has been deliberated in NRC. The Board has approved the proposed NED Policy effective for implementation on 17 June 2021. The summary of the Directors' Remuneration Structure is available at MSM's corporate website at <a href="http://www.msmsugar.com/our-company/corporate-governance">http://www.msmsugar.com/our-company/corporate-governance</a>.</p> <p>For Senior Management, the Company has a human resource policy on employees' remuneration which are fair and equitable and encourage behaviour that supports MSM's long-term financial soundness, growth and success within an appropriate risk management framework.</p> <p>The Group Human Resource Division through the NRC reviews and recommend to the Board, on an annual basis, the individual remuneration levels and remuneration arrangements for Senior Management of the Group.</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

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 7.2

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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>MSM has established a Nomination and Remuneration Committee (NRC) which comprises exclusively Non-Executive Directors and majority of its members are Independent Directors and chaired by an Independent Non-Executive Director.</p> <p>NRC assists the Board in fulfilling its roles and responsibilities in regards to the following:</p> <ul style="list-style-type: none"><li>(i) composition of the Board, the Board Committee, the directorship in the Group and Top Management.</li><li>(ii) nomination and election process, appointment and re-appointment and re-election process.</li><li>(iii) Board assessments and succession planning.</li><li>(iv) remuneration matters including Remuneration Policy.</li><li>(v) remuneration of the Group Chief Executive Officer, Executive Director, Top Management and general remuneration across MSM Group.</li></ul> <p>NRC is governed by its own Terms of Reference (TOR) which is established pursuant to the Main Market Listing Requirements (Listings Requirements) 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. All amendments to the TOR were tabled to and approved by the Board.</p>

	<p>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 Listing Requirements.</p> <p>Members of NRC are:</p> <table border="1" data-bbox="560 405 1409 1093"> <thead> <tr> <th>No.</th> <th>Members</th> <th>Type of Membership</th> <th>Appointment Date</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Dato' Muthanna Abdullah</td> <td>Chairman/ Independent Non-Executive Director</td> <td>10 June 2020</td> </tr> <tr> <td>2.</td> <td>Datuk Dr Abd Hapiz Abdullah</td> <td>Member/ Independent Non-Executive Director</td> <td>10 June 2020</td> </tr> <tr> <td>3.</td> <td>Dato' Rosini Abd Samad</td> <td>Member/ Independent Non-Executive Director</td> <td>10 June 2020</td> </tr> <tr> <td>4.</td> <td>Dato' Amir Hamdan Hj Yusof</td> <td>Member/ Non-Independent Non-Executive Director</td> <td>12 January 2021</td> </tr> <tr> <td>5.</td> <td>Nik Fazila Nik Mohamed Shihabuddin</td> <td>Member/ Non-Independent Non-Executive Director</td> <td>18 October 2021</td> </tr> </tbody> </table> <p>The NRC TOR is published in MSM's corporate website at <a href="http://www.msmsugar.com/our-company/corporate-governance">http://www.msmsugar.com/our-company/corporate-governance</a>.</p> <p>The summary of work of the NRC are disclosed in the NRC Report in the Annual Integrated Report 2021.</p>			No.	Members	Type of Membership	Appointment Date	1.	Dato' Muthanna Abdullah	Chairman/ Independent Non-Executive Director	10 June 2020	2.	Datuk Dr Abd Hapiz Abdullah	Member/ Independent Non-Executive Director	10 June 2020	3.	Dato' Rosini Abd Samad	Member/ Independent Non-Executive Director	10 June 2020	4.	Dato' Amir Hamdan Hj Yusof	Member/ Non-Independent Non-Executive Director	12 January 2021	5.	Nik Fazila Nik Mohamed Shihabuddin	Member/ Non-Independent Non-Executive Director	18 October 2021
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<b>Measure</b> :	<div></div>																										
<b>Timeframe</b> :	<div></div>	<div></div>																									

### 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 8.1

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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In compliance with the Main Market Listing Requirements, MSM practises 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 in the Corporate Governance Overview Statement of the Annual Integrated Report 2021 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>Notes in the table below:</p> <p><i>*Directors' Annual Fees paid/ will be paid to FGV Holdings Berhad</i></p>

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Syed Hisham Syed Wazir	Independent Director	315,000.00	32,000.00	-	-	24,169.34	-	371,169.34	-	-	-	-	-	-	-
2	Choy Khai Choon	Independent Director	178,038.36	74,000.00	-	-	15,218.75	-	267,257.11	-	-	-	-	-	-	-
3	Dato' Muthanna Abdullah	Independent Director	166,410.96	72,000.00	-	-	15,218.75	-	253,629.71	-	-	-	-	-	-	-
4	Datuk Dr Abd Hapiz Abdullah	Independent Director	156,443.84	66,000.00	-	-	15,218.75	-	237,662.59	-	-	-	-	-	-	-
5	Dato' Rosini Abd Samad	Independent Director	157,358.91	76,000.00	-	-	15,218.75	-	248,577.66	-	-	-	-	-	-	-
6	Datuk Lim Thean Shiang	Independent Director	155,189.05	74,000.00	-	-	15,218.75	-	244,407.80	-	-	-	-	-	-	-
7	Dato' Amir Hamdan Hj Yusof (appointed w.e.f 12 January 2021)	Non-Executive Non-Independent Director	130,720	42,000.00	-	-	14,289.90	-	187,010.00	-	-	-	-	-	-	-
8	Nik Fazila Nik Mohamed Shihabuddin (appointed w.e.f 18 October 2021)	Non-Executive Non-Independent Director	28,625.72	10,000.00	-	-	-	-	38,910.40	-	-	-	-	-	-	-
9	Azman Ahmad (appointed w.e.f 18 October 2021)	Non-Executive Non-Independent Director	27,803.8*	14,000.00*	-	-	-	-	41,803.80*	-	-	-	-	-	-	-
10	Dato' Haris Fadzilah Hassan (resigned on 7 April 2021)	Non-Executive Non-Independent Director	34,459.36*	12,000.00*	-	-	-	-	46,459.36*	-	-	-	-	-	-	-

[illegible]

### 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 8.2

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>	:	Applied – the company discloses the remuneration of members senior management who are not members of the board	
<b>Explanation on application of the practice</b>	:	During the financial year end 2021, there were five (5) Senior Management personnel who are Group Chief Executive Officer, Group Chief Operating Officer, Chief Financial Officer and C-levels positions at MSM Malaysia Holdings Berhad and subsidiaries level.	
<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>	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Syed Feizal Syed Mohammad	Group Chief Executive Officer	800,001-850,000	100,001-150,000	150,001-200,000	50,001-100,000	Choose an item.	1,050,001-1,100,000
2	Hasni Ahmad	Group Chief Operating Officer	500,001-550,000	50,001-100,000	50,001-100,000	50,001-100,000	Choose an item.	700,001-750,000
3	Ab Aziz Ismail	Chief Financial Officer	500,001-550,000	50,001-100,000	50,001-100,000	50,001-100,000	Choose an item.	700,001-750,000
4	Cheah Poh Lye	Head of Operations, MSM Prai Berhad	300,001-350,000	0-50,000	50,001-100,000	0-50,000	Choose an item.	400,001-450,000
5	Irfan Gobinath Abdullah	Head of Operations, MSM Sugar Refinery (Johor) Sdn Bhd	200,001-250,000	0-50,000	50,001-100,000	0-50,000	Choose an item.	250,001-300,000

**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 8.3 - Step Up**

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

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



No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### 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 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Paragraph 4.2 of the Audit, Governance and Risk Committee's (AGRC) Terms of Reference (TOR) states that the Chairman of the AGRC is not the Chairman of the Board. All members of AGRC are Non-Executive and Independent Directors who are free from any business or other relationship that, in the opinion of the Board, would materially interfere with the exercise of his or her independent judgment as a member of the Committee.</p> <p>MSM's AGRC Chairman, Choy Khai Choon is an Independent Non-Executive Director and has been appointed as the AGRC Chairman with effect from 10 June 2020.</p> <p>Choy Khai Choon is a member of the Malaysian Institute of Accountants and an Honorary Fellow of CPA Australia. He has fulfilled the requisite qualifications as stipulated in Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements. He is not the Chairman of the Board. The profile of Choy Khai Choon as Chairman of the AGRC is available on page 187 of the Annual Integrated Report 2021.</p> <p>The Chairman of the AGRC shall:</p> <ol style="list-style-type: none"><li>1. be responsible for the conduct of all Committee's 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></ol>

	6. ensure that proper agenda is prepared for the Committee meeting;  7. call a meeting of the Committee if so requested by any member of the Committee or by Chairman of the Board; and  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.  The key/areas of responsibilities of the AGRC are set up in the TOR which is available at MSM's corporate website, <a href="http://www.msmsugar.com/our-company/corporate-governance">http://www.msmsugar.com/our-company/corporate-governance</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

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 9.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The existing Audit, Governance and Risk Committee's (AGRC) Terms of Reference (TOR) and External Auditor Policy stated that a former key audit partner must observe a cooling-off period of at least two years before being appointed as a member of the AGRC.
		Currently, there is no former key audit partner sitting on the AGRC.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The AGRC's TOR and External Auditor Policy will be revised to accommodate the changes for former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the AGRC.
<b>Timeframe</b>	:	Within 1 year

### 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 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>MSM has in place an External Auditors Policy (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 of external auditors.</p> <p>Pursuant to the Guidance 9.3 of MCGG 2021 on non-audit services, the Board in its meeting held on 25 November 2021 has approved that the engagement of permitted non-audit services by the external auditor and its affiliates to be reviewed and approved by the Audit, Governance and Risk Committee (AGRC) when the fees for non-audit services cumulatively exceed RM100,000 per annum.</p> <p>However, pre-approval from the AGRC was given and authorized the Group Chief Executive Officer to approve the engagement of permitted non-audit services up to RM100,000 cumulatively per annum, mainly for Malaysian Financial Reporting Standards and Financial Statements relating to training and works. Management also reported quarterly on update of non-audit fees to the AGRC.</p> <p>The External Auditors Policy is expected to be revised in 2022.</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

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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted																				
<b>Explanation on adoption of the practice</b>	:	<p>MSM has in its Audit, Governance and Risk Committee’s (AGRC) Terms of Reference (TOR) stated that all AGRC members must be Independent Directors, free from any business or other relationship that, in the opinion of the Board, would materially interfere with the exercise of his or her independent judgement as a member of the AGRC.</p> <p>In order to ensure that the AGRC is effective and independent committee, Nomination and Remuneration Committee (NRC) had in February 2022, carried out the annual assessment review on the term of office and performance of the AGRC and each of its members as required by the Main Market Listing Requirements.</p> <p>Based on the assessment review result and recommendation by the NRC, the Board has agreed that the AGRC and its members have carried out their duties in accordance with AGRC TOR and the existing members of AGRC shall continue to be members for the financial year ending 2022. MSM’s current AGRC comprises four (4) members who are all Independent Non-Executive Directors:</p> <table><tr><th>No.</th><th>Members</th><th>Type of Membership</th><th>Appointment Date</th></tr><tr><td>1.</td><td>Choy Khai Choon</td><td>Chairman/Independent Non-Executive Director</td><td>10 June 2020</td></tr><tr><td>2.</td><td>Dato’ Muthanna Abdullah</td><td>Member/ Independent Non-Executive Director</td><td>10 June 2020</td></tr><tr><td>3.</td><td>Dato’ Rosini Abd Samad</td><td>Member/ Independent Non-Executive Director</td><td>10 June 2020</td></tr><tr><td>4.</td><td>Datuk Lim Thean Shiang</td><td>Member/ Independent Non-Executive Director</td><td>10 June 2020</td></tr></table>	No.	Members	Type of Membership	Appointment Date	1.	Choy Khai Choon	Chairman/Independent Non-Executive Director	10 June 2020	2.	Dato’ Muthanna Abdullah	Member/ Independent Non-Executive Director	10 June 2020	3.	Dato’ Rosini Abd Samad	Member/ Independent Non-Executive Director	10 June 2020	4.	Datuk Lim Thean Shiang	Member/ Independent Non-Executive Director	10 June 2020
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### 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 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent 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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit, Governance and Risk Committee's (AGRC) Terms of Reference (TOR) requires the members to be financially literate, have a reasonable knowledge of the Group's operations and performance, has experience or knowledge pertaining to the subjects of governance and risk management and sustainability including knowledge in related regulation and relevant best practices.</p> <p>As at 31 December 2021, all members of AGRC are financially literate and are able to analyse and interpret financial statements and matters under the purview of AGRC to effectively discharge their duties and responsibilities.</p> <p>The Chairman of AGRC, Choy Khai Choon is a member of Malaysian Institute of Accountants and Honorary Fellow of CPA Australia, supported by three (3) competent members of AGRC. The AGRC, therefore, meets the requirements of Paragraph 15.09(1)(c) of the Main Market Listing Requirements which stipulates that at least one (1) member of the AGRC must be a qualified accountant.</p> <p>During the financial year 2021, the AGRC undertook the following principal activities in the discharge of its responsibilities of which the details are disclosed in AGRC Report of Annual Integrated Report 2021:</p> <ol style="list-style-type: none"><li>1) Overseeing Financial Reporting</li><li>2) Assessing the Risks and Control Environment</li><li>3) Reviewing the Internal Audit Process</li><li>4) Reviewing the External Audit Process</li><li>5) Reviewing the Related Party Transactions</li><li>6) Enhancing Integrity, Governance &amp; Risk Management</li><li>7) Other responsibilities and duties</li></ol>

	All members of the AGRC had undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. The list of training attended by the AGRC members during the year 2021 can be referred in the Corporate Governance Overview Statement on pages 220 of the Annual Integrated Report 2021.	
<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 10.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>MSM Group has a risk management and internal control framework which the Group subscribes to and the components of the framework are integrated and embedded into the day-to-day business activities and Management decision. This is evident and described in the Statement of Risk Management and Internal Control (SORMIC).</p> <p>The 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.</p> <p>The MSM Group's practices are aligned with the principles of ISO 31000.</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 10.2

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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit, Governance and Risk Committee (AGRC) and MSM's Board deliberate on issues on risk management and internal control as prescribed by the risk management and internal control framework.</p> <p>The adequacy and effectiveness of this framework are shown through the Top 10 Group and Sector Risks and mitigation measures are updated in the Company's risk register and reported on a quarterly basis to MSM's Management, AGRC, Board and to the holding Company, FGV Holdings Berhad. 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 AGRC'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 top 10 risk tolerance and strategy on managing business risks; and</li><li>3) Reports to the Board, key business risks and seeks its approval on the management of key business risks.</li></ol> <p>The Board has disclosed the key features of its risk management and internal control system in detail in the Statement of Risk Management and Internal Control of the Annual Integrated Report 2021.</p>
<b>Explanation for departure</b>	:	

*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**

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 10.3 - 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>	:	Not Adopted
<b>Explanation on adoption of the practice</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 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><u>FUNCTIONAL INTERNAL AUDIT REPORTING LINE</u></p> <p>MSM Group's internal audit role is undertaken by its holding company's Group Internal Audit (GIA) function. The Chief Internal Auditor reports to the Audit, Governance and Risk Committee (AGRC) on MSM matters and has full and direct access to the AGRC members for consultation on any matters related to internal audit work.</p> <p>The AGRC annually reviews, provides guidance and approves the Audit Plan for execution of the functional internal audit roles, which includes the adequacy of the GIA function's scope, competency, experience and resources allocated for MSM to ensure that the GIA function continues to perform its functions effectively and objectively.</p> <p>The AGRC assesses the performance of the Chief Internal Auditor annually and reviews any report of assessment of the effectiveness of the GIA function with reference to the Institute of Internal Auditors' International Professional Practices Framework.</p> <p><u>ADEQUACY OF SCOPE</u></p> <p>The Internal Audit function provides assurance services for the Group locally and overseas covering all operations where the Group has management control.</p> <p>In addition to the assurance role, the internal audit function also undertakes a consulting and investigative role. In its consulting role, the internal audit function undertakes advisory on governance, risk and control, policy and procedures review and participates in working groups to provide input on policy development, systems development and several initiatives of the Group. Investigative audits are undertaken upon any allegation of improper, illegal and dishonest acts based on the request of Management or Board.</p> <p><u>ADEQUACY OF RESOURCES, COMPETENCE AND EXPERIENCE</u></p> <p>Four (4) internal auditors comprising a Senior General Manager, a Senior Manager and one (1) team of two (2) persons are specifically assigned for audits of MSM Group throughout the financial year. The team is supplemented with personnel from other segments of FGV Holdings Berhad's GIA Division where it is deemed required. This includes the IT audit, investigation and consulting support.</p>

The total number of internal auditors is appropriate and sufficient in terms of the mix of knowledge, skills and other competencies in line with the scope of the audit and size of MSM Group. Composition of the internal auditors and the corresponding professional status are as follows:

Professional Status	No. of Auditors
Professional accounting (ACCA, CA) or Certified Internal Auditor (CIA) or post graduate (MBA or Masters)	3
Graduate	1
Total	4

The above includes two (2) internal auditors who are members of the Institute of Internal Auditors Malaysia.

The Chief Internal Auditor, who leads the Internal Audit function continuously keeps abreast with developments in the profession, relevant industry and regulations in order to perform its role effectively including undertaking root-cause analysis to provide strategic advice and suggest meaningful business improvements. The list of training attended by the Chief Internal Auditor is as follows:

No	Name of Training	Date
1	GIA Virtual Training January 2021	7 & 8 Jan 2021
2	Risk, Strategy and Governance: How Integrated Thinking Can Support Boards in Creating Long-Term Value	12 Jan 2021
3	EOY Webinar: Navigating through uncertain times: an investor's guide to making informed decisions	13 Jan 2021
4	Women Empowerment Principles Awareness Training	26 Jan 2021
5	Leadership and Workplace	17 March 2021
6	Webinar: Walking the Talk - Rethinking Value Creation for Internal Audit	18 March 2021
7	Shaping Your Workplace	25 May 2021
8	IIA International Conference 2021	14-18 June 2021
9	Red Flags - Palm Oil Mills	22 June 2021
10	Governance in Audit Virtual Forum 2021	15 July 2021
11	Executive Roundtable ACFE	08 Sept 2021
12	Sharing Session by Group Sustainability Department	09 Nov 2021

	13	5th Fraud Awareness Week	15 Nov 2021
	14	Anti-Bribery Policy Statement - internal sharing session with CIA	17 Nov 2021
Explanation for departure :			
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure :			
Timeframe :			

## 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 11.2

The board should disclose—

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><u>INDEPENDENCE AND OBJECTIVITY</u></p> <p>A declaration of relationships and conflicts of interest has been undertaken annually for all Group Internal Audit (GIA) personnel. Declaration of relationships are also required during the recruitment process of internal auditors whereby candidates are required to declare if they have any relationships within FGV Group, including MSM Group. There has been no recruitment of persons with relationships since 2012. In undertaking the internal audit work, GIA personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p><u>NUMBER OF RESOURCES</u></p> <p>The FGV Chief Internal Auditor leads the internal audits across MSM Group. Four (4) internal auditors comprising a Senior General Manager, a Senior Manager and one (1) team of two (2) persons undertook audits of MSM Group throughout the financial year. The team is supplemented with personnel from other segments of GIA's FGV organization structure, where it is deemed required. MSM also has the benefit of the FGV IT audit team that perform internal audit work related to information technology.</p> <p><u>NAME AND QUALIFICATION OF THE PERSON RESPONSIBLE</u></p> <p>The Chief Internal Auditor, Zalily Mohd. Zaman Khan, is a fellow member of CPA Australia, a professional member of the Institute of Internal Auditors Malaysia, a Certified Internal Auditor of the Institute of Internal Auditors, USA and holds an accounting degree from University of South Australia. She has accumulated over 30 years of experience in various industries.</p>



	<u>RECOGNIZED FRAMEWORK</u>  The GIA function is carried out in accordance with a recognized framework, i.e. the Institute of Internal Auditors' International Professional Practices Framework (IPPF). The latest external evaluation was in 2019.  The conduct of GIA is based on a MSM Internal Audit Charter, which is established consistent with the requirements of the Institute of Internal Auditors' International Professional Practices Framework and approved by the AGRC. External Quality Assurance Review is undertaken once in every five (5) years to assess the Group Internal Audit function's performance against the IPPF. External Quality Assurance Review was conducted by the Institute of Internal Auditors Malaysia in 2014 and Messrs. Ernst & Young in 2019.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

### 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 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>MSM has a dedicated Investor Relations department, which is responsible for carrying out investor relations programme to ensure structured and balanced engagements with its stakeholders especially its current and potential shareholders. Any stakeholders of MSM may write to investor.relations@msmsugar.com on queries relating to the Company.</p> <p>Investor relations activities as well as communications with shareholders and the investment community among others, are as follows:</p> <ol style="list-style-type: none"><li>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.</li><li>Written correspondence to media and investors on questions and answers, information updates and statements.</li><li>Meetings and courtesy visit; interactions with investors and government agencies to MSM's sugar refinery.</li><li>Conduct Annual General Meeting (AGM) for effective shareholders' participation and an opportunity for shareholders to vote and be heard.</li><li>Distributing and updating company information on corporate website, newsletters and annual reports.</li><li>Press conference arrangement when necessary.</li></ol> <p>During 2021, MSM had engaged with its shareholders as below:</p> <ol style="list-style-type: none"><li>10<sup>th</sup> Annual General Meeting: 17 June 2021</li><li>Extraordinary General Meeting: 15 September 2021</li><li>Announcement on Unaudited Consolidated Results 2020/2021<ol style="list-style-type: none"><li>4<sup>th</sup> quarter ended 31 December 2020: 25 February 2021</li><li>1<sup>st</sup> quarter ended 31 March 2021: 25 May 2021</li><li>2<sup>nd</sup> quarter ended 30 June 2021: 25 August 2021</li><li>3<sup>rd</sup> quarter ended 30 September 2021: 25 November 2021</li></ol></li><li>4<sup>th</sup> quarter ended 31 December 2021: 22 February 2022</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

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 12.2

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

<b>Application</b>	:	Applied									
<b>Explanation on application of the practice</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) MCG 2021 Guidelines</li><li>iii) Main Market Listing Requirements (Listing Requirements)</li></ul> <p>The Annual Integrated Report (Report) has been compiled in accordance with the concepts, guiding principles and content elements contained in the International 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 (6) capitals, namely financial, manufactured, intellectual, human, social and relationship and natural capital.</p> <p>The Report provides a complete and balanced review of MSM and its subsidiaries on the Environmental, Social and Governance performance within the context of its strategy, risks and opportunities.</p> <p>This Report adheres to the guidelines laid down within Listing Requirements and Sustainability Guidelines. It also complies with the core requirements of the Global Reporting Initiative (GRI). Compliance with Malaysian legal requirements under the Companies Act, 2016 and MCG 2021 has also been adhered to.</p> <p>The content of MSM's Annual Integrated Report 2021 is summarised below:</p> <table><tr><th>No.</th><th>Section</th><th>Sub-Section</th></tr><tr><td></td><td>About This Report</td><td></td></tr><tr><td>1.</td><td>Who We Are</td><td><ul style="list-style-type: none"><li>• Corporate Profile</li><li>• Our Mission, Vision &amp; Core Values</li><li>• Our Presence</li><li>• Our Value Chain</li><li>• Market Landscape</li><li>• MSM Products</li></ul></td></tr></table>	No.	Section	Sub-Section		About This Report		1.	Who We Are	<ul style="list-style-type: none"><li>• Corporate Profile</li><li>• Our Mission, Vision &amp; Core Values</li><li>• Our Presence</li><li>• Our Value Chain</li><li>• Market Landscape</li><li>• MSM Products</li></ul>
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			<ul style="list-style-type: none"> <li>• Our Corporate Details</li> <li>• Our Group Structure</li> <li>• Our Organisational Structure</li> <li>• Our Achievements</li> <li>• 2021 Key Event Highlights</li> <li>• MSM in the News</li> <li>• 5-Year Financial Highlights</li> <li>• Statement of Financial Position</li> <li>• Quarterly Financial Performance</li> <li>• Statement of Value Added</li> <li>• Segmental Highlights</li> <li>• Sales Highlights</li> </ul>
	2.	Statement & Discussion by Our Leaders	<ul style="list-style-type: none"> <li>• Chairman's Address</li> <li>• In Conversation with Group Chief Executive Officer</li> <li>• Group Financial Review</li> <li>• Corporate Strategy and Business Plan Review</li> <li>• Key Challenges &amp; Mitigations</li> <li>• Group Business Review <ul style="list-style-type: none"> <li>- Raw Sugar Sourcing &amp; Procurement</li> <li>- Operational &amp; Refining</li> <li>- Commercial &amp; Downstream</li> <li>- Supply Chain</li> </ul> </li> </ul>
	3.	How We Operate	<ul style="list-style-type: none"> <li>• Our Business Model</li> <li>• Materiality Assessment Process</li> <li>• Stakeholders Engagement</li> <li>• Investor Relations with a Difference</li> <li>• Financial Calendar</li> </ul>
	4.	Sustainability Journey	<ul style="list-style-type: none"> <li>• Board Statement on Sustainability</li> <li>• Our Sustainability Commitment</li> <li>• Our Sustainability Governance</li> <li>• Our Way Forward in Our Sustainability Journey</li> <li>• Environmental Initiatives</li> <li>• Social Initiatives</li> <li>• Governance Initiatives</li> </ul>
	5.	How We Are Governed	<ul style="list-style-type: none"> <li>• Board of Directors Diversity</li> <li>• Profile of Directors</li> <li>• Profile of Company Secretary</li> <li>• Executive Committee at a Glance</li> <li>• Profile of Executive Committee</li> <li>• Profile of Heads of Operations</li> </ul>

			<ul style="list-style-type: none"><li>• Corporate Governance Overview Statement</li><li>• Audit, Governance and Risk Committee Report</li><li>• Nomination and Remuneration Committee Report</li><li>• Investment and Tender Committee Report</li><li>• Additional Compliance Information</li><li>• Statement on Risk Management and Internal Control</li></ul>
	6.	Financial Statements	<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>• Statements of Financial Position</li><li>• Consolidated Statement of Changes in Equity</li><li>• Company Statement of Changes in Equity</li><li>• Statement of Cash Flows</li><li>• Noted to the Financial Statements</li></ul>
	7.	Additional Information	<ul style="list-style-type: none"><li>• Analysis of Shareholdings</li><li>• Summary of Properties Leased</li><li>• Summary of Properties Owned</li><li>• List of Top 10 Properties Owned</li><li>• Notice of 11<sup>th</sup> Annual General Meeting</li><li>• Statement Accompanying Notice of the 11<sup>th</sup> Annual General Meeting</li><li>• Administrative Guide</li><li>• Proxy Form</li></ul>
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**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>MSM issued its notice of 2021 Annual General Meeting (AGM) on 27 April 2021 to shareholders i.e. more than 28 days prior to the 2021 AGM date, which was on 17 June 2021.</p> <p>The notice of 2021 AGM was also advertised in an English Malaysian newspaper and made available on MSM’s corporate website.</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

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

### Practice 13.2

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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>MSM recognises that general meetings are the primary platform and principal forum for two-way interaction and dialogue between the Shareholders, Board and Senior Management. The Chairman of the Board is responsible for the conduct of the general meeting.</p> <p>MSM held two (2) general meetings in year 2021 as below:</p> <ul style="list-style-type: none"><li>a) 2021 Annual General Meeting (AGM) held on 17 June 2021; and</li><li>b) 2021 Extraordinary General Meeting (EGM) held on 15 September 2021</li></ul> <p>(2021 General Meetings).</p> <p>All Directors of MSM had attended MSM's 2021 General Meetings above.</p> <p>In compliance with the Securities Commission's Guidance Note and FAQs on the conduct of General Meetings for Listed Issuers and in line with the requirements under the Movement Control Order announced by the Government of Malaysia, MSM's 2021 General Meetings were conducted fully virtual.</p> <p>Chairperson of the meeting, Board Members, Senior Management and Shareholders (including the Chairman of the AGRC, NRC, Investment and Tender Committee), Company Secretary, External Auditors, Independent Scrutineers and Senior Management were in attendance via video conferencing.</p> <p>The 2021 General Meetings were conducted virtually via LUMI AGM facilities where sufficient time and opportunities were given to Shareholders to raise issues relating to the affairs of the Company and that adequate responses were given. Through LUMI AGM/EGM facilities, the Shareholders or proxies sent their questions to the Company to provide the answer during 2021 General Meetings while some were responded and uploaded on the Company's corporate website subsequent to the general meetings.</p> <p>Questions raised by the Minority Shareholders Watch Group (MSWG) prior to the 2021 General Meetings together with the feedback from Management were also shared with Shareholders during the 2021 General Meetings.</p>

	Chairman handled both 2021 General Meetings proceedings very well. Chairman and Chairman of Board Committees fielded all questions with courtesy and provided clear explanations in a frank manner.	
<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 13.3

Listed companies should leverage technology to facilitate—

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In line with the recommended best practices in corporate governance, MSM has conducted poll voting in accordance with Paragraph 8.29A of the Main Market Listing Requirements through electronic voting (e-Polling) as this is a more efficient and transparent process that results in a fair and more accurate reflection of Shareholders' views. This practice would enforce greater Shareholders' rights and it is consistent with the principle of "one share one vote".</p> <p>MSM's 2021 General Meetings were conducted fully virtual and by leveraging technology in accordance with Section 327(1) and (2) of the Companies Act, 2016 and Securities Commission's Guidance and FAQs on the Conduct of General Meetings for Listed Issuers dated 19 February 2021, MSM was able to facilitate remote shareholders' participation and electronic poll voting including voting in absentia (remote voting) via remote participation and voting facilities to encourage greater shareholders' participation. Shareholders were able to view the AGM proceedings through live streaming, pose questions to the Board/Management of the Company, and submit their votes remotely.</p> <p>The Minutes of the 10<sup>th</sup> AGM (including all the Questions raised at the meeting and the Answers thereto) were made available on MSM's corporate website at <a href="http://www.msmsugar.com/investor-relations/stock-information">http://www.msmsugar.com/investor-relations/stock-information</a></p> <p>MSM has taken security measures to protect confidential important information from manipulation, theft or disclosure within its IT systems in ensuring good cyber hygiene.</p> <p>MSM has an internal and external framework to manage the cybersecurity in order to prevent the cyber threats. Our protection come from two layers of firewall for external threat and also Trend Micro for both internal and external threat protection application (e.g. Email, One Drive, Share Point, Data Leak, etc.)</p>

	<p>Security is critical to a successful virtual/hybrid general meetings and a meetings' integrity depends on both the certainty and security of the identification of shareholders and access to this secure list, to ensure these virtual participants are who they claim to be.</p> <p>The 3<sup>rd</sup> party service provider for the online platform/tools for MSM's virtual 2021 General Meetings confirmed that they had used a patented technology, a certified platform via Amazon Web Services (AWS) and has been independently proven to be accurate and secure.</p> <p>The said technology:</p> <ol style="list-style-type: none"> <li>1. regularly undergoes penetration testing (PEN testing) performed by independent, accredited, third party experts (global banks, financial organisations, governing bodies, oil and gas) and currently there are no high or critical findings;</li> <li>2. uses a secure, encrypted network, monitored by a designated team throughout the 2021 General Meetings event and creates a clean network that is maintained from start to finish;</li> <li>3. uses modern, industry standard encryption techniques to ensure data protection and thus allowing for the safety of all personal data used and stored for the 2021 General Meetings; and</li> <li>4. uses trackable and transparent voting process with instant results collated on screen, and creates a seamless voting audit trail.</li> <li>5. The security, confidentiality, integrity, and availability of LumiAGM application are vital in conducting a successful AGM in Malaysia.</li> <li>6. All LumiAGM systems and suppliers' services are certified to the ISO/IEC 27001:2013 international standard. This provides a robust, auditable and externally verified framework of controls designed to maintain the confidentiality, integrity and availability of customer information and the personal data Lumi processes on their behalf. Lumi uses strong, industry best-practice encryption techniques to ensure customer data is protected from unauthorized access. All data is encrypted, with all keys managed directly by Lumi. There is also audit trail on respective LUMI system.</li> <li>7. All products are developed according to OWASP principles by Lumi's highly skilled and trained in-house developers. Information security and data privacy are of paramount importance throughout all stages of the Software Development Life Cycle.</li> <li>8. The Lumi platform is regularly and extensively penetration tested using independent, accredited third-party experts.</li> <li>9. All cloud-based infrastructure is provided by Amazon Web Services (AWS), using the latest industry standards in physical and logical controls. Strong controls to protect from Distributed Denial of Service (DDoS) are in place such as AWS Shield, throttling connection attempts, IP blacklisting etc. Additionally, features and functionality are built into LumiAGM to protect from a legitimate shareholder wishing to disrupt the meeting (e.g. protester or activist) where messages are moderated, users can silenced/muted or ejected.</li> </ol>
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	<p>10. Boardroom's Client data is never used for QA purposes and is not retained beyond the purpose of processing Client's proxy forms for the conduct of the AGM/ EGM.</p> <p>11. All Client data is segregated in a multi-tenancy environment. For sovereignty of data, Lumi provides a geographic selection of data centres (Canada, USA, EU, Japan, Singapore and Australia).</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

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

## Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During MSM's 2021 Annual General Meeting (AGM), the Group Chief Executive Officer (Group CEO) presented MSM's performance report for financial year 2020 which highlights MSM's achievements including short and long term business plans. The slide presentations are available on MSM's corporate website.</p> <p>Shareholders, proxies and corporate representatives who participated online for MSM's 2021 AGM were given sufficient opportunity to pose questions to seek clarification about the Group's activities, prospects, the resolutions proposed, the Group's operations in general as well as expressing their expectations and concerns as they could start submitting questions an hour before the AGM time up until the voting session begins. They were also encouraged to participate by submitting questions on real time basis.</p> <p>At the commencement of MSM's 2021 AGM, the Chairman, Datuk Syed Hisham Syed Wazir, briefed the shareholders, corporate representatives and proxies present virtually at the meeting on the outline of the proceedings of the meeting and their right to ask questions and vote on the resolutions set out in the Notice of the 2021 AGM dated 27 April 2021.</p> <p>For the 2021 AGM, MSM has received a total of 85 questions and comments posed by shareholders prior to and during the meeting. Out of the numbers, 38 were attended to during the 2021 AGM together with the responses of the same and made visible to all meeting participants.</p> <p>Whilst, for MSM's Extraordinary General Meeting, there were total 53 questions posed by shareholders prior to and during the meeting. 31 pertinent questions were addressed and made visible to all meeting participants during the meeting.</p>

	<p>The remaining questions and comments by shareholders which were unresolved during the 2021 AGM/EGM were compiled and responded post AGM/EGM either via email/published through corporate website/WhatsApp to the shareholders subsequently.</p> <p>The questions submitted by the Minority Shareholders Watch Group (MSWG) together with MSM's responses were shared during the meeting and made visible to all meeting participants.</p> <p>The Chairman, the Board members and the Senior Management were present to respond to questions raised and they provided clarifications as required by the shareholders.</p> <p>Whilst the AGM is one of the platforms where shareholders can raise issues or seek explanation from the Board or Management, they are free to share their feedback and questions at <a href="mailto:investor.relations@msmsugar.com">investor.relations@msmsugar.com</a> at any time, outside of the AGM.</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

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

## Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>MSM had engaged a proven 3<sup>rd</sup> party service provider to provide the online platform/tools for the virtual 2021 General Meetings which support both fully virtual and hybrid setup. The online platform comes with end to end setup to cater for virtual live 2021 General Meetings event right from the registration of the participants, live broadcast engagement during AGM and electronic voting process. The network infrastructure is able to support the live event and a dedicated bandwidth is provision to ensure smooth broadcasting to the participants (Board, Management and shareholders).</p> <p>Item 2.13 of the Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission states that the right of a shareholder to speak at a fully virtual general meeting is not limited to verbal communication but includes other modes of expression i.e. real-time submission of typed texts.</p> <p>The remote participation facilities provided by the 3<sup>rd</sup> party service provider do not permit two-way verbal communication at the moment. As and when such facility becomes available in the future, we will consider to implement.</p> <p>The Board has appointed Tricor Business Services Sdn Bhd (Tricor) as independent moderator for the 10<sup>th</sup> AGM. Tricor acted independently and objectively to oversee and moderate the collation of questions submitted by the Shareholders to ensure that they are responded to accordingly. Questions posed by Shareholders, Proxies and Corporate Representatives were made visible to the participants during the question and answer session within LUMI chat messaging platform. Questions of a similar in nature were collated and addressed together.</p>



	<p>For the 2021 AGM, MSM has received a total of 85 questions and comments posed by shareholders prior to and during the meeting. Out of the numbers, 38 were attended to during the 2021 AGM together with the responses of the same and made visible to all meeting participants.</p> <p>Whilst, for MSM's 2021 EGM, there were total 53 questions posed by shareholders prior to and during the meeting. 31 pertinent questions were addressed and made visible to all meeting participants during the meeting.</p> <p>The remaining questions and comments by shareholders which were unresolved during the 2021 AGM/EGM were compiled and responded post AGM/EGM either via email/published through website/WhatsApp to the shareholders subsequently.</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

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

### Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Minutes of MSM's 2021 Annual General Meeting (AGM) was published on MSM's corporate website on 16 July 2021 i.e. within 30 business days after the AGM date on 17 June 2021.  Minutes of Extraordinary General Meeting (EGM) was published on MSM's corporate website on 15 October 2021, which also within 30 business days after the EGM date on 15 September 2021.
<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>	:	

## **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT 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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