

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5202
COMPANY NAME : MSM Malaysia Holdings Berhad
FINANCIAL YEAR : December 31, 2022

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.

Application	:	Applied
Explanation on application of the practice	:	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: 1. Establish and maintain corporate governance standards. 2. Review, challenge and approve Management's proposals on strategic plan. 3. Oversee the conduct of the Group's business – monitor the financial performance against approved budget, determine dividend matters, review funding requirements and approve financial statements for timely lodgement and release. 4. Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures. 5. Succession planning of the Board and Top Management. 6. Oversee the development and implementation of Shareholder Communication Policy. 7. Review the adequacy and integrity of management information and internal control system. While the Board maintains a schedule of key matters that are reserved for their decision, the responsibilities of the Board are 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 https://www.msmsugar.com/our-company/corporate-governance. 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) supported by the Executive Committee (EXCO).

	Management had tabled to the Board the MSM Business Plan 2022-2024 (BP24) which consists of key operational and financial targets, improvement plans, growth plans, strategies and initiatives of the Group for year 2022 to 2024. MSM BP24 highlighted the key initiatives from year 2022 to 2024 as follows: <u>2022</u> • Capacity optimisation for lower production cost • Assess MSM Prai Berhad's (MSM Prai) rejuvenation life extension programme • Improve Average Selling Price and hedging • Direct contracts with Modern Trade, Big Industries and major Small & Medium Industries (SMIs) • Grow export – Vietnam, China, Singapore, South Korea etc. • Step up environmental, social and governance (ESG), reduce greenhouse gas (GHG) emissions, embark on renewable energy such as solar and explore biomass energy-saving project • Explore strategic partnerships to strengthen the export segment and further unlock synergistic value • Digitalization and the Fourth Industrial Revolution (IR4.0) <u>2023</u> • Steady production in MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor) towards break-even • MSM Prai Rejuvenation Phase 1 • Strengthen the domestic market and widen Customer Reach Points • Grow export above 30% of total sales • Expand Value Added Products (VAP) into new markets • Explore local distribution in Singapore, Philippines and Indonesia • Income diversification from sugar-related products • Debt rationalisation • Progress in IR4.0 initiatives with Smart Manufacturing • Explore business diversification into food-related business <u>2024</u> • MSM Johor achieves Utilisation Factor and Yield maturity • MSM Prai Rejuvenation Phase 2 • Maximising production capacity for export • Grow export market share in Asia Pacific for refined sugar and VAP • Expand logistics capabilities • Explore capacity growth overseas • Explore growth via strategic mergers and acquisitions (M&A) in the new food business value chain Further details on MSM BP24 strategies are available on page 52 of the Annual Integrated Report 2022 (AIR 2022).
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	The elements of sustainability are also embedded in the Key Initiative Strategic of MSM Business Plan 2022 as follows: a) Sustainable Manufacturing Performance; and b) Growing a Sustainable Operation with better Energy Planning and Green Energy. 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 were presented to the Board for review. MSM corporate website is being updated to provide the shareholders and other stakeholders with all relevant information affecting the Company. Regular communications and engagement with them were also conducted to understand their expectations by undertaking various improvement initiatives.			
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Measure	:			
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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 1.2

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

Application	:	Applied
Explanation on application of the practice	:	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 is made in the best interest of the Company and its stakeholders. The profile of Datuk Syed Hisham Syed Wazir as Chairman is available on page 78 of the AIR 2022. The Chairman's roles as stated in the BC amongst others are as follows: ◆ Ensure that all Directors are enabled and encouraged to participate at Board meetings; ◆ Guide and mediate the Board's actions with respect to organisational priorities and good governance; ◆ Be clear on what the Board has to achieve, both in the long-term and short-term; ◆ Ensure the Board behaves in accordance with the BC; ◆ 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; ◆ Fully informed of current events by the Group CEO on all matters which may be of interest to Directors; ◆ Be the major point of contact between the Board and the Group CEO; ◆ Undertake appropriate public relations activities together with the Group CEO; ◆ Ensure the Directors look beyond their executive functions and accept their full share of the responsibilities;

	◆ Review progress regularly together with the Group CEO on important initiatives and significant issues facing the Group; and ◆ Initiate and oversee the Group CEO's annual performance evaluation process. The BC is available on MSM's corporate website at https://www.msmsugar.com/our-company/corporate-governance.	
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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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	The position of Chairman of the Board and the Group CEO are held by different individuals with clear demarcation of roles between the positions to promote accountability and facilitate the division of responsibilities between them as defined in the BC. In this regard, no one individual can influence the Board's discussions and decision-making. The Chairman of the Company is Datuk Syed Hisham Syed Wazir and the Group CEO is Syed Feizal Syed Mohammad. <u>Chairman</u> Datuk Syed Hisham Syed Wazir is responsible for carrying 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. Since his appointment as Chairman, he has fulfilled his responsibilities successfully. He encourages the Directors to constructively challenge and focus on the Company's core issues at Board meetings. In addition to the quality of the board papers, he emphasizes the adequacy and accuracy of the information presented to the Board. Datuk Syed Hisham Syed Wazir is well regarded and respected by both Directors and Management for his broad knowledge, experience, dynamism and professionalism. He also promotes latitude for deliberations and seeks views from Directors and Management during Board meetings. The hands-on Chairman continues to push the Top Management to raise performance standards of the Group. <u>Group CEO</u> The role of the Group CEO is to design, develop and implement strategic plans for the organisation in a cost and time-efficient manner. Besides monitoring the day-to-day operations of the Company, the Group CEO also develops 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.

	Syed Feizal Syed Mohammad is responsible for providing leadership to MSM Group. He is responsible for spearheading MSM's strategic direction in accordance with the Company's business strategic plan, risk appetite, policies, action plans and targeted performances as approved by the Board. Primarily, the Group CEO must ensure the on-going success of the Group by being accountable for all aspects of the management and development of the Group. Under the leadership of Syed Feizal Syed Mohammad, MSM has developed strong engagement with various stakeholders and established strong collaboration in the network of local industry players including governmental bodies (ministries and agencies), analysts, suppliers and vendors. Syed Feizal Syed Mohammad and Management have been committed to progressively turnaround MSM and restore all stakeholders' confidence. The roles and responsibilities of the Chairman of the Board and Group CEO are clearly documented in BC which is available on MSM's corporate website at https://www.msmsugar.com/our-company/corporate-governance.	
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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 1.4

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>		
Application	:	Applied
Explanation on application of the practice	:	The Chairman of the Board is not a member of the Audit, Governance and Risk Committee (AGRC) and the Nomination and Remuneration Committee (NRC). The Chairman has never been an AGRC or NRC member or invitee since his appointment to the Board. This provides independence when deliberating on the observations and recommendations put forth by the Board Committees. This ensures check and balance as well as objective review by the Board.
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 1.5

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.

Application	:	Applied
Explanation on application of the practice	:	MSM Board is supported by a suitably qualified and competent Company Secretary who has prerequisite qualifications and experience and is able to provide sound governance advice to the Board. During the financial year 2022, Koo Shuang Yen was the Company Secretary until her resignation on 31 July 2022. On 18 July 2022, the Board appointed Azni Ariffin as Joint Company Secretary of MSM and its Group of Companies to succeed Koo Shuang Yen. Azni Ariffin has 29 years of experience in corporate governance, corporate secretarial, commercial and corporate laws as well as consulting work relating to cross-border legal issues and agreements. She is licensed by the Companies Commission of Malaysia and a graduate of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). The profile of the Company Secretary is provided on page 87 of AIR 2022. Both Company Secretaries had carried out the responsibilities as defined in the BC which among others: ◆ Co-ordinate all Board business including meeting agendas, board papers, minutes of meetings, communication with regulatory bodies and all statutory and other required submissions; ◆ 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; ◆ Ensure that the Board's procedures and applicable rules are observed; ◆ Maintain records of the Board and Board Committees and its respective meetings and ensure effective management of the Company's records; ◆ Prepare comprehensive minutes to document Board's proceedings and ensure conclusions are accurately recorded; ◆ Disseminate information in a timely manner relevant to Directors' roles and functions and keeping them updated on new or evolving regulatory requirements;

- ◆ Carry out other functions as deemed appropriate by the Board from time to time;
- ◆ Assist the Board with interpreting legal and regulatory acts related to the listing rules and international regulations and developments; and
- ◆ Advise the Board on its obligatory requirements to disclose material information to the shareholders and financial markets on a timely basis.

The Company Secretary assisted the Chairman and the Board in the conduct of the 2022 Annual General Meeting (AGM) and ensured that the proceedings were properly recorded. The Company Secretary also ensured that the fully virtual AGM was conducted in compliance with the Company's Constitution, relevant laws and regulations.

In keeping abreast of the latest developments of all relevant laws/requirements, the Company Secretaries attended courses/trainings during the financial year as listed below:

No.	Training	Organiser	Date
1.	Capacity Building Programme: Sustainability on Board	(Business Council for Sustainable Development (BCSD) Malaysia)	6 January 2022
2.	Kursus Tatacara Pentadbiran Syarikat serta Peranan Ahli Lembaga Pengarah di dalam Syarikat Subsidiari FELDA	FELDA	1 September 2022
3.	MICG - Seminar on the Law Behind Corporate Governance	Malaysian Institute of Corporate Governance	13 October 2022
4.	Fundamentals of Directorship	Institute of Corporate Directors Malaysia (ICDM)	27 October 2022
5.	The Rise of ESG and Sustainability in the Boardroom	ICDM	31 October 2022
6.	Fundamentals of Directorship Module 4 - Directors' Liabilities and Legal Responsibilities	ICDM	23 November 2022

	The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions during the period under review.	
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

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.

Application	:	Applied
Explanation on application of the practice	:	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 of the Board and the Board Committee respectively. This is in reference to the responsibilities and duties of the Board and respective Board Committee, in consultation with the Group CEO and Company Secretary. As part of MSM's initiatives to reduce paper usage which is in line with MSM's cost optimisation exercise and ESG, all Board and Board Committee notices of meetings, agendas and meeting materials (Board Meeting Pack) were uploaded and circulated to the Directors via Convene, a dedicated software with a high security standard. Directors are able to access the contents of the meeting materials anywhere, anytime in a highly secure manner. The Board Meeting Packs 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, board papers that are deemed urgent may still be submitted to the Company Secretary within shorter period to be tabled at the Board/Board Committee meeting. This is subject to the approval of the Chairman of the Board and Chairman of the Board Committee respectively. Complex issues and critical matters that require proper and effective discussion were tabled at the Board meeting to enable the Board to make decisions objectively while administrative or non-operational matters, upon the Chairman's consent, may be circulated to the Board via Directors' Circular Resolution (DCR). DCRs are normally accompanied by relevant board papers in the same prescribed format. All approved DCRs were tabled for confirmation at the next scheduled Board meeting. When necessary, Management and/or external advisors are invited to attend Board and Board Committee meetings. They provide insights,

	professional views, advice and explanation on specific items on the meeting agenda as presented at the said meetings. 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. The final draft minutes of the Board and Board Committee meetings were then circulated to all Board members and the Chairman of the Board Committee in a timely manner. This has allowed the Board members and Chairman of the Board Committees to comment and seek clarifications on the minutes. In addition, they may request any necessary corrections prior to confirming the minutes as true and correct records of the meeting.	
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 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.

Application	:	Applied
Explanation on application of the practice	:	The Board has a Board Charter (BC) which is periodically reviewed to serve as a constitution for the Board and among others outlines the following: 1) the roles and responsibilities of the Board 2) the balance and composition of the Board 3) the Board's authorities 4) the schedule of matters reserved for the Board 5) the establishment of the Board Committee 6) the process and procedures for convening Board meetings 7) the Board's assessment and review of its performance 8) the compliance and ethical standards 9) the accessibility by the Board to information and advice and declarations of conflict of interest. The Board's decisions are always supported by the respective Board Committees. These Committees are responsible for deliberating any issues related to its scope and presenting their recommendations to the Board for final approval. Each Board Committee is guided by its TOR which 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. 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 https://www.msmsugar.com/our-company/corporate-governance.
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

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	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 and required to be complied with by 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 prohibit improper solicitation, bribery, insider trading, money laundering and other corrupt activities. MSM has also established an Anti-Bribery Policy Statement (Policy Statement) to comply with Paragraphs 15.29 (1) and (2) of the 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 2018). This Policy Statement sets forth the commitment of MSM in applying the highest standards of ethical conduct and integrity in its business activities. This is done by putting in place adequate policies and procedures for the prevention of corruption and bribery. The following seven (7) key policies are related to corruption and bribery which are covered under the Policy Statement: – Whistleblowing Policy – Asset/Personal Declaration Interest Policy (APID) – External Gift, Entertainment and Hospitality Policy (External GEH) – Sponsorship and Donation Policy – Code of Business Conduct Ethics for Employees (COBCE) – Conflict of Interest Policy – Referral Policy There are three (3) key focus areas examined – Corruption, Fraud and Abuse of Power. A copy of the Policy Statement is available on MSM's corporate website at https://www.msmsugar.com/our-company/corporate-governance.

	In managing conflicts of interest, MSM Board members are required to make declarations at the beginning of every Board of Directors' meeting. This is in the event that they have any interest in the proposals being considered by the Board. This shall include interest arising through close family members, in line with various statutory requirements in regard to the disclosure of the 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. 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. This notice is sent in advance whenever the closed period is applicable.	
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

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	MSM Whistleblowing Policy (Policy) which 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. The Policy aims to maintain the highest standard of ethics and legal conduct within the Group with following objectives: (i) provide avenues for employees to disclose any act of wrongdoing. (ii) assure the employees that they will be protected from reprisals, discrimination or victimisation for whistleblowing in good faith. (iii) provide a formal mechanism for action on all reports made. (iv) take necessary action of any improper conduct reported by other sources. The Policy enables the reporting individual to report on alleged unethical behaviour within the Group such as, but not limited to the following: (i) Malpractice, impropriety, fraud and embezzlements. (ii) Misappropriation of assets and funds. (iii) Criminal breach of trust. (iv) Illicit and corrupt practices. (v) Questionable or improper accounting. (vi) Misuse of confidential information. (vii) Acts or omissions, which are deemed to be against the interest of the Group, laws, regulations or public policies. (viii) Breaches of any rules, regulations, policies and procedures of the Group. (ix) Attempts to deliberately conceal any of the above or other acts of wrongdoing. (x) Abetting any of the above. As mandated by the Board, MSM Whistleblowing Committee (WBC) is responsible to manage complaints reported through a secure and accessible whistleblowing channel, transparent investigation and provide protection to the whistleblower.

	MSM WBC comprises the following members: (i) Head of Corporate Governance & Risk Management (ii) Head of Legal Affairs (iii) Head of Group People & Culture (iv) Head of Safety (v) Head of Treasury (vi) Head of Corporate Strategy & Investor Relation* (vii) Head of Finance (Compliance)* (*) Alternate WBC members: WBC may appoint as and when required. The whistleblowing reporting can be channelled via the following mediums: <table border="1" data-bbox="563 656 1409 954"> <tr> <td>e-form</td> <td>https://msmwhistleblowing-form.msmsugar.com</td> </tr> <tr> <td>email</td> <td>msmwb@msmsugar.com</td> </tr> <tr> <td>Letter</td> <td>MSM Whistleblowing Secretariat Level 44, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur</td> </tr> <tr> <td>Hotline</td> <td>03-2181 6827 (secured voice recording)</td> </tr> <tr> <td>In Person</td> <td>A person who wishes to whistleblow may come in person to meet MSM Whistleblowing Secretariat.</td> </tr> </table> 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. The Policy Statement is made available for public viewing and information on MSM's corporate website at https://www.msmsugar.com/our-company/corporate-governance.		e-form	https://msmwhistleblowing-form.msmsugar.com	email	msmwb@msmsugar.com	Letter	MSM Whistleblowing Secretariat Level 44, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur	Hotline	03-2181 6827 (secured voice recording)	In Person	A person who wishes to whistleblow may come in person to meet MSM Whistleblowing Secretariat.
e-form	https://msmwhistleblowing-form.msmsugar.com											
email	msmwb@msmsugar.com											
Letter	MSM Whistleblowing Secretariat Level 44, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur											
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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.

Application	:	Applied
Explanation on application of the practice	:	There is a strong sense of ESG 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. The elements of sustainability are embedded in the Key Initiative Strategic of MSM Business Plan for the year 2022. The Company's sustainability is governed and supervised by the AGRC and subsequently by the Board. All sustainability-related proposals, memberships, initiatives, and reports must be presented to the AGRC and Board. The Group is strongly committed to: a) Meet the requirement of all applicable legislations as well as other codes of practices and sustainability commitments that MSM subscribe to. b) Engage with the stakeholders in promoting sustainability practices. The risk that has been monitored via Enterprise Risk Management System (ERMS) provides the Board and Top Management with foresight on the potential risk. The sustainability risk will also be incorporated during the next cycle of ERMS updating as risk is always a component considered when strategizing the business's direction.
Explanation for departure	:	

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Measure	:	
Timeframe	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	The Group continues to leverage various communication platforms with the internal and external stakeholders in delivering the Company's sustainability strategies, priorities and targets. MSM has a dedicated section for Sustainability on MSM's corporate website to highlight key matters which is made available at https://www.msmsugar.com/sustainability/overview. Any stakeholders of MSM may write to esg@msmsugar.com on queries relating to the sustainability of the Company. Aside from the disclosure of Sustainability programs in the AIR 2022, other platforms were also being utilised to communicate with internal and external stakeholders which include internal meetings and e-mails, financial performance results, general meetings and formal and informal shareholders' engagements to ensure that they are well informed on the Group's direction.	
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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.

Application	:	Applied
Explanation on application of the practice	:	The Board is always updated on any opportunities and issues related to sustainability and provides necessary directives to the Management. In 2022, MSM has undertaken initiatives to embed sustainability in MSM Group which among others, are as follows: • MSM Group's Climate Actions through Science Based Target Initiatives and Net Zero Ambition • Participation in SIRIM's Resource Efficiency and Industrial Symbiosis Opportunity Assessment • Bursa Malaysia Sustainability Disclosure Review 2021: Key Observations & Recommendations • Formation of MSM on ESG Portfolio The Board is also being updated quarterly on the potential risk affecting the Group via monitoring through ERMS including the highlights of key emerging risks. The Board also kept themselves abreast with the knowledge of sustainability by attending training and development programs. This enabled them to deliberate and tackle issues relevant to the Company and its business. The list of training relating to sustainability issues attended by the Board which among others, are as follows: • SSM National Conference 2022 – Corporate Governance and Sustainability Needed Now More Than Ever • Hong Leong Bank Sustainability Roundtable. The Chemical Manufacturing Industry: Its Environmental & Social Risks and Opportunities • Transitioning Towards Sustainability Agenda • Petrochemicals Sustainability Conference 2022 • Introductory Session by UN Global Compact (UNGC) on: 1. Brief Introduction on Board Leadership & Sustainability; and 2. KIBB-UNGC Collaboration Plans • MACC Act Section 17A: The Impact of the Technology & the Newly Enhanced Sustainability Reporting by Dr. Mark Lovatt • Capacity Building Programme: Sustainability on Board • Audit Committee Conference 2022 - Beyond Effectiveness, Governance, Sustainability & Agility

	• MIA International Accountant Conference 2022 - Leading ESG, Charting Sustainability • The Rise of ESG & Sustainability in Boardroom • MIA Virtual Conference Series: Corporate Board Leadership Symposium 2022 Mastering Governance in the era of ESG • The Power of ESG Data • Understanding ESG Rating Frameworks to Enable Sustainable Investing in Malaysia • MIA International Accountant Conference 2022 - Leading ESG, Charting Sustainability	
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

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.

Application	:	Applied
Explanation on application of the practice	:	The Board and Top Management always consider and integrate sustainability and ESG elements into the objectives and its decision making. The Board and Top Management also ensure the Company has adequate dedicated resources at the right levels in order to drive sustainability goals and strategies within the Company. Board The Board Effectiveness Assessment (BEA), conducted internally in 2022, assessed the Board's performance in managing the Company's material sustainability risks and opportunities. The sustainability criteria had been assessed by the Board under the Board's roles and responsibilities, Board process and Board agenda, minutes and information. For sustainability scores, the Board rated effective. Sustainability is also included as one of the KPIs in the Company's Balance Scorecard for year 2022. Top Management Sustainability and ESG elements continue to be immersed and reinforced in Top Management Performance Objectives Balance Scorecard.
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

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>	
Application	: Adopted
Explanation on adoption of the practice	On 22 February 2022, the Board has approved the formation of ESG Portfolio which was directly supervised by the Group CEO. Siti Nurbaiti Abdul Latif had been appointed as the management in-charge for ESG for year 2022. On 3 January 2023, Cheng Lay Peng was appointed as Head of ESG who reports directly to the Group CEO. She advises all Heads of Operations on matters pertaining to the Group's sustainability strategy. Cheng Lay Peng has over 25 years of experience in multinational and local companies. She possesses a career portfolio that includes research & development, quality management, plant operation management, risk management, sustainability and Environment, Health and Safety (EHS) & compliance. The profile of Cheng Lay Peng is available on page 91 of AIR 2022. The ESG Department also works closely with MSM's Health, Safety, Environment, Security & Quality (HSES&Q), the department that spearheads the implementation of sustainability-led strategies and programmes within the Group, which is led by Radzlan Ramli. Representatives from each MSM's premises are required to further strengthen the integration of sustainability into the operations of the Company. They are also required to update the Group's sustainability progress and report every quarter. MSM has also established its ESG Management Committee comprising all Heads of Departments to discuss ESG strategy and directions. MSM Group Sustainability Policy (Policy) is set to ensure and facilitate the achievement of MSM Group's commitment to conduct business responsibly throughout the MSM business process. The Policy establishes MSM's commitment to work towards a future that positively impacts ESG responsibilities for stakeholders. Currently, Management is working towards revising and updating the Policy to align with MSM's current practices and business strategies.

	This will enable it to take into account constructive input on the concerns and expectations of stakeholders. MSM reports its sustainability practices and performance on an annual basis through its Annual Integrated Report. For the year 2022, MSM for the first time will publish its Sustainability Report which will be produced every two (2) years. It summarises the key highlights of MSM's efforts towards achieving sustainable development through ESG initiatives. These efforts are to comply with all applicable environmental legislation, regulations and requirements that pertain to our receiving, manufacturing and distribution practices. MSM's concerted efforts aim to enhance its sustainability framework with clearer medium to long-term goals and measurable progress on its "high" priority issues. MSM prioritises the effective use of resources, energy and fuel, as well as waste reduction. This commitment stretches beyond the Group's direct impact and includes the effort to ensure good practices across the MSM's supply chain. MSM also encourages its value chain partners to embrace sustainable environmental practices at their work sites and educate MSM staff on environmentally friendly practices. On sustainability, MSM targets to remap its resource/material topics with more defined priorities and initiatives through effective use of resources, energy and fuel, including waste reduction to align with the changing business landscape and current market conditions as follows: - MSM's commitment to addressing climate change under the Policy and actively making efforts and initiatives to minimise climate change impact including reduction of GHG emissions. - Energy efficiency 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, use of inverters in the pumps, GPS tool tracking system to monitor fuel consumption, etc). - 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.
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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.

Application	:	Applied
Explanation on application of the practice	:	The Board Nomination and Election Policy and Procedures (BNEPP) under Paragraph 6.4 on the <i>"Policy on Board Assessment"</i> and NRC TOR under Paragraph 7.1.3 pertaining to 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. BNEPP also provided that the tenure of Independent Director 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. This is to ensure that the composition of the Board is refreshed periodically. The NRC had reviewed and conducted an assessment process to evaluate the eligibility of retiring Directors before recommending them to the Board for approval. The list of the retiring Directors who were eligible and re-elected at the 11th AGM held on 8 June 2022 for shareholders' approval were as follow: – Choy Khai Choon and Dato' Muthanna Abdullah were retiring in accordance with Clause 99 of the Company's Constitution. – Nik Fazila Nik Mohamed Shihabuddin and Azman Ahmad were re-elected as Director in accordance with Clause 105 of the Company's Constitution. In determining the eligibility of Directors for re-appointment/re-election, NRC also considered the following elements, among others: a) the Individual Director's Performance assessment as part of the Board Effectiveness Assessment which focuses more on soft governance aspects of the Director (individual contribution, communication with members, their decision making and traits); and b) special skills and knowledge an individual Director brings to the organization.

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

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.

Application	:	Applied
Explanation on application of the practice	:	Paragraph 15.02(1) of the 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. During the financial year under review, the following changes to the Board composition took place: a) Datuk Lim Thean Shiang who was appointed on 23 August 2013, ceased to be Independent Non-Executive Director on 23 August 2022 upon completing his 9-year tenure. b) Appointment of FGV's representative, Dato' Mohd Nazrul Izam Mansor with effect from 4 October 2022 as Non-Independent Non-Executive Director. c) Appointment of nominee Director of Koperasi Permodalan Felda Malaysia Berhad (KPF), Raja Faridah Raja Ahmad as the Non-Independent Non-Executive Director with effect from 28 October 2022, replacing Dato' Amir Hamdan Hj Yusof who resigned on the same date. With the above changes, the Board composition is in compliance with Paragraphs 15.02 and 3.04 of the Listing Requirements which consists of nine (9) members, of which: • five (5) are Independent Non-Executive Directors, namely: 1. Datuk Syed Hisham Syed Wazir 2. Choy Khai Choon 3. Dato' Muthanna Abdullah 4. Datuk Dr Abd Hapiz Abdullah 5. Dato' Rosini Abd Samad • four (4) are Non-Independent Non-Executive Directors, namely: 1. Raja Faridah Raja Ahmad 2. Nik Fazila Nik Mohamed Shihabuddin 3. Dato' Mohd Nazrul Izam Mansor 4. Azman Ahmad All five (5) Independent Non-Executive Directors satisfy the independence test under the Listing Requirements. They constitute 56% of the Board.

	The presence of five (5) independent directors on the Board brings diverse professional backgrounds, skills, extensive experience and knowledge in the areas of accounting, legal, corporate business, strategy and risk. Their areas of expertise allow them to provide independent judgement on the issues of strategy, business performance, human resources, legal and standards of conduct. They also provide independent views in the Board's discussions to ensure that the strategies proposed by Management are fully deliberated and examined in the long-term interest of the Group, as well as shareholders and other stakeholders. None of the Independent Directors is involved in the day-to-day management of MSM and its Group of Companies. The most recent changes were the resignation of Azman Ahmad on 1 January 2023 and the appointment of Fakhrunniam Othman with effect from 23 February 2023 as Non-Independent Non-Executive Directors. The change does not affect the composition of majority Independent Directors on the Board.	
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

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.

Application	:	Not applicable - Step Up 5.4 adopted	
Explanation on application of the practice	:		
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

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>	
Application	: Adopted
Explanation on adoption of the practice	: The BC and BNEPP have provisions that limit the tenure of an Independent Director to a cumulative term of nine (9) years. The following paragraph in the BC states: a) <u>Clause 6.4.5 (iv):</u> The tenure of an Independent Non-Executive Director shall not exceed a cumulative term of nine (9) years. 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. MSM also has in its BNEPP provisions on the tenure limits of its Independent Directors as below: 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. 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. 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.

	During the financial year under review, Datuk Lim Thean Shiang ceased to be an Independent Non-Executive Director on 23 August 2022 upon completing his 9-year tenure in accordance with the above requirements.
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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 5.5

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	:	<u>Board</u> MSM has in place a fit and proper policy for the appointment and re-election of its directors, namely MSM BNEPP which formalizes the policies on Board Composition (including diversity), Independence, Conflict of Interest and Board Assessment required to meet the needs of the Group. The BNEPP provides guidelines on Board diversity, in terms of gender, age, ethnicity and cultural background in considering the composition of the Board which includes the following: (a) the adoption of a merit-based system and no discrimination on gender and ethnicity; (b) the difference of age groups infuses a mixture of qualities such as ideas, risk appetites or experience; and (c) appropriate diversity in relation to the mix of technical and non-technical qualities of Directors. The BNEPP also serves as a guide to the NRC and the Board with detailed guidance and a transparent process in relation to the nomination and election of Directors based on the following selection criteria: a) skills, knowledge, expertise and experience b) contribution and performance c) character, professionalism and integrity d) number of directorships and other external obligations which may affect the Director's commitments including time commitment and value contribution e) ability to discharge certain responsibilities/functions as expected from Independent Directors. Section 6.1.2 of BNEPP also 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. At present, no Active Political Person sits on the Board. The proposed candidates for Independent Non-Executive Director, prior to their appointment were required to disclose their other business interests that may result in conflict of interest and background checks on them were also undertaken. In assessing candidates for directorship of the MSM Board, the Board is guided by the Board Succession Plan. The assessment and evaluation process may include, at the NRC's discretion, reviewing the candidate's resume, curriculum vitae and relevant information, confirming the candidate's qualifications, conducting legal and other background searches including integrity, bankruptcy and criminal record as well as formal and informal interviews. The fit and proper policy for the appointment and re-election of directors is made available on MSM's corporate website at https://www.msmsugar.com/our-company/corporate-governance. The Board composition, gender diversity, tenure, age diversity together with the skills and experience mapping can be found on page 101 of the AIR 2022. <u>Senior Management</u> Appointment of Senior Management in MSM is based on merit and with due regard for diversity in skills, experience, age, cultural background and gender. In selecting the Senior Management, the appointment is governed by the approval matrix as per MSM Limit of Authorities (LOA). Approval Matrix: 1. All C-suites positions are reviewed and deliberated by the NRC and recommended to the Board for final approval. 2. All positions within job ranking General Manager to Vice Presidents shall be approved by the Group CEO. 3. The LOA also outlined the approval matrix on appointments of other positions job grade, i.e. from managerial, executive and non-executive positions. There are currently three (3) women in the Senior Management of MSM that constitutes 37.5% of the Senior Management's composition. The diversity of Senior Management's composition in terms of gender, age, working experiences, skills and background can be found on page 88 to 92 of the AIR 2022.
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

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.

Application	:	Applied
Explanation on application of the practice	:	For financial year 2022, Raja Faridah Raja Ahmad and Dato' Mohd Nazrul Izam Mansor were appointed. They are Nominee Directors from KPF and FGV respectively and were appointed as Non-Independent Non-Executive Directors (NINED) of MSM. Nevertheless, MSM is guided by BNEPP 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. NRC TOR under Paragraph 7.1.3 allows NRC to consider candidates proposed by the Chairman of NRC and by any Director or shareholder. However, NRC 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. The background checks were also conducted on the candidates for NINED. In respect of the appointment of Independent Non-Executive Director, the Board considers candidates to be appointed as Directors not only from existing directors, top management staff and major shareholders but also from third-party referrals/independent sources. The Board utilised independent sources and third party referrals to identify candidates with the necessary skill sets and experience as set out in the BNEPP. Recommendations from existing Board members, Management or major shareholders were not solely relied upon. The Board then evaluates the profiles of the shortlisted candidates consisting of their academic/professional qualifications, skill sets, past employment history, board experience and directorships (past and current). With regards to this appointment, NRC ensures that all assessments/reviews of directors are properly made by considering the selection criteria specified in BNEPP and thereafter table and recommend to the Board for approval.

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

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.

Application	:	Applied
Explanation on application of the practice	:	The shareholders were given sufficient information about 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 AGM notice. The AGM notice also stated that the Board supports the re-election. Choy Khai Choon and Dato' Muthanna Abdullah 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 Nik Fazila Nik Mohamed Shihabuddin and Azman Ahmad were standing for re-election pursuant to Clause 105 of the Company's Constitution and Section 208(4)(a) of the Companies Act, 2016. All Directors who were standing for re-election had given their consent to be re-elected and had abstained themselves from deliberations and decision-making at the Board on matter relating to their own re-elections. At the 11th AGM held on 8 June 2022, the shareholders approved their re-elections as Directors of MSM. The profiles of the directors standing for re-election were provided to the shareholders in the AIR 2021 to assist them to make an informed decision on the re-election of Directors.
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	:		
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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 5.8

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

Application	:	Applied
Explanation on application of the practice	:	Pursuant to Paragraph 4.1 of the NRC TOR, the Chairman of the NRC must be an Independent Non-Executive Director, and where a Senior Independent Non-Executive Director position exists, the Senior Independent Non-Executive Director shall assume the position of Chairman of the NRC. 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 80 of AIR 2022. The Chairman of NRC shall: 1) be responsible for the conduct of meeting and must be present at all NRC meetings; 2) report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities; 3) draw to the Board's attention any relevant matters deemed to be of major importance; 4) be available to answer questions about the Committee's activities at the AGM of the Company. All other members of the Committee shall also attend the AGM; 5) determine the frequency of the Committee meeting and discuss the schedule of meetings with the members of the Committee; 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 Chairman of the NRC together with other members of the NRC are set up in the TOR which is available

	on MSM's corporate website at https://www.msmsugar.com/our-company/corporate-governance .	
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

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.

Application	:	Applied
Explanation on application of the practice	:	MSM BNEPP provides guidelines on board diversity, in terms of gender, age, ethnicity and cultural background. On 28 October 2022, Raja Faridah Raja Ahmad was appointed as Non-Independent Non-Executive Director and with her appointment, the total number of women directors on the MSM Board increased from two (2) to three (3), which constituted 33% female representation. Other women Directors on the Board are Dato' Rosini Abd Samad and Nik Fazila Nik Mohamed Shihabuddin. Currently, MSM Board comprises six (6) male Directors and three (3) female Directors.
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

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<u>Board</u> MSM BNEPP aims to provide guidelines on nomination and election matters to be in line with the requirements of the Companies Act, 2016, Listing Requirements and better practices of MCCG 2021 and the Corporate Governance Guide. The BNEPP includes guidelines on Board diversity, in terms of gender, age, ethnicity and cultural background in considering the composition of the Board which include the following: (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; (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 BC; and (c) maintain 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 enable strategic decisions to be made while risks are being managed. There are currently three (3) women Directors on the Board that constitutes 33% of the Board's composition. <u>Senior Management</u> However, there is no policy on gender diversity for Senior Management. The practice of gender diversity for Senior Management continues to be premised on merit-based selection and appointment along with a fair and equitable consideration and deliberation for qualification, experience, skills, intelligence and empathy. Notwithstanding the absence of the policy on gender diversity for the Senior Management, there are currently three (3) women in the Senior

	Management of MSM that constitutes 37.5% of the Senior Management’s composition.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	The Board agrees on gender equality but remains committed to its principle that skill set and experience should be a priority. This is in order to minimise the gaps in Board’s and Senior Management’s compositions.
Timeframe	:	Within 3 years

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>	
Application	: Applied
Explanation on application of the practice	The exercise of Board Effectiveness Assessment for 2022 (BEA 2022) was carried out internally and facilitated by the Company Secretary. The Board was of 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. This is the second year MSM conducted its BEA internally. There were three (3) sets of assessment forms for BEA 2022. The assessment forms were sent to eight (8) directors on 11 January 2023 for their completion to assess the effectiveness of the following: a. Board as a whole b. Board Committees c. Directors' Self and Peer Evaluation On 10 March 2023, the analysis of the BEA 2022 results and feedback from the Board and Board Committee members were presented by the Company Secretary for the NRC's recommendation to be presented to the Board on 31 March 2023. The results of the assessment and the outcome were compiled, summarised and analysed based on the feedback gathered from the completed questionnaires. The overall average rating for the areas of assessment were above 4, based on a 5-scale rating. The results of the BEA 2022 indicated that the performance of the Board, the Board Committees, the individual Directors and members of the Board Committees during the assessment period had been Effective (average rating score of 4 on a 5-scale rating). This has shown that all Board of Directors had been effective in their overall discharge of functions, roles and duties. The Board was satisfied with each of the Directors' level performance and that they had also met the performance criteria in the prescribed areas of assessments. The results of these assessments had

also formed the basis of the NRC's recommendations to the Board in March 2023 for the following matters:

- a) all Directors who are seeking re-election at the forthcoming 12th AGM have met the performance criteria required of an effective and high performance Board and have the ability to continuously discharge their duties diligently as Directors of the Company; and
- b) the Performance Assessment of the AGRC and its members:
 - (i) AGRC and its members have carried out their responsibilities and duties in accordance with the AGRC TOR; and
 - (ii) the existing members of the AGRC shall continue to be AGRC members for the financial year 2023.

The NRC deliberated on each feedback/areas of improvement given based on the BEA 2022 exercise and the NRC requested that the Board and Board Committee members' feedback be shared with the relevant Management for notation and further action. The areas requiring on-going attention for continuous improvement were categorised as below:

No.	Sections	Feedback / Areas for Improvement
1.	Board Information	a) Management to provide timely and comprehensive reports to the Board early and at all times. b) Management to provide verified detailed market competitor statistics and updates. c) Management to provide monthly performance reports and shared with the Board on timely basis. d) Management to provide up to date information on the performance of the company and board to assess the impact.
2.	Board Agenda and Meeting	a) The circulation of board papers has to be in timely manner. b) Management to improve the quality of presentation to the Board. c) Meetings to be shorter and more focused on strategic issues. d) To have deeper and frequent discussions on the "Ramp Up" programs in Johor. e) More in depth discussion on growth opportunities beyond sugar. f) To address Company's going concern issue.

			g) To discuss more about customers; existing and potential markets. h) To put more initiatives on product innovation and development.
	3.	Board Composition	a) Appoint a Board member who is a technical expert in sugar mill operations to monitor closely the operations of both refineries, especially Johor.
	4.	Suggested trainings to enhance Board's contribution	a) ESG, sustainability and related topics. b) Digital disruption. c) Related statutory compliance costs for sugar business. d) Industry related training especially in the areas of risks and sugar market sugar trade.
	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 Committees. In addition to the above, based on the BEA 2022 results, the Board agrees that they have appointed a capable Group CEO and a competent C-Suite team.		
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

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.

Application	:	Applied
Explanation on application of the practice	:	<u>Directors' Remuneration</u> MSM has in place a Directors' remuneration policy named Non-Executive Directors' Remuneration Policy (Policy) which summarises the remuneration structure for the Board of Directors. The Policy covers the remuneration package for NEDs and Board Committees which includes 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. This is because they provide the necessary skills and experience as required and commensurate with the Board's responsibilities, expertise and complexity of the Company's activities for effective management and operations of the Group. NED's remuneration package reflects the experience, expertise and level of responsibilities undertaken by NED. This Policy shall be reviewed as and when required at least once in every two (2) years, to reflect any development in the laws, regulations and industry and ensure fairness and competitiveness of the remuneration packages of the NEDs relative to the market (based on market positioning, revenue, performance, total assets, profit after tax and market capitalisation of the comparator groups). MSM also has in its NRC TOR that the NRC reviews and recommends to the Board the remuneration of the Executive Directors, on an annual basis. In accordance with Paragraph 7.24 of the Listing Requirements and Section 230(1) of the Companies Act, 2016, annual fees and any benefits payable to the NEDs shall be subject to annual shareholders' approval at a general meeting.

	The summary of the NEDs' Remuneration Structure is available on MSM's corporate website at https://www.msmsugar.com/our-company/corporate-governance. <u>Top Management</u> For Top Management, the Company has a human resource policy on employees' remuneration which is fair and equitable and encourage behaviour that supports MSM's long-term financial soundness, growth and success within an appropriate risk management framework. The Group People & Culture through the NRC reviews and recommends to the Board on an annual basis, the individual remuneration levels and remuneration arrangements for Top Management of the Group.	
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

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.

Application	:	Applied
Explanation on application of the practice	:	MSM has established a NRC which comprises exclusively Non-Executive Directors with the majority of its members being Independent Directors and is chaired by an Independent Non-Executive Director. NRC TOR highlights the responsibilities and duties of NRC which includes review and recommendation to the Board on remuneration matters such as Directors' remuneration policy, remuneration of Group CEO, Executive Director, Top Management and general remuneration across MSM Group. Other responsibilities of NRC in assisting the Board, among others, are as follows: (i) composition of the Board, the Board Committee, the directorship in the Group and Top Management. (ii) nomination and election process, appointment and re-appointment and re-election process. (iii) Board assessments and succession planning. The NRC TOR is published on MSM's corporate website at https://www.msmsugar.com/our-company/corporate-governance and further information and summary of work of NRC are disclosed in the Corporate Governance Overview Statement on page 100 of the AIR 2022.
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

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.

Application	:	Applied
Explanation on application of the practice	:	In compliance with the 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 on page 110 of the AIR 2022 categorised into components such as Directors' annual fees, meeting allowances, benefits-in-kind and other benefits. Notes in the table below: <i>*Directors' Remuneration paid to FGV</i> <i>#Amount does not include meeting allowance as member of Special Board Committee which shall be subject to shareholders' approval at the 12th AGM on 8 June 2023.</i>

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	26,000.00 [#]	-	-	44,584.50	-	385,584.50	-	-	-	-	-	-	-
2	Choy Khai Choon	Independent Director	200,000.00	78,000.00 [#]	-	-	-	1,385.42	279,385.42	-	-	-	-	-	-	-
3	Dato' Muthanna Abdullah	Independent Director	187,000.00	64,000.00 [#]	-	-	-	1,385.42	252,385.42	-	-	-	-	-	-	-
4	Datuk Dr Abd Hapiz Abdullah	Independent Director	172,000.00	64,000.00 [#]	-	-	-	1,385.42	237,385.42	-	-	-	-	-	-	-
5	Dato' Rosini Abd Samad	Independent Director	172,000.00	72,000.00	-	-	-	1,385.42	245,385.42	-	-	-	-	-	-	-
6	Nik Fazila Nik Mohamed Shihabuddin	Non-Executive Non-Independent Director	140,000.00	42,000.00	-	-	-	1,385.42	183,385.42	-	-	-	-	-	-	-
7	Dato' Mohd Nazrul Izam Mansor (appointed w.e.f 4 October 2022)	Non-Executive Non-Independent Director	29,032.26	8,000.00	-	-	-	-	37,032.26 [*]	-	-	-	-	-	-	-
8	Raja Faridah Raja Ahmad (appointed w.e.f 28 October 2022)	Non-Executive Non-Independent Director	23,427.31	4,000.00	-	-	-	246.72	27,674.03	-	-	-	-	-	-	-
9	Datuk Lim Thean Shiang (cessation of office on 23 August 2022)	Independent Director	107,935.48	52,000.00	-	-	-	888.19	160,823.67	-	-	-	-	-	-	-

10	Dato' Amir Hamdan Hj Yusof (resigned on 28 October 2022)	Non-Executive Non-Independent Director	115,148.04	34,000.00	-	-	-	1,138.70	150,286.74	-	-	-	-	-	-	-
11	Azman Ahmad (resigned on 1 January 2023)	Non-Executive Non-Independent Director	136,000.00	50,000.00*	-	-	-	-	186,000.00*	-	-	-	-	-	-	-
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	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

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.

Application	:	Applied – the company discloses the remuneration of members senior management who are not members of the board	
Explanation on application of the practice	:	The remuneration in band of RM50,000 of the top five (5) Top Management of MSM Group for financial year ended 31 December 2022 as per table below.	
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	:		

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	100,001-150,000	0-50,000	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	0-50,000	Choose an item.	700,001-750,000
3	Dr Mazatul 'Aini Shahr Abdul Malek Shahr (appointed w.e.f. 1 December 2022)	Chief Financial Officer	100,001-150,000	0-50,000	0-50,000	0-50,000	Choose an item.	100,001-150,000
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	Muhammad Irfan Gobinath Abdullah	Head of Operations, MSM Sugar Refinery (Johor) Sdn Bhd	250,001-300,000	0-50,000	0-50,000	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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied
Explanation on application of the practice	:	Paragraph 4.2 of the AGRC TOR states that the Chairman of the AGRC is not the Chairman of the Board. Choy Khai Choon, an Independent Non-Executive Director is the Chairman of AGRC. 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 Listing Requirements. The profile of Choy Khai Choon as Chairman of the AGRC is available on page 79 of AIR 2022. The key/areas of responsibilities of the AGRC are stipulated in its TOR which is available on MSM's corporate website, https://www.msmsugar.com/our-company/corporate-governance.
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 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.

Application	:	Applied	
Explanation on application of the practice	:	MSM External Auditor Policy requires former partners of external auditors to observe a cooling-off period of at least three (3) years as recommended by MCCG before being appointed to AGRC. As of to-date, none of the members of AGRC were former key audit partners within the cooling-off period of three (3) years and no such person is appointed as a member of AGRC.	
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

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.

Application	:	Applied
Explanation on application of the practice	:	MSM has in place an External Auditors Policy (Policy) which was established in February 2016. This Policy has been updated and the revised version was approved on 27 May 2022. 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, removal of external auditors as well as process and limits of authority in relation to the approval of non-audit fees. In line with the Policy, Management has carried out an assessment on the performance and independence of Messrs. PricewaterhouseCoopers PLT (PwC), which includes the audit engagement partner and the audit team based on a set list of questionnaires. The summary of questions and responses were then presented to the AGRC and the Board. The re-appointment of PwC as external auditors of MSM Group for the financial year ended 31 December 2022 was approved by the shareholders at the 2022 AGM. In addition, for the audit of the financial statements of the Group and Company for the financial year ended 31 December 2022, PwC had acknowledged and reaffirmed their independence with the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants and with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and reviewed the non-audit services provided to the Group in accordance with the independence requirements. During the financial year ended 31 December 2022, other than the assurance service for review of Quarterly Bursa Announcement, there were also other non-audit services rendered by the external auditors amounting to RM190,000 in respect of review and benchmarking of MSM Limit of Authorities which was approved by the AGRC on 16 February 2022.

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 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.

Application	:	Adopted			
Explanation on adoption of the practice	:	During the year under review, MSM’s AGRC comprises four (4) members who are all Independent Non-Executive Directors:			
		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 <i>(cessation of office on 23 August 2022 upon completing his 9-year tenure)</i>	Member/ Independent Non-Executive Director	10 June 2020
The most recent change was the appointment of Datuk Dr Abd Hapiz Abdullah, the Independent Non-Executive Director of MSM, who was appointed as member of AGRC effective 23 February 2023, replacing Datuk Lim Thean Shiang who ceased as member of AGRC in August 2022. This change does not affect the composition of AGRC that comprises solely of Independent Directors.					

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.

Application	:	Applied
Explanation on application of the practice	:	AGRC TOR requires members to be financially literate, have a reasonable knowledge of the Group's operations and performance, have experience or knowledge pertaining to the subjects of governance and risk management and sustainability including knowledge of related regulations and relevant best practices. Collectively, all members of AGRC are financially literate and are able to analyse and interpret financial statements and matters under the purview of AGRC. This enables them to effectively discharge their duties and responsibilities. The Chairman of AGRC, Choy Khai Choon is a member of the Malaysian Institute of Accountants and an 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 Listing Requirements which stipulates that at least one (1) member of the AGRC must be a qualified accountant. All members of the AGRC have 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 2022 can be referred to in the Corporate Governance Overview Statement on page 105 and 106 of AIR 2022.
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 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.

Application	:	Applied	
Explanation on application of the practice	:	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). The Board acknowledges its overall responsibility for overseeing the MSM Group’s risk management framework and internal control systems. It is cognisant that the framework and control systems are designed to manage and reduce, rather than eliminate, the risks identified. MSM Group’s practices are aligned with the principles of ISO 31000. Effective risk management is further enhanced through the establishment of a Risk Committee at the Management level which deliberates matters relating to risk in detail prior to escalating up to Board.	
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 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.

Application	:	Applied
Explanation on application of the practice	:	The AGRC and Board deliberate on issues of risk management and internal control as prescribed by the risk management and internal control framework. The adequacy and effectiveness of this framework are shown through the Top 10 Group and Sector Risks. 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. 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 MSM Group. In relation to risk management, the AGRC's roles and responsibilities are as below: i) 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; ii) Reports, advises and recommends to the Board, the top 10 risk tolerance and strategy on managing business risks; and iii) Reports to the Board, key business risks and seeks its approval on the management of key business risks. The Board has disclosed the key features of its risk management and internal control system in detail in the Statement on Risk Management and Internal Control on page 121 - 131 of AIR 2022.
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 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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<u>FUNCTIONAL INTERNAL AUDIT REPORTING LINE</u> 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 AGRC on MSM matters and has full and direct access to the AGRC members for consultation on any matters related to internal audit work. 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. 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. <u>ADEQUACY OF SCOPE</u> The Internal Audit function provides assurance services for the Group locally and overseas covering all operations where the Group has management control. 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. <u>ADEQUACY OF RESOURCES, COMPETENCE AND EXPERIENCE</u> Four (4) internal auditors comprising a Vice President, 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's GIA

Division where it is deemed required. This includes the IT audit, investigation and consulting support.

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)	2
Graduate	2
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.	Women of Substance Symposium 2022	20 January 2022
2.	GMC Member Training	21 January 2022
3.	Group Internal Audit Townhall 2022	28 January 2022
4.	Q1 Audits Briefing & Training – Plantation & IF	11 February 2022
5.	Climate Change: What's Happening & Why Should We Care?	24 March 2022
6.	Webinar: Awareness on Women Empowerment Principles (WEPS) with Lead Women	11 April 2022
7.	Training on Internal Audit for ACE Program (Staff and New Auditors)	18 & 20 May 2022
8.	PDPA 2010: Common Issues & Practical Solutions	20 May 2022
9.	Mental Health Webinar	20 May 2022
10.	Whistleblowing Management System	23 May 2022
11.	ACL Training - 2 nd Session	31 May – 2 June 2022
12.	Webinar Realising Zero – FGV Group Sustainability	21 June 2022
13.	Challenge of Improving Labour Rights in the Malaysian Palm Oil Supply Chain	30 June 2022

	14.	Rethinking Corporate Governance for the ESG World	29 July 2022
	15.	Workshop on Gender Equality & Non-Discrimination	5 August 2022
	16.	FGV Corporate Team Building for Group Internal Audit Division	18 – 20 August 2022
	17.	Leadwoman's Power Hour	24 August 2022
	18.	FGV CEO Leadership Conference 2022	25 – 27 September 2022
	19.	ACFE Asia Pacific Fraud Conference	28 – 30 September 2022
	20.	ACDA Exam Level 1 – Training for Data Analytics Champion	14 October 2022
	21.	Institute of Internal Auditors Malaysia's National Audit Conference 2022	19 - 20 October 2022
	22.	Fundamentals of Directorship: Module 4 (Director's Liabilities and Legal Responsibilities) by ICDM	23 November 2022
	23.	GIA Conference 2022	19 December 2022
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

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.

Application	:	Applied
Explanation on application of the practice	:	<u>INDEPENDENCE AND OBJECTIVITY</u> 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. <u>NUMBER OF RESOURCES</u> FGV Chief Internal Auditor leads the internal audits across MSM Group. Four (4) internal auditors comprising a Vice President, 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. <u>NAME AND QUALIFICATION OF THE PERSON RESPONSIBLE</u> 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.

	<u>RECOGNIZED FRAMEWORK</u> The GIA function is in accordance with a recognized framework, i.e. the Institute of Internal Auditors' International Professional Practices Framework (IPPF) and approved by the AGRC and Board. The latest external evaluation was in 2019. The conduct of GIA is based on a MSM Internal Audit Charter and GIA Standard Operating Procedures, which are established consistent with the requirements of the Institute of IPPF and approved by the AGRC and Board. 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.

Application	:	Applied
Explanation on application of the practice	:	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. Investor relations activities as well as communications with shareholders and the investment community among others, are as follows: • 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. • Written correspondence to media and investors on questions and answers, information updates and statements. • Meetings and courtesy visit; interactions with investors and government agencies to MSM's sugar refinery. • Conduct AGM for effective shareholders' participation and an opportunity for shareholders to vote and be heard. • Distributing and updating company information on corporate website, newsletters and annual integrated reports. • Press conference arrangement when necessary. For 2022 financial results, MSM had engaged with its shareholders as below: • 11th AGM: 8 June 2022 & Media Briefing for 11th AGM • Announcement on Unaudited Consolidated Results 2021/2022 and Analyst Briefings held as follows: - 4th quarter ended 31 December 2021: 22 February 2022 - 1st quarter ended 31 March 2022: 27 May 2022 - 2nd quarter ended 30 June 2022: 22 August 2022 - 3rd quarter ended 30 September 2022: 22 November 2022 - 4th quarter ended 31 December 2022: 22 February 2023 (Bursa announcement) & 23 February 2023 (Analyst Briefing)

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 12.2

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

Application	:	Applied									
Explanation on application of the practice	:	In developing its reports, MSM refers and benchmark to the following standards: • International <IR> Framework • MCCG 2021 Guidelines • Listing Requirements The AIR 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. The AIR provides a complete and balance review of MSM and its subsidiaries on the ESG performance within the context of its strategy, risks and opportunities. The AIR adheres to the guidelines laid down in the 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 MCCG 2021 have also been adhered to. The content of MSM's AIR 2022 is summarised below: <table><tr><th>No.</th><th>Section</th><th>Sub-Section</th></tr><tr><td></td><td>Basis of This Report</td><td></td></tr><tr><td>1.</td><td>MSM at A Glance</td><td> • Corporate Profile • Our Mission, Vision & Core Values • Our Presence • MSM Products • Our Corporate Details • Our Group Structure </td></tr></table>	No.	Section	Sub-Section		Basis of This Report		1.	MSM at A Glance	• Corporate Profile • Our Mission, Vision & Core Values • Our Presence • MSM Products • Our Corporate Details • Our Group Structure
No.	Section	Sub-Section									
	Basis of This Report										
1.	MSM at A Glance	• Corporate Profile • Our Mission, Vision & Core Values • Our Presence • MSM Products • Our Corporate Details • Our Group Structure									

			• Our Value Chain • What Differentiates MSM?
	2.	A Perspective from Our Leadership	• Chairman's Address • In Conversation with Our Group Chief Executive Officer • Our Achievements • 2022 Key Event Highlights • 5-Year Financial Highlights
	3.	Our Approach to Value Creation	• Market Landscape • Value for Stakeholders • Our Material Topics • Our Business Model • Our Strategic Approach & Future Outlook • Key Risks & Mitigations
	4.	Delivering Our Sustainable Value	a) Group Business Review a. Raw Sugar Sourcing & Procurement b. Operational & Refining c. Commercial & Downstream d. Supply Chain b) Sustainability Review a. Our Sustainability Approach b. Upholding Good Governance & Responsible Business c. Putting Our People First d. Optimising Environmental Performance
	5.	Accountability & Transparency	• Our Organisational Structure • Our Board at a Glance • Profile of Directors • Profile of Company Secretary • Executive Committee Diversity • Profile of Executive Committee • Profile of Heads of Operations • Corporate Governance Overview Statement • Additional Compliance Information • Statement of Risk Management and Internal Control
	6.	Financial Statements	• Statement on Directors' Responsibilities • Directors' Report • Statement by Directors • Statutory Declaration • Independent Auditors' Report

			• Statements of Comprehensive Income • Statements of Financial Position • Consolidated Statement of Changes in Equity • Company Statement of Changes in Equity • Statement of Cash Flows • Notes to the Financial Statements
	7.	Additional Information	• Financial Calendar • Analysis of Shareholdings • List of Top 10 Material Properties • Notice of Annual General Meeting • Statement Accompanying Notice of the 12th Annual General Meeting • Administrative Guide • Proxy Form
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

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.

Application	:	Applied
Explanation on application of the practice	:	MSM issued its notice of 2022 AGM on 27 April 2022 to shareholders i.e. more than 28 days prior to the 2022 AGM date, which was on 8 June 2022. The AGM Invitation Letter, Notice of the AGM and statement accompanying Notice of AGM, AGM Administrative Guide and Proxy Form (2022 AGM Documents) were dispatched to shareholders to give them sufficient time to make necessary arrangements to attend and participate in person or through corporate representatives or proxies. In addition, the notes to the Notice of the AGM provided detailed explanations of each resolution proposed. This enable shareholders to make informed decisions about exercising their voting rights while the AGM Administrative Guide provided the shareholders the guidelines, rules and procedures of the AGM. The 2022 AGM Documents were made available on MSM's corporate website at https://www.msmsugar.com/investor-relations/reports. The Notice of the 2022 AGM was also advertised in an English Malaysian newspaper in accordance with Clause 60 of the Company's Constitution.
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

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.

Application	:	Applied
Explanation on application of the practice	:	MSM recognises that general meetings are the primary platform and principal forum for two-way interaction and dialogue between shareholders, Board and Top Management. The Chairman of the Board is responsible for the conduct of the general meeting. In year 2022, all Directors attended MSM AGM held on 8 June 2022. The 2022 AGM had taken into account the relevant measures in dealing with the COVID-19 situation which was announced and implemented in Malaysia especially under the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers (Guidance Note), revised on 7 April 2022 where the Company may conduct fully virtual general meetings. Chairperson of the meeting, Board Members (including the Chairman of the AGRC, NRC and ITC), Top Management, shareholders, Company Secretary, External Auditors and Independent Scrutineers were in attendance via video conferencing. The 2022 AGM was entirely held on a fully virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting (RPEV) facilities. RPEV facilities provide opportunities for shareholders to raise issues relating to the affairs of the Company and ensure that adequate responses are given. Through RPEV facilities, the shareholders or proxies sent their questions to the Company to respond during the 2022 AGM while some were responded to and uploaded to the Company's corporate website after the general meeting. Questions raised by the Minority Shareholders Watch Group (MSWG) prior to the 2022 AGM together with feedback from Management were also shared with shareholders during the meeting. The Chairman handled the proceedings of the 2022 AGM very well. The Chairman and Chairman of Board Committees fielded all questions with courtesy and provided clear explanations in a frank manner.
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

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—

- c) voting including voting in absentia; and
- d) 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.

Application	:	Applied
Explanation on application of the practice	:	In line with the recommended best practices in corporate governance, MSM has conducted poll voting in accordance with Paragraph 8.29A of the 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". MSM's 2022 AGM was 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 7 April 2022, 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 using the RPEV facilities via online meeting platform at https://meeting.boardroomlimited.my. The Minutes of the 11th AGM (including all the Questions raised at the meeting and the Answers thereto) were made available on MSM's corporate website at https://www.msmsugar.com/investor-relations/events-announcements. MSM has taken security measures to protect important and confidential information from manipulation, theft or disclosure within its IT infrastructure, ensuring appropriate cyber hygiene. For preventing cyber threats, MSM has both an internal and external cybersecurity framework. Our protection comes from two layers of firewall for external threats and also Trend Micro for both internal and external threat protection applications (e.g. Email, One Drive, Share Point, Data Leak, etc.).

	Security is critical to successful virtual general meetings. This is because a meeting's integrity depends on both the certainty and security of the identification of shareholders and access to this secure list. This is to ensure these virtual participants are who they claim to be. The 3rd party service provider for the online platform/tools for MSM's virtual 2022 AGM confirmed that they had used patented technology, a certified platform via Amazon Web Services (AWS) and has been independently proven to be accurate and secure. The said technology: 1. regularly undergoes penetration testing (PEN testing) performed by independent, accredited, third party experts and currently there are no high or critical findings. 2. uses a secure, encrypted network, monitored by a designated team throughout the 2022 AGM event and creates a clean network that is maintained from start to finish. 3. uses modern, industry standard encryption techniques to ensure data protection and thus allow for the safety of all personal data used and stored for the 2022 AGM. 4. uses trackable and transparent voting process with instant results collated on screen, and creates a seamless voting audit trail. 5. The security, confidentiality, integrity and availability of the LUMI AGM application (LUMI) are vital in conducting a successful AGM in Malaysia. 6. All LUMI facilities 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. LUMI systems also have audit trails. 7. All products are developed according to The Open Worldwide Application Security Project ("OWASP") principles by LUMI's highly skilled and trained in-house developers. Information security and data privacy are of paramount importance at all stages of the Software Development Life Cycle. 8. 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 against 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 LUMI AGM 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.
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	9. Boardroom's Client data is never used for QA purposes and is not retained beyond the purpose of processing the Client's proxy forms for the conduct of the AGM. 10. All Client data is segregated in a multi-tenancy environment. For sovereignty of data, LUMI provides a geographical selection of data centres (Canada, USA, EU, Japan, Singapore and Australia).	
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

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.

Application	:	Applied
Explanation on application of the practice	:	During MSM's 2022 AGM, the Group CEO presented MSM's performance report for the financial year 2021 which highlights MSM's achievements including short and long term business plans. The slide presentations are available on MSM's corporate website. Shareholders, proxies and corporate representatives who participated online for MSM's 2022 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 express their expectations and concerns as they could start submitting questions an hour before the start of the AGM until the voting session begins. They were also encouraged to participate by submitting questions on real time basis. At the commencement of MSM's 2022 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 as set out in the Notice of the 2022 AGM dated 27 April 2022. For the 2022 AGM, MSM received a total of 71 questions and comments posed by shareholders prior to and during the meeting. A total of 68 questions were answered during the 2022 AGM, along with the responses that were made available to all participants. The remaining questions and comments by shareholders which were unresolved during the 2022 AGM were compiled and responded to post AGM either via email/published through corporate website/WhatsApp to the shareholders accordingly.

	The questions submitted by the MSWG together with MSM's responses were shared during the meeting and made visible to all meeting participants. The Chairman, the Board members and Top Management were present to respond to questions raised and they provided clarifications as required by shareholders. 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 investor.relations@msmsugar.com at any time, outside of the AGM.	
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

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.

Application	:	Applied
Explanation on application of the practice	:	MSM had engaged a proven 3rd party service provider i.e. Boardroom Share Registrars Sdn Bhd, to provide the online meeting platform using the RPEV facilities for the virtual 2022 AGM which supports both fully virtual and hybrid setups. The online platform comes with an end-to-end setup to cater for the virtual live 2022 AGM event right from the registration of the participants, live broadcast engagement during the AGM and electronic voting process. The network infrastructure is able to support the live event and a dedicated bandwidth is provisioned to ensure smooth broadcasting to the participants (Board, Management and shareholders). 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. The RPEV facilities provided by the 3rd party service provider allows shareholders to exercise their rights to participate including to pose questions to the Board/Management of the Company and vote at the 2022 AGM. The Board has appointed Tricor Business Intelligence & Solutions Sdn Bhd (Tricor) as the independent moderator of the 11th AGM. Tricor acted independently and objectively to oversee and moderate the collation of questions submitted by 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 the chat messaging platform. Questions of a similar nature were collated and addressed together.

	For the 2022 AGM, MSM received a total of 71 questions and comments posed by shareholders prior to and during the meeting. A total of 68 questions were attended to during the 2022 AGM together with responses to the same and made visible to all meeting participants. The remaining questions and comments by shareholders which were unresolved during the 2022 AGM were compiled and responded to post AGM either via email/published through website/WhatsApp to the shareholders accordingly.			
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	:	<table border="1"> <tr> <td></td><td></td></tr> </table>		

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>		
Application	:	Applied
Explanation on application of the practice	:	Minutes of MSM's 2022 AGM together with the Group's Financial Performance for the financial year ended 31 December 2021, a complete list of questions and its answers posed by shareholders and MSWG were published on MSM's corporate website on 26 June 2022 i.e. within 30 business days after the AGM date on 8 June 2022.
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	:	

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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