

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5202
COMPANY NAME : MSM MALAYSIA HOLDINGS BERHAD
FINANCIAL YEAR : December 31, 2020

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.

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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	:	<p>Strategic and growth plans of MSM Malaysia Holdings Berhad ("MSM" or "the Company") (e.g. the current MSM BP21) were tabled to the Board for deliberation and consideration before they were approved. The Company's Key Performance Indicators' ("KPI") and details of annual action plans on the strategies were also discussed at Board level reflective of the annual budget and strategic plans. The Board also ensured continuous enhancement of policies and procedures to meet its obligations towards its shareholders and other stakeholders. Among others, some of the Board's responsibilities performed with regards to the Company's strategic aims include: -</p> <ol style="list-style-type: none">1) Promote good corporate governance culture by ensuring critical policies and procedures are in place and being implemented within the Company.2) Management's proposals are being thoroughly reviewed and challenged before decisions are made for implementation. The Board also monitoring the implementation through regular updates from Management.3) Ensure the strategic plans of the Company support long-term value creation through regular engagement and communication with Management to discuss ideas on Company's growth plans moving forward.4) Supervise and assessed Management performance through quarterly financial performance review and also yearly assessment of KPI Senior Managements' set earlier of the year.5) Uphold good internal controls and risks management practice by ensuring a sound framework is in place and regular review is performed by internal auditors and reports are regularly submitted to the Board for review.

	<p>6) Understand principal risks of the Company via regular briefing and update of the risk register of the Company to the Audit, Governance and Risk Committee and Board.</p> <p>7) Ensure Senior Management has necessary skills and experience to perform their duties and there are measures in place to provide succession planning of the Board and Senior Management.</p> <p>8) Ensure the Company has in place procedures to enable effective communication with stakeholders.</p> <p>9) Ensure the integrity of the Company's financial and nonfinancial reporting through appointment of external auditors.</p>
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 1.2

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	<p>The position of the Chairman of the Board is held by an Independent Non-Executive Director. The Chairman of the Board, Datuk Syed Hisham Syed Wazir ("Datuk Syed Hisham") was appointed as Director and Chairman effective from 8 May 2020 and 1 June 2020 respectively, replacing Datuk Wira Azhar Abdul Hamid, former Chairman of MSM who had resigned on 31 May 2020. Datuk Syed Hisham has been providing effective leadership role in the conduct of the Board and steering the Board towards a high standard of corporate governance whilst ensuring every decision are made for the best interest of the company and its' stakeholders.</p> <p>The Chairman's role as stated in the Board Charter amongst other are :</p> <ul style="list-style-type: none">◆ Ensure that all Directors are enabled and encourage 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 Board Charter;◆ 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 Chief Executive Officer ("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;

	<ul style="list-style-type: none"> ◆ Undertake appropriate public relations activities together with the Group CEO; ◆ Ensure the Directors look beyond their executive functions and accept his full share of the responsibilities; ◆ Review progress regularly on important initiatives and significant issues facing the Group together with the Group CEO; and ◆ Initiate and oversee the Group CEO's performance annual performance evaluation process. <p>The Board Charter is reviewed and updated periodically in accordance with the needs of the Company and its Group and incorporate any new/latest development of the relevant regulations and best practices that may have impact on the discharge of the Board's responsibilities.</p> <p>The Company's Board Charter was last reviewed and updated in November 2019. The latest updated version of the Board Charter is available on MSM's corporate website at http://www.msmsugar.com/our-company/corporate-governance.</p>
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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The position of Chairman of the Board and the Group CEO are held by different individuals with clear separation of roles between the positions to promote accountability and facilitate division of responsibilities between them. In this regard, no one individual can influence the Board's discussions and decision-making.</p> <p><u>Chairman</u></p> <p>The Chairman of MSM, Datuk Syed Hisham, is responsible to carry out the leadership role in the conduct of the Board, Group CEO and Management. He also leads the Board in its collective oversight of Management.</p> <p>Datuk Syed Hisham, since his appointment as Chairman, has fulfilled his responsibilities successfully. Datuk Syed Hisham has able to encourage the Directors to constructively challenge as well as focus on core issues of the Company during the Board meetings. He emphasises on the quality of the board papers presented to the Board, adequacy and accuracy of information.</p> <p>Datuk Syed Hisham who is well regarded and respected by both Directors and Management for his broad knowledge, experience, dynamism and professionalism also promotes latitude for deliberations, seeks views from Directors and Management during Board meetings.</p> <p>The hands-on Chairman has been pushing the Senior Management hard to raise the performance bar to address the crisis situation, albeit constrained by the competency level and performance culture.</p> <p>The Chairman also chaired the Board Executive Committee to guide and assist the Officer-in-Charge and Officer-in-Charge in Operations during the interim period, following of the leave of absence of the former Group CEO and Group Chief Operating Officer of MSM.</p> <p>Datuk Syed Hisham also handled the Ninth MSM's Annual General Meeting ("9th AGM") proceedings very well despite his first AGM, which</p>

was conducted virtually. He fielded questions from the shareholders/proxy with courtesy and provided clear explanations in a confident and frank manner. He has clearly gained the confidence of both shareholders and Minority Shareholders Watch Group (“MSWG”) with his industry knowledge and openness.

Group CEO

The role of the Group CEO is to design, develop and implement strategic plans for the organization in a manner that is both cost and time-efficient. The Group CEO also monitor the day-to-day operations of the organization, which includes managing committees as well as developing business plans in collaboration with the Board. The Group CEO is accountable to the Chairman of the Board and reports to the Board on a regular basis.

On 8 September 2020, the former Group CEO, Dato’ Khairil Anuar Aziz has been placed on leave of absence due to investigation conducted on him relating to the irregularities of inventories in MSM Sugar Refinery (Johor) Sdn Bhd. In the interim, Fakhrunniam Othman (“Fakhrunniam”) has been appointed as the Officer-in-Charge to perform the functions of the Group CEO. After due process on the case, the Board had decided that the former Group CEO to cease office with effect from 5 October 2020 and Fakhrunniam continued to act as the Officer-in-Charge.

Subsequently, on 8 October 2020, the Board decided to appoint Fakhrunniam as the Acting Group CEO until the Board identifies a suitable candidate for the Group CEO position.

As an Acting Group CEO, Fakhrunniam carries similar responsibilities and duties as Group CEO. Fakhrunniam is responsible to provide the leadership to MSM and to spearhead MSM’s strategic direction in accordance with the Company’s business strategic plan, risks appetite, policies, action plans and targeted performances as approved by the Board. Primarily, the Acting Group CEO must ensure the ongoing success of the Group through being responsible for all aspects of the management and development of the Group.

Under the leadership of Fakhrunniam, MSM has developed strong engagement with various stakeholders, established strong collaboration in the network of local industry players that include governmental bodies (ministries and agencies), analysts, suppliers, vendors as well as internally with the Company’s holding company and MSM Management team. Fakhrunniam together with Management

	<p>have been committedly working hard to progressively turnaround MSM and to restore confidence of all stakeholders.</p> <p>On 25 January 2021, the Board had identified and appointed Syed Feizal Syed Mohammad (“Syed Feizal”) as the new Group CEO of MSM effective from 1 February 2021. Bursa announcement was made on 29 January 2021 in relation to the appointment of Syed Feizal as the Group CEO and thus, Fakhrunniam ceased to be the Acting Group CEO on 1 February 2021.</p> <p>The roles and responsibilities of the Chairman of the Board and Group CEO is clearly documented in the Board Charter which is available at MSM’s corporate website at http://www.msmsugar.com/our-company/corporate-governance.</p>
<p>Explanation for departure :</p>	
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<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 1.4

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

Application :	Applied
Explanation on application of the practice :	<p>MSM Board is supported by a suitably qualified and competent Company Secretary who has prerequisite qualifications and experience. The Board through the Board Evaluation Assessment questionnaire evaluated the support and services provided by the Company Secretary for the financial year under review.</p> <p>The Company Secretary's primary responsibilities as stated in the Board Charter are as follows:</p> <ul style="list-style-type: none">◆ Co-ordinate of all Board business including meeting agendas, Board papers, minutes of meetings, communication with regulatory bodies and all statutory and other required submissions;◆ 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 Board procedures and applicable rules are observes;◆ Maintain records of the Board and Board Committees and its respective meetings and ensuring effective management of the Company's records;◆ Prepare comprehensive minutes to document Board proceedings and ensuring conclusions are accurately recorded;◆ Disseminate of 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

	<p>♦ Advise the Board on its obligatory requirements to disclose material information to the shareholders and financial markets on a timely basis.</p> <p>In keeping abreast of the latest developments of all relevant laws/requirements, the Company Secretary attended courses/trainings during the financial year as below :</p> <table border="1" data-bbox="544 488 1406 1066"> <thead> <tr> <th data-bbox="544 488 628 524">No.</th> <th data-bbox="628 488 975 524">Training</th> <th data-bbox="975 488 1241 524">Organiser</th> <th data-bbox="1241 488 1406 524">Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="544 524 628 763">1.</td> <td data-bbox="628 524 975 763">Provide Training on Writing Papers for Group Management Committee, Board Committees and Board of Directors Workshop.</td> <td data-bbox="975 524 1241 763">Group Human Capital, FGV</td> <td data-bbox="1241 524 1406 763">09.01.2020</td> </tr> <tr> <td data-bbox="544 763 628 848">2.</td> <td data-bbox="628 763 975 848">Virtual General Meetings</td> <td data-bbox="975 763 1241 848">Boardroom Share Registrars Sdn Bhd</td> <td data-bbox="1241 763 1406 848">24.04.2020</td> </tr> <tr> <td data-bbox="544 848 628 978">3.</td> <td data-bbox="628 848 975 978">Malaysian Financial Reporting Standards (MFRS)</td> <td data-bbox="975 848 1241 978">Pricewaterhouse-Coopers PLT (PwC)</td> <td data-bbox="1241 848 1406 978">04.09.2019</td> </tr> <tr> <td data-bbox="544 978 628 1066">4.</td> <td data-bbox="628 978 975 1066">The Company Secretary Becoming a Changemaker</td> <td data-bbox="975 978 1241 1066">Bursa Malaysia</td> <td data-bbox="1241 978 1406 1066">15.12.2020</td> </tr> </tbody> </table> <p>The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharging her role during the financial year 2020.</p> <p>Ms Koo Shuang Yen is currently the Company Secretary of MSM Group and has been appointed since 20 May 2011. The profile of the Company Secretary is provided on page 72 of the Annual Report 2020.</p>	No.	Training	Organiser	Date	1.	Provide Training on Writing Papers for Group Management Committee, Board Committees and Board of Directors Workshop.	Group Human Capital, FGV	09.01.2020	2.	Virtual General Meetings	Boardroom Share Registrars Sdn Bhd	24.04.2020	3.	Malaysian Financial Reporting Standards (MFRS)	Pricewaterhouse-Coopers PLT (PwC)	04.09.2019	4.	The Company Secretary Becoming a Changemaker	Bursa Malaysia	15.12.2020
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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 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>In order to book the Director's time in advance, Company Secretary tables the annual meeting calendar in advance of each new year for Board meetings and Board Committee meetings ("Board meetings"). Special Board meetings are convened between the scheduled meetings to deliberate urgent proposals which require immediate decision by the Board.</p> <p>The Board meetings conducted in 2020 were scheduled ahead and approved by the Board in November 2019. The meeting schedule was structured to address the Board's collective responsibilities in relation to strategy, performance and governance.</p> <p>In order for the Board meetings to be convened more effectively and to ensure in-depth deliberations of matters are achieved, the meeting agendas are sequenced taking into account the complexity of the matters to be tabled for approval, discussion or notation by the Board. The meeting agendas are set by the Chairman or Board Committee's Chairman respectively, in reference to the responsibilities and duties of the Board and respective Board Committees and in consultation with the Group CEO and Company Secretary.</p> <p>As part of MSM initiatives to reduce papers usage which is in line with MSM's cost optimisation exercise, all Board and Board Committee notice of meetings, agendas and meetings material ("Board Meeting Pack") were uploaded and circulated to the Directors via Convene, an application system with high security standard. Directors are able to access the contents of the meeting materials anywhere, anytime in a highly secured manner.</p> <p>The Board Meeting Pack for scheduled meetings were circulated to the Directors at least five (5) business days prior to each of the Board and Board Committee meetings. This is to allow sufficient time for appropriate review to facilitate effective and objective discussions at the meetings. However, papers that are deemed urgent may still be</p>

	<p>submitted to the Company Secretary to be tabled at the Board/Board Committee meeting, subject to the approval of the Chairman or Board Committee's Chairman respectively.</p> <p>The complex issues and critical matters which require proper effective discussion were tabled at the Board meeting to enable the Board to make decision objectively while administrative or non-operational matters, upon Chairman's consent, may be circulated to the Board via Directors' Circular Resolutions ("DCR") which are confined for administrative or non-operational matters. DCRs are normally accompanied with relevant board papers in the same prescribed format. All approved DCRs were tabled for confirmation at the next Board meeting.</p> <p>When necessary, Management and/or external advisors are invited to attend the Board and Board Committee meetings to provide insights, professional views, advice and explanation on specific items in the meeting agenda as tabled on the said meetings.</p> <p>Upon conclusion of each of the Board and Board Committee meeting, minutes were prepared accurately to record all issues raised, discussions, deliberations, decisions and conclusions including dissenting views made by the directors at Board and Board Committee meetings along with clear actions to be taken by responsible parties. Further, the status of matters arising from previous meetings will be presented at the next scheduled meeting for update or discussion until completion.</p> <p>The completed minutes of the Board and Board Committee meetings were then circulated to the all Board members and Chairman of the Board Committees respectively on a timely basis. This has allowed the Board to comment and seek clarifications of the minutes or request for any necessary corrections prior confirming the minutes as true and correct record in the following respective meetings.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>

Timeframe	:		
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CONFIDENTIAL

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	<p>MSM's Board Charter serves as a constitution for the Board and among others outlines the following :</p> <ol style="list-style-type: none"> 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. <p>Board's decision always supported by the respective Board Committees which responsible to deliberate any issues related to its scopes and carry their recommendations to the Board for final approval. Each Board Committee are guided by its Terms of Reference ("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.</p> <p>The Board Charter and TOR for each Board Committee incorporates the relevant regulations and best practices to ensure consistency with the Board's objectives and responsibilities.</p>

	The Company's Board Charter was last reviewed and updated in November 2019. The latest updated version of the Board Charter is available on MSM's corporate website at http://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	:	

CONFIDENTIAL

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	<p>MSM being the subsidiary of FGV Holdings Berhad ("FGV") observes FGV's Code of Ethics and Conduct ("CoEC"), and Code of Business Practice ("CoBP") which are applicable to all Board of Directors of Companies within FGV Group including MSM. The CoEC and CoBP outline the ethical standards of behavior and conduct expected from all Directors of MSM Group.</p> <p>MSM also has established an Anti-Bribery Policy Statement ("Policy Statement") to comply with the Paragraph 15.29 (1) and (2) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") guided by the Guidelines on Adequate Procedures, Section 17A (5) of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 (Amendment Act 2018). This statement sets forth the commitment of MSM in applying the highest standards of ethical conduct and integrity in its business activities by putting in place adequate policies and procedures to prevent corruption and bribery.</p> <p>The Policy Statement was approved on 15 June 2020 and three (3) key focus areas were examined – Corruption, Fraud and Abuse of power. A copy of the Policy Statement is available on the Company's corporate website at http://www.msmsugar.com/our-company/corporate-governance. The CoEC and CoBP expressly prohibits improper solicitation, bribery, insider trading, money laundering and other corrupt activities.</p> <p>In managing the conflicts of interest, MSM Board members are required to make declarations at the beginning of every Board of Directors' Meeting in the event if they have any interests in the proposals being considered by the Board. This shall include interest arises through close family members, in line with various statutory requirements in regards to the disclosure of Director's interest. The Directors who have their</p>

	<p>interest are required to abstain from deliberating and voting on the relevant resolutions in which they have conflict of interest at any Board meeting or shareholders meeting and where appropriate, excuse themselves from being present during the deliberations.</p> <p>MSM circulates the notice of closed period in relation to the dealings in MSM shares to its Board members and all its principal officers of MSM Group who are deemed to have privy to price sensitive information and knowledge, in advance whenever the closed period is applicable.</p>	
Explanation for departure :		
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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	:	<p>MSM Group has put in place a Whistleblowing Policy (“Policy”) that provides clarity of oversight and responsibilities of the whistleblowing process, the reporting process and protection to whistleblower and confidentiality afforded to the whistleblower.</p> <p>The Policy was established with the aim to maintain the highest standard of ethics and legal conduct within the Group with the main objectives of the following:</p> <ul style="list-style-type: none">(i) to provide avenues for employees to disclose any act of wrongdoing.(ii) to assure the employees that they will be protected from reprisals, discrimination or victimisation for whistleblowing in good faith.(iii) to provide a formal mechanism for action on all reports made.(iv) to take necessary action of any improper conduct reported by other sources. <p>The Policy allows the reporting individual to report on alleged unethical behaviour within the Group such as, but not limited to the following:</p> <ul style="list-style-type: none">(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.

	<p>(ix) Attempts to deliberately conceal any of the above or other acts of wrongdoing.</p> <p>(x) Abetting any of the above.</p> <p>The reporting individual is encouraged to report all concerns in a written letter to any of the identified individuals or through the Whistleblowing e-Form at FGV Group’s corporate website and email to alert@fgvholdings.com or personally meet the Secretariat of Whistleblowing. The report can also be made via telephone call at 1 800 888 717 which is the Whistleblowing Hotline (Malaysia) (“FGV Whistleblowing Channels”).</p> <p>The complaints made through FGV Whistleblowing channels including complaints received direct by MSM Directors are administered and evaluated by FGV Whistleblowing Committee. Effective August 2019, MSM Group CEO sits in the FGV Whistleblowing Committee representing MSM to better administer complaints on MSM.</p> <p>The details of the Whistleblowing Complaint Report together with the progress of action taken to address the matters have to be tabled to the Audit, Governance and Risk Committee and Board on quarterly basis. Management also have to consistently disclose to the Board in every Board meeting on any fraud/anti-bribery cases detected.</p> <p>All reports or complaints received will be treated with strict confidentiality. Although the Company treats every report it receives seriously, action may also be considered against the whistleblower if the report is found to contain untrue, false, malicious, mischievous, vexatious or reckless allegations. However, no employee who discloses information in good faith under this procedure will suffer reprisals or victimisation nor will their career be affected in any way.</p>
<p>Explanation for departure :</p>	
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<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 4.1

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

Application	: Applied
Explanation on application of the practice	<p>During the financial year 2020, the following changes to the Board composition took place:</p> <p>a) Cessation of Dato' Zainal Haji Ismail and Dato' Rosni Haji Zahari as Independent Non-Executive Directors on 25 March 2020 upon conclusion of their nine (9) years term in accordance with the Clause 6.4.5(v) of the MSM Board Charter and Clause 6.2.4 of the MSM Board Nomination and Election Policy and Procedures.</p> <p>b) Appointment of the following Independent Non-Executive Directors as Board members of MSM with effect from 8 May 2020:</p> <ol style="list-style-type: none">1. Datuk Syed Hisham Syed Wazir2. Choy Khai Choon3. Dato' Muthanna Abdullah4. Datuk Dr Abd Hapiz Abdullah <p>c) Resignation of Datuk Wira Azhar Abdul Hamid, former Chairman of the Board of MSM on 31 May 2020 and replaced with Datuk Syed Hisham Syed Wazir effective 1 June 2020.</p> <p>d) The nominee Director of Koperasi Permodalan Felda Malaysia Berhad ("KPF"), Anuar Malek as the Non-Independent Non-Executive Director of MSM was passed away on 11 July 2020.</p> <p>With the above changes, at the end of the financial year ended 31 December 2020 ("FYE 2020") the Board comprised of seven (7) members, with majority six (6) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Directors as below :</p> <p><u>Independent Non-Executive Directors ("INED") :</u></p> <ol style="list-style-type: none">1) Datuk Syed Hisham Syed Wazir2) Choy Khai Choon3) Dato' Muthanna Abdullah4) Datuk Dr Abd Hapiz Abdullah5) Dato' Rosini Abd Samad6) Datuk Lim Thean Shiang

	<p><u>Non-Independent Non-Executive Directors (“NINED”) :</u></p> <p>1) Dato’ Haris Fadzilah Hassan</p> <p>In December 2020, KPF, one of the MSM’s substantial shareholder has nominated Dato’ Amir Hamdan Hj Yusof (“Dato’ Amir”) to be appointed as NINED of MSM to replace the late Anuar Malek. Dato’ Amir was appointed effective 12 January 2021 as MSM NINED and member of Nomination and Remuneration Committee.</p> <p>The most recent change was the resignation of FGV’s nominee Director, Dato’ Haris Fadzilah Hassan on 7 April 2021.</p> <p>With this change, the Board now stand with seven (7) members, out of those, six (6) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director.</p> <p>The presence of the six (6) independent directors on the Board provide diverse professional backgrounds, skills, extensive experience and knowledge in the areas of accounting, legal, corporate business, strategy and risk. Their expertise allows them to provide independent judgement on the issues of strategy, business performance, resources and standards of conduct. They also provide independent views in the Board’s discussions to ensure that the strategies proposed by the Management are fully deliberated and examined in the long-term interest of the Group, as well as the shareholders and other stakeholders.</p> <p>None of the Independent Directors involve in the day-to-day management MSM and its Group of Companies.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable - Step Up 4.3 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 4.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>On 20 November 2019, the Board has approved the revision of MSM Board Charter (“BC”) and Board Nomination and Election Policy and Procedures (“BNEP”). One of the changes made was the adoption of a policy that limits the tenure of an Independent Non-Executive Director to a cumulative term of nine (9) years.</p> <p>The following paragraph in the revised BC stated that :</p> <p>a) <u>Clause 6.4.5 (iv):</u> The tenure of an Independent Non-Executive Directors shall not exceed a cumulative term of nine (9) years.</p> <p>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.</p> <p>MSM also has in its BNEP provisions on the tenure limits of its Independent Directors as below :</p> <p>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.</p> <p>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.</p> <p>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.</p>

Intended Outcome

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

Practice 4.4

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

Application	: Applied
Explanation on application of the practice	<p><u>Board of Directors</u></p> <p>During the FYE 2020, the Board appointed the following four (4) new Independent Non-Executive Directors after considering the recommendations from Nomination and Remuneration Committee (“NRC”):</p> <ol style="list-style-type: none">1) Datuk Syed Hisham Syed Wazir2) Choy Khai Choon3) Dato’ Muthanna Abdullah4) Datuk Dr Abd Hapiz Abdullah <p>NRC in carrying out its responsibility in accordance with the requirement of its TOR and Board Nomination and Election Policy and Procedures shall assess the proposed Board/Senior Management candidates based on the following selection criteria:</p> <ol style="list-style-type: none">a) skills, knowledge, experienceb) contribution and performancec) character, professionalism and integrityd) number of directorships and other external obligations which may affect the Director’s commitments including time commitment and valued contributione) ability to discharge certain responsibilities/functions as expected from Independent Directors. <p>The proposed candidates of Independent Non-Executive Director, prior to their appointment were required to disclose their other business interest that may result in conflict of interest and background checks on them were also undertaken.</p> <p>In the financial year under review, the diversity in gender, age and skill and experiences of the Board are as follows:-</p>

	<div style="display: flex; justify-content: space-around;"> <div data-bbox="563 199 956 636"> <p style="text-align: center;">GENDER</p> <p>6 - Male</p> <p>1 - Female</p> <p>Female Male</p> </div> <div data-bbox="995 199 1388 636"> <p style="text-align: center;">Age</p> <p>0 1</p> <p>5 1</p> <p>40-49 50-59 60-69 70-79</p> </div> </div> <div data-bbox="563 689 1388 913" style="text-align: center;"> <p>Skills & Experiences</p> <table border="1"> <thead> <tr> <th>Skill/Experience</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Strategy & Risk</td> <td>4</td> </tr> <tr> <td>Upstream Business</td> <td>1</td> </tr> <tr> <td>Corporate</td> <td>5</td> </tr> <tr> <td>Business/Administration</td> <td>3</td> </tr> <tr> <td>Accounting/Finance</td> <td>2</td> </tr> <tr> <td>Legal</td> <td>2</td> </tr> </tbody> </table> </div> <p>The Board ensures a balanced Board where individual merits and relevance are the key entry requirements. Collectively, the Board has an appropriate mix of diversity and skills to ensure constructive debate and thoughtful decision making. The Board comprises of high calibre members from diverse professional backgrounds, skills, extensive experience and knowledge in the areas of accounting, legal, business and corporate professional backgrounds, skills and economics, law, general management and strategy – requisites for the successful direction of the Group.</p> <p><u>Senior Management</u></p> <p>Appointment of Senior Management in MSM is governed by the approval matrix as per MSM’s Employee Approving Authority (“EAA”) and further was replaced by MSM Limit of Authority (“LOA”) which governed the overall aspect of the appointment which was approved by the Board on 23 November 2020 whereby:</p> <p>A. Approval Matrix:</p> <ol style="list-style-type: none"> 1. All C-suites positions are reviewed by the NRC and recommended to the Board for approval. 2. All positions within job ranking General Manager to Vice Presidents shall be approved by the Group CEO. 3. The EAA/LOA also detail the approval matrix on appointments of other positions job grade, i.e. from managerial, executive and non-executive positions. 	Skill/Experience	Count	Strategy & Risk	4	Upstream Business	1	Corporate	5	Business/Administration	3	Accounting/Finance	2	Legal	2
Skill/Experience	Count														
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Legal	2														
<p>Explanation for departure :</p>															

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

CONFIDENTIAL

Intended Outcome

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

Practice 4.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>MSM Board on 20 November 2019 has revised the Board Nomination and Election Policy and Procedures ("Policy") which aims provide guideline on the nomination and elections matters to be in-line with the requirements of Companies Act, 2016, MMLR and better practices of Malaysian Code of Corporate Governance 2017 ("MCCG 2017") and the Corporate Governance Guide – 3rd Edition.</p> <p>The Policy includes the guidelines on the Board diversity, in terms of gender, age, ethnicity and cultural background in considering the composition of the Board which includes the following:</p> <ul style="list-style-type: none">(a) adopts a merits-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 Board Charter; and(c) maintain an appropriate diversity in relation to the mix of technical and non-technical qualities of Directors, to avoid 'group-think' during deliberations. For example, Directors with a balanced range of risk appetites enables strategic decisions to be made while risks are being managed. <p>In the financial year under review, MSM Board comprises of seven (7) members with one woman Director, representing 14.29% women director on Board.</p> <p>The Board is satisfied with the current board members composition and also encourages women participation. The Board is mindful of having a diverse composition of skills, experience, age and gender when it comes to the appointment of Directors and remain committed to achieve at least 30% women participation on the Board even though MSM is not under the category of Large Company.</p>
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	:	

CONFIDENTIAL

Intended Outcome

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

Practice 4.6

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

Application	: Applied
Explanation on application of the practice	<p>Nomination and Remuneration Committee (“NRC”) as per Clause 7.1.1 (iii)(c) of its TOR shall consider candidates proposed by the Chairman of NRC and by any Director or shareholder. NRC shall consider and assess the candidate’s background based on the criteria prescribed in Paragraph 2.20A of the MMLR and other requirements in regards to the appointment of Directors.</p> <p>Furthermore, the Board on 22 March 2018 has approved the Board Nomination and Election Policy and Procedures (“BNEP”) which formalize the policies on Board Composition, Independence, Conflict of Interest and Board Assessment. This BNEP was latest revised on 20 November 2019. Included in the BNEP is the policy on Board Composition which provides guidelines on the size of the Board, the selection criteria, the Director’s skills sets and the Board diversity to be considered for new appointment of Directors of which the Board shall also consider potential candidate to be appointed as Director proposed not only by the existing Directors, Senior Management staff, major shareholder but also third party referrals/independent sources.</p> <p>In May 2020, MSM has appointed four (4) new Independent Directors. In identifying, evaluating and shortlisting the suitable qualified candidates for the appointments, the Board has gone through a rigorous process in accordance with MSM policies, procedures and best practices recommended by the MCCG 2017.</p> <p>Independent sources and third party referrals were utilised to identify the candidates with the necessary skill sets and experience as set out in Sections 6.1.2, 6.1.3 and 6.1.4 of BNEP and Practice 4.6 recommended by the MCCG 2017. Recommendations from the existing Board members, Management or Major Shareholders were not solely relied upon.</p> <p>The Board then evaluated the profiles of the shortlisted candidates consist of their academic/professional qualifications, skill sets, past employment history, board experience and directorships (past and current).</p>

	<p>The appointment of new Independent Non-Executive Directors in May 2020 has brings added value to MSM and enhanced the overall Board and the Board Committees' effectiveness. Based on the results of the Board Effectiveness Assessment ("BEA") carried in 2020, the existing Board now is well balanced with right mix of skills and experiences.</p> <p>Recently KPF, one (1) of the MSM's substantial shareholder, has nominated Dato' Amir Hamdan Hj Yusof as nominee director in MSM Board. With regards to this appointment, NRC ensures that all assessment/review of directors are properly made by considering the selection criteria specified in BNEP and thereafter table and recommend to the Board for approval.</p>	
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 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The current Nomination and Remuneration Committee (“NRC”/“the Committee”) is chaired by Dato’ Muthanna Abdullah, an Independent Non-Executive Director who was appointed on 10 June 2020.</p> <p>The Chairman of NRC shall :</p> <ol style="list-style-type: none">1) be responsible for the conduct of all NRC meetings. In the absence of the Chairman of the Committee, the members present shall elect a Chairman for the meeting from amongst the members present;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 Annual General Meeting of the Company. All other members of the Committee shall also attend the Annual General Meeting;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; and8) 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. <p>The key/areas of responsibilities of the Chairman of the NRC together with other members of the NRC are set up in the TOR which is available at MSM’s corporate website at http://www.msmsugar.com/our-company/corporate-governance.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

CONFIDENTIAL

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In August 2020, CG Board Asia Pacific Sdn Bhd (“CG Board”), led by Mr Wee Hock Kee was engaged as an independent consultant to conduct the Board Effectiveness Assessment (“BEA”) and Individual Directors Performance Review (“IDPR”).</p> <p>CG Board has undertaken the fieldwork starting from mid-October 2020 and was completed in end January 2021.</p> <p>The assessment and analytical process involved interviews with the Directors and five (5) key Senior Management staff who regularly interacts with the Board, document reviews (mainly board minutes, board charter and TOR of Board Committees) and an online high level survey.</p> <p>Based on the interviews carried out as well as the feedback gathered from the completed questionnaires, the results of the assessment which also includes the key strengths and improvement areas together with the recommendations to address the improvement opportunities were compiled and collectively summarised.</p> <p>The outcome of the BEA 2020 concluded that:</p> <ul style="list-style-type: none">• There are promising signs of improved Board dynamics, quality of the discourse, oversight and direction following the Board refreshment exercise in May 2020. There is a general consensus that the better mix of skills and capabilities have enhanced the Board effectiveness and would ultimately lead to improved MSM’s performance with a capable, experienced and well-respected Chair helming the Board.• The relationship and level of trust with Management has improved and could further improve over time with more engagement and physical interactions.• The leadership of the Board Committees have been strengthened and the recently appointed Independent Directors have exhibited a capacity for objectivity and impartiality which augurs well for MSM. They also bring with them with a high level of integrity and professionalism on their subject matter domain and knowledge.

	<p>In January 2021, the BEA Report and IDPR of the Directors were respectively issued to MSM Chairman.</p> <p>In February 2021, Chairman of the Board and Chairman of NRC respectively had the one-to-one session with CG Board to discuss and give their inputs on the BEA report.</p> <p>MSM Chairman also had completed the one-to-one sessions held with each Director separately to discuss their IDPR.</p> <p>Based on the report presented, MSM Board is rated as Effective compared to the BEA carried out in 2019 (rated as Moderate Effective). Included in the final report are summary of observation and areas of improvement identified by CG Board of which the Board has approved for implementation to strengthen Board's performance.</p> <p>Further details on the BEA carried out for 2019/2020 is disclosed in the NRC Report and Corporate Governance Overview Statement of MSM Annual Report 2020.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

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

Practice 6.1

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

Application	: Applied
Explanation on application of the practice	<p>MSM has in place a Directors Remuneration Policy ("the Policy") which was reviewed in July 2020. A summarize remuneration structure for Board of Directors and Senior Management are made available on the Company's corporate website at http://www.msmsugar.com/our-company/corporate-governance.</p> <p>The Policy covers remuneration package for MSM's Non-Executive Directors ("NED") and Board Committees. The remuneration packages include fees for NEDs, meeting allowances, benefits-in-kind and other benefits. The level of Directors' remuneration is set to be competitive to attract and retain Directors of such calibre to provide the necessary skills and experience as required and commensurate the Board's responsibilities, expertise and complexity of the Company's activities for the effective management and operations of the Group. NED's remuneration package reflects the experience, expertise and level of responsibilities undertaken by the NEDs.</p> <p>On 20 July 2020, Messrs. KPMG Management & Risk Consulting Sdn Bhd ("KPMG MRC") was engaged to undertake a high level review and perform an in-depth benchmarking on MSM Non-Executive Directors' ("NED") remuneration structure ("Review") which is timely as the revision of the remuneration policy has been overdue. The Directors' Remuneration Policy was last reviewed and revised on 23 August 2016.</p> <p>The final report was presented to the NRC on 15 March 2021 and subsequently approved by the Board on 25 March 2021. The revised remuneration structure will be tabled at MSM's 10th AGM for shareholders' approval, and if approved, it will be implemented accordingly based on the details of the remuneration disclosed in the AGM notice.</p> <p>Group CEO's remuneration package is fixed for the duration of his contract and formulated by taking into consideration the assessment of the performance against targets as well as benchmarking to market rate</p>

	<p>for benefits-in-kind, annual increment and bonus. The remuneration package and bonus payable, if any, shall be reviewed and recommended by the NRC and approved by the Board.</p> <p>The Company's human resource policies on employees' remuneration are fair and equitable and encourage behaviour that supports MSM's long-term financial soundness, growth and success within an appropriate risk management framework.</p> <p>The Group Human Resource Division through the NRC reviews and recommend to the Board, on an annual basis, the individual remuneration levels and remuneration arrangements for the Group.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>MSM has a Nomination and Remuneration Committee ("NRC") for the purpose to assist the Board in fulfilling its roles and responsibilities in regards to the following:</p> <ul style="list-style-type: none">(i) composition of the Board, the Board Committee, the directorship in the Group and the Top Management.(ii) nomination and election process and appointment and re-appointment and re-election process.(iii) Board assessments and succession planning.(iv) remuneration matters including Remuneration Policy.(v) remuneration of the Group Chief Executive Officer and the Executive Director and the Top Management and general remuneration across MSM Group. <p>NRC is governed by its own TOR which is established pursuant to the MMLR and was approved by the Board. The TOR is reviewed periodically between one (1) to three (3) years, as and when required especially when there are changes to the relevant laws and regulations. All amendments to the TOR were tabled to and approved by the Board. The TOR was latest reviewed and revised in November 2019.</p> <p>The current NRC comprises exclusively Non-Executive Directors with majority of Independent Directors. This is in line with Paragraph 15.08(A)(1) of the MMLR.</p>

	Members of NRC are :		
	No.	Members	Type of Membership
	1.	Dato' Muthanna Abdullah	Chairman Independent Non-Executive Director
	2.	Datuk Dr Abd Hapiz Abdullah	Member Independent Non-Executive Director
	3.	Dato' Rosini Abd Samad	Member Independent Non-Executive Director
	4.	Dato' Amir Hamdan Hj Yusof	Member Non-Independent Non-Executive Director
	The latest revised NRC TOR is published in MSM's corporate website at http://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

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

Practice 7.1

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

Application	:	Applied																																								
Explanation on application of the practice	:	<p>In compliance with the MMLR, MSM practices detailed disclosure on named basis for the remuneration received by individual Directors from MSM and its Group of Companies. The Directors' remuneration for the financial year under review is disclosed in the Corporate Governance Overview Statement of the Annual Report categorised into components (salary/bonus of Executive Director, Directors' annual fees, meeting allowances, benefits-in-kind and other benefits) distinguishing between Executive and Non-Executive Directors.</p> <p>Directors' Remuneration (exclude GST/SST/Tax) for the financial year ended 31 December 2020 is as follows :</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name of Directors</th> <th>Director's Fees FYE 2020 (RM'000)</th> <th>Meeting Allowance & Benefits (RM'000)</th> </tr> </thead> <tbody> <tr> <td colspan="4">Non-Executive Director</td> </tr> <tr> <td>1.</td> <td>Datuk Syed Hisham Syed Wazir <i>(appointed with effect from 8 May 2020)</i></td> <td>191,491.94</td> <td>33,701.44</td> </tr> <tr> <td>2.</td> <td>Choy Khai Choon <i>(appointed with effect from 8 May 2020)</i></td> <td>95,665.44</td> <td>57,119.69</td> </tr> <tr> <td>3.</td> <td>Dato' Muthanna Abdullah <i>(appointed with effect from 8 May 2020)</i></td> <td>90,064.34</td> <td>59,119.69</td> </tr> <tr> <td>4.</td> <td>Datuk Dr Abd Hapiz Abdullah <i>(appointed with effect from 8 May 2020)</i></td> <td>87,823.91</td> <td>59,119.69</td> </tr> <tr> <td>5.</td> <td>Dato' Rosini Abd Samad</td> <td>145,278.69</td> <td>86,590.00</td> </tr> <tr> <td>6.</td> <td>Datuk Lim Thean Shiang</td> <td>140,879.78</td> <td>82,590.00</td> </tr> <tr> <td>7.</td> <td>Dato' Haris Fadzil Hassan</td> <td>131,519.13*</td> <td>40,000.00*</td> </tr> <tr> <td>8.</td> <td>Datuk Wira Azhar Abdul Hamid</td> <td>131,250.00</td> <td>6,000.00</td> </tr> </tbody> </table>	No.	Name of Directors	Director's Fees FYE 2020 (RM'000)	Meeting Allowance & Benefits (RM'000)	Non-Executive Director				1.	Datuk Syed Hisham Syed Wazir <i>(appointed with effect from 8 May 2020)</i>	191,491.94	33,701.44	2.	Choy Khai Choon <i>(appointed with effect from 8 May 2020)</i>	95,665.44	57,119.69	3.	Dato' Muthanna Abdullah <i>(appointed with effect from 8 May 2020)</i>	90,064.34	59,119.69	4.	Datuk Dr Abd Hapiz Abdullah <i>(appointed with effect from 8 May 2020)</i>	87,823.91	59,119.69	5.	Dato' Rosini Abd Samad	145,278.69	86,590.00	6.	Datuk Lim Thean Shiang	140,879.78	82,590.00	7.	Dato' Haris Fadzil Hassan	131,519.13*	40,000.00*	8.	Datuk Wira Azhar Abdul Hamid	131,250.00	6,000.00
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		<i>(resigned on 31 May 2020)</i>		
	9.	Dato' Zainal Haji Ismail <i>(cessation of office on 25 March 2020)</i>	32,244.85	12,349.24
	10.	Dato' Hajjah Rosni Haji Zahari <i>(cessation of office on 25 March 2020)</i>	35,031.73	19,617.63
	11.	Anuar Malek <i>(deceased on 11 July 2020)</i>	67,766.97	33,766.31
	<p><i>*Directors' Annual Fees paid/ will be paid to FGV Holdings Berhad</i></p> <p>The detailed disclosure of remuneration breakdown for all Directors is set out in Corporate Governance Overview Statement on page 86 of the Annual Report 2020.</p>			
Explanation for departure	:			
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>				
Measure	:			
Timeframe	:			

Intended Outcome

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

Practice 7.2

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

Application	:	Applied																		
Explanation on application of the practice	:	<p>During the FYE 2020, there are five (5) Senior Management personnel who are Acting Group CEO, Acting Group Chief Operating Officer, Chief Financial Officer and C-levels positions at MSM Malaysia Holdings Berhad and subsidiaries level.</p> <p>Details of the top five (5) MSM Senior Management's remuneration in respective bands of RM50,000 for FYE 2020 are as follows:</p> <table border="1"> <thead> <tr> <th>No</th> <th>Name</th> <th>Range of Remuneration Band (RM'000)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Fakhrunniam Othman</td> <td>150 – 200*</td> </tr> <tr> <td>2.</td> <td>Hasni Ahmad</td> <td>150 – 200#</td> </tr> <tr> <td>3.</td> <td>Ab. Aziz Ismail</td> <td>700 - 750</td> </tr> <tr> <td>4.</td> <td>Cheah Poh Lye</td> <td>350 - 400</td> </tr> <tr> <td>5.</td> <td>Mohd Fuad Omar</td> <td>450 - 500</td> </tr> </tbody> </table> <p>* <i>Fakhrunniam Othman appointed as Acting Group Chief Executive Officer with effect from 8 October 2020 until 1 February 2021 upon the appointment of the new Group CEO effective on the same day.</i></p> <p># <i>Hasni Ahmad were appointed as Acting Group Chief Operating Officer with effect from 8 October 2020. He was then appointed as the Group Chief Operating Officer effective 1 February 2021.</i></p>	No	Name	Range of Remuneration Band (RM'000)	1.	Fakhrunniam Othman	150 – 200*	2.	Hasni Ahmad	150 – 200#	3.	Ab. Aziz Ismail	700 - 750	4.	Cheah Poh Lye	350 - 400	5.	Mohd Fuad Omar	450 - 500
No	Name	Range of Remuneration Band (RM'000)																		
1.	Fakhrunniam Othman	150 – 200*																		
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3.	Ab. Aziz Ismail	700 - 750																		
4.	Cheah Poh Lye	350 - 400																		
5.	Mohd Fuad Omar	450 - 500																		
Explanation for departure	:																			
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																				
Measure	:																			
Timeframe	:																			

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

CONFIDENTIAL

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>On 10 June 2020, the Board has approved the merger of Audit Committee and Board Governance & Risk Management Committee as a single Committee known as Audit, Governance and Risk Committee ("AGRC"). Its Terms of Reference ("TOR") was approved by the Board on 24 July 2020.</p> <p>MSM's AGRC's Chairman, Choy Khai Choon is an Independent Non-Executive Director and has been appointed as the AGRC Chairman with effect from 10 June 2020.</p> <p>Choy Khai Choon is a member of the Malaysian Institute of Accountants and an Honorary Fellow of CPA Australia. He has fulfilled the requisite qualifications as stipulated in Paragraph 15.09(1)(c)(i) of the MMLR.</p> <p>The Chairman of the AGRC shall :</p> <ol style="list-style-type: none">1. be responsible for the conduct of all Committee's meetings. In the absence of the Chairman of the Committee, the members present shall elect a Chairman for the meeting from amongst the members present;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 annual general meeting of the Company. All other members of the Committee shall also attend the annual general meeting;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; and8. exercise the right to request meeting attendees to leave the meeting room if matters discussed are confidential or may be impaired due to the presence of individual concerns.

	The key/areas of responsibilities of the AGRC are set up in the TOR which is available at MSM's corporate website, http://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	:	

CONFIDENTIAL

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit, Governance and Risk Committee's ("AGRC") Terms of Reference includes requirement for a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AGRC.</p> <p>The AGRC Terms of Reference was approved by the Board on 24 July 2020 and is available on MSM's corporate website, http://www.msmsugar.com/our-company/corporate-governance.</p> <p>Currently, there is no former key audit partner sitting on the AGRC.</p>
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 8.3

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

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

	<p>5. The assessment shall cover the following:</p> <ul style="list-style-type: none"> ▪ Calibre of external audit firm ▪ Quality processes / performance ▪ Audit team ▪ Independence and objectivity ▪ Audit scope, planning and methodology ▪ Audit fees ▪ Audit deliverables – quality, timeliness, added value ▪ Audit communications – written and verbal with Management and AGRC. <p>6. The AGRC’s conclusions on the assessment and its recommendation shall be forwarded to the Board for endorsement and subsequently included as an agenda item of the next AGM for shareholders’ approval.</p> <p>7. Where the AGRC concludes that the performance of the external auditor is less than satisfactory or the independence has been impaired, the AGRC shall consider the next course of action, which may include:</p> <ul style="list-style-type: none"> ▪ Discussion with the external audit firm to resolve performance issues; ▪ Replacement of members within the external audit team; or ▪ Not recommending re-appointment external auditor. <p>8. Where the AGRC’s conclusions do not recommend re-appointment of the external auditor, a closed tender process of the remaining three (3) of the Top 4 accounting firms shall be undertaken to propose a new external auditor for MSM Group as an agenda item of the next AGM for shareholders’ approval.</p>
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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted																				
Explanation on adoption of the practice	:	<p>MSM has in its Audit, Governance and Risk Committee ("AGRC") Terms of Reference ("TOR") which was approved on 24 July 2020 after its establishment on 10 June 2020 stated that all AGRC members must be Independent Directors free from any business or other relationship that, in the opinion of the Board, would materially interfere with the exercise of his or her independent judgement as a member of the AGRC.</p> <p>In order to ensure that the AGRC is effective and independent committee, the Nomination and Remuneration Committee ("NRC") has in February 2021, carried out the annual assessment review on the term of office and performance of the AGRC and each of its members as required by the MMLR.</p> <p>Based on the assessment review result and recommendation by the NRC, the Board has agreed that the AGRC and its members have carried out their duties in accordance with AGRC TOR and the existing members of AGRC shall continue to be members for the financial year ending 2021.</p> <p>During the FYE 2020, prior to the merger of BGRMC and AC, the AC members' composition was reduced below three (3), the required minimum number, as Dato' Hajjah Rosni Haji Zahari ceased as member of AC upon fulfilling her nine (9) year tenure as an Independent Non-Executive Director. The Board on 8 May 2020 has appointed four (4) Independent Non-Executive Directors where two (2) were appointed as AGRC members effective 10 June 2020. MSM's current AGRC comprises of four (4) members who are all Independent Non-Executive Directors.</p> <p>Choy Khai Choon was appointed as Chairman of AGRC and the current members AGRC are as follow :</p> <table border="1"><thead><tr><th>No.</th><th>Members</th><th>Type of Membership</th><th>Appointment Date</th></tr></thead><tbody><tr><td>1.</td><td>Choy Khai Choon</td><td>Chairman/Independent Non-Executive Director</td><td>10 June 2020</td></tr><tr><td>2.</td><td>Dato' Muthanna Abdullah</td><td>Member/ Independent Non-Executive Director</td><td>10 June 2020</td></tr><tr><td>3.</td><td>Dato' Rosini Abd Samad</td><td>Member/ Independent Non-Executive Director</td><td>10 June 2020</td></tr><tr><td>4.</td><td>Datuk Lim Thean Shiang</td><td>Member/ Independent Non-Executive Director</td><td>10 June 2020</td></tr></tbody></table>	No.	Members	Type of Membership	Appointment Date	1.	Choy Khai Choon	Chairman/Independent Non-Executive Director	10 June 2020	2.	Dato' Muthanna Abdullah	Member/ Independent Non-Executive Director	10 June 2020	3.	Dato' Rosini Abd Samad	Member/ Independent Non-Executive Director	10 June 2020	4.	Datuk Lim Thean Shiang	Member/ Independent Non-Executive Director	10 June 2020
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Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied										
Explanation on application of the practice	:	<p>The current MSM's Audit, Governance and Risk Committee ("AGRC") membership provides the appropriate balance of skills, knowledge and experience that enables them to understand matters under the purview of the AGRC including financial reporting.</p> <p>The Chairman of AGRC, Choy Khai Choon is a member of Malaysian Institute of Accountants and Honorary Fellow of CPA Australia, supported by three (3) competent members of AGRC.</p> <p>During the financial year 2020, the AGRC undertook the following principal activities in the discharge of its responsibilities of which the details are disclosed in AGRC Report of Annual Report 2020:</p> <ol style="list-style-type: none">1) Overseeing Financial Reporting2) Assessing the Risks and Control Environment3) Reviewing the Internal Audit Process4) Reviewing the External Audit Process5) Reviewing the Related Party Transactions6) Enhancing Integrity, Governance & Risk Management7) Other responsibilities and duties <p>In 2020, AGRC members attended the following trainings to enhance their skill sets:</p> <table border="1"><thead><tr><th>No.</th><th>Member</th><th>List of Trainings & Organiser</th><th>Date</th></tr></thead><tbody><tr><td rowspan="2">1.</td><td rowspan="2">Choy Khai Choon</td><td>▪ COVID-19 & Current Economic Reality and Implications for Financial Stability (FIDE Forum)</td><td>14 April 2020</td></tr><tr><td>▪ On-boarding Session for Newly Appointed Director by Management</td><td>15 May 2020</td></tr></tbody></table>	No.	Member	List of Trainings & Organiser	Date	1.	Choy Khai Choon	▪ COVID-19 & Current Economic Reality and Implications for Financial Stability (FIDE Forum)	14 April 2020	▪ On-boarding Session for Newly Appointed Director by Management	15 May 2020
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		<ul style="list-style-type: none"> ▪ COVID-19: A Wake Up Call for Technology Led Transformation and Leadership (Korn Ferry Webinar) 	14 June 2020
		<ul style="list-style-type: none"> ▪ Risk & the Board at a time of crisis by Sir Howard Davies (FIDE Webinar) 	8 July 2020
		<ul style="list-style-type: none"> ▪ Webinar on IFRS 17 (EY) 	24 August 2020
		<ul style="list-style-type: none"> ▪ Macro Economic Updates – Green Shoots by Senior Economists Julia Goh (UOB) 	26 August 2020
		<ul style="list-style-type: none"> ▪ Cyber Security Talk (Zurich) 	8 October 2020
		<ul style="list-style-type: none"> ▪ Webinar on Risk Fraud (PwC) 	4 November 2020
		<ul style="list-style-type: none"> ▪ Malaysian Financial Reporting Standards (MFRS) Training By PricewaterhouseCoopers PLT 	1 December 2020
2.	Dato' Muthanna Abdullah	<ul style="list-style-type: none"> ▪ On-boarding Session for Newly Appointed Director by Management 	15 May 2020
		<ul style="list-style-type: none"> ▪ Webinar - "Risks: A Fresh Look from the Board's Perspective" (FIDE Forum) 	8 July 2020
		<ul style="list-style-type: none"> ▪ Webinar - Digital Financial Institutions Series: Managing Virtual Banking and Insurance Businesses (FIDE Forum) 	21 July 2020
		<ul style="list-style-type: none"> ▪ Webinar - A Special Presentation of "Banking Governance, Insuring Sustainability" (FIDE Forum) 	4 August 2020
		<ul style="list-style-type: none"> ▪ Webinar - FORUM Annual Dialogue with the Governor of BNM (FIDE Forum) 	3 September 2020

		<ul style="list-style-type: none"> ▪ Virtual - How to be an Effective NED in a Disruptive World (ICDM) 	21 September 2020	
		<ul style="list-style-type: none"> ▪ KPMG CEO webinar series Captains' Forum: Transformation towards recovery Session 1: Financial Resilience (KPMG) 	25 September 2020	
		<ul style="list-style-type: none"> ▪ Malaysian Financial Reporting Standards (MFRS) Training By PricewaterhouseCoopers PLT 	1 December 2020	
	3.	Dato' Rosini Abd Samad	<ul style="list-style-type: none"> ▪ Seminar on the New Inclusion of Corporate Liability Provision Provided in the Malaysian Anti-Corruption Commission Act 2009 – “Do We have Enough Measures to Prevent Bribery and Corruption?” (IIUM Holdings Group) 	21 April 2020
			<ul style="list-style-type: none"> ▪ How to be an Effective NED in a Disruptive World (ICDM) 	21 September 2020
			<ul style="list-style-type: none"> ▪ Malaysian Financial Reporting Standards (MFRS) Training By PricewaterhouseCoopers PLT 	1 December 2020
	4.	Datuk Lim Thean Shiang	<ul style="list-style-type: none"> ▪ Advance Risk Management (ICDM) 	7 February 2020
Explanation for departure	:			
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>				
Measure	:			
Timeframe	:			

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The MSM Group has a risk management and internal control framework which the Group subscribes to and the components of the framework is integrated and embedded into the day-to-day business activities and Management decision. This is evident and describe in the Statement of Risk Management and Internal Control ("SORMIC").</p> <p>The MSM's risk management and internal control framework is adopted from the holding company; FGV Holdings Berhad.</p> <p>The Board acknowledges its overall responsibility in overseeing the MSM Group's risk management framework and internal control systems and is cognisant that the framework and control systems are designed to manage and reduce, rather than eliminate, the risks identified.</p> <p>The MSM Group's practices are aligned with the principles of ISO 31000.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit, Governance and Risk Committee ("AGRC") and MSM's Board deliberate on issues on risk management and internal control as prescribed by the risk management and internal control framework.</p> <p>The adequacy and effectiveness of this framework are shown through the Top Ten Group and Sector Risks and mitigation measures are updated in the Company's risk register and reported on a quarterly basis to MSM's Management, AGRC, MSM's Board and to the holding Company, FGV Holdings Berhad. The quarterly risk report also covers high level strategic risks, project and emerging risks which forms an effective tool in monitoring risk management and framework within the MSM Group.</p> <p>In relation to Risk Management, the AGRC's roles and responsibilities are as below:</p> <ol style="list-style-type: none">1) Directs and oversees the formulation of the Group's overall enterprise risk management framework and strategies, including policies, procedures, systems, capability and parameters to identify, assess and manage risks to ensure their relevance and appropriateness to the Group's position and business;2) Reports, advises and recommends to the Board, the top 10 risk tolerance and strategy on managing business risks; and3) Reports to the Board, key business risks and seeks its approval on the management of key business risks. <p>The Board has disclosed the key features of its risk management and internal control system in detail in the Statement of Risk Management and Internal Control on pages 113 to 119, Business Continuity Management on page 121 and Risk Mitigation on pages 30 to 31 of the Annual Report 2020.</p>

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

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted																				
Explanation on adoption of the practice	:	<p>MSM has established its Board Governance & Risk Management Committee ("BGRMC") on 20 August 2014 to assist the Board in fulfilling its statutory and fiduciary responsibilities in relation to governance, ethics and risk management within the MSM Group.</p> <p>On 10 June 2020, the Board has approved the merger of the BGRMC and Audit Committee into a single committee named Audit, Governance and Risk Committee ("AGRC"). The AGRC have broad areas to cover under its roles and responsibilities including the governance, risk and ethics.</p> <p>The current AGRC comprises of four (4) Independent Non-Executive Directors:</p> <p>The current members of MSM AGRC are as below:</p> <table border="1"><thead><tr><th>No.</th><th>Members</th><th>Type of Membership</th><th>Appointment Date</th></tr></thead><tbody><tr><td>1.</td><td>Choy Khai Choon</td><td>Chairman/ Independent Non-Executive Director</td><td>10 June 2020</td></tr><tr><td>2.</td><td>Dato' Muthanna Abdullah</td><td>Member/ Independent Non-Executive Director</td><td>10 June 2020</td></tr><tr><td>3.</td><td>Dato' Rosini Abd Samad</td><td>Member/ Independent Non-Executive Director</td><td>10 June 2020</td></tr><tr><td>4.</td><td>Datuk Lim Thean Shiang</td><td>Member/ Independent Non-Executive Director</td><td>10 June 2020</td></tr></tbody></table> <p>The areas of responsibilities of AGRC under risk management stipulated in its Terms of Reference ("TOR") are as follow:</p> <p>(a) <u>Managing risks and assessing the risk management framework and internal control environment</u></p> <p>i. Direct and oversee establishment of the Group's overall enterprise risk management framework and policies, including the following and bringing the same to the Board for its approval:</p> <ul style="list-style-type: none">• Advise and recommend on the overall risk appetite, level of risk tolerance and strategy on managing business risks; and	No.	Members	Type of Membership	Appointment Date	1.	Choy Khai Choon	Chairman/ Independent Non-Executive Director	10 June 2020	2.	Dato' Muthanna Abdullah	Member/ Independent Non-Executive Director	10 June 2020	3.	Dato' Rosini Abd Samad	Member/ Independent Non-Executive Director	10 June 2020	4.	Datuk Lim Thean Shiang	Member/ Independent Non-Executive Director	10 June 2020
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- Monitor and provide necessary guidance on identification, assessment and mitigation of key business risks and effectiveness of its mitigation, according to the Board's risk appetite;

ii. Review the adequacy and effectiveness of the Group's overall enterprise risk management framework and internal control framework comprising the governance and internal controls put in place through strategies, policies and systems.

iii. Report to the Board at least annually, the effectiveness and results of review of the Group's risk management framework and internal control framework.

(b) Enhancing governance, ethics and integrity

i. Review and recommend for the Board's approval the governance framework for inculcation of good governance practices across all levels of MSM Group including maintaining up to date the following:

(a) The Directors' Code of Ethics & Conduct and the Directors' Code of Business Practice which shall be applicable to MSM Board, MSM Board Committees and MSM Subsidiary Boards;

(b) The Group's Code of Business Conduct and Ethics for employees which shall be applicable to all employees, consultants or business partners of the Group; and

(c) Integrity & Ethics programmes for the development of a high integrity and ethical MSM community in undertaking all MSM's transactions.

ii. Review and recommend to the Board any changes to the governance framework arising from any changes of the Group's organisation structure.

iii. Review reports on the status, availability and completeness of standard operating procedures for all levels of the Group's operations.

iv. Direct and oversee the formulation of mechanisms, policies and programmes to ensure complete implementation of the Group's governance framework.

v. Review arrangements by which employees may, in confidence, raise concern about possible improprieties in financial reporting or other matters, and to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action to be taken.

vi. Ensure proper and timely action are taken on whistleblowing complaints received and proper closure of all related matters.

	<p>The key areas of responsibilities of the Chairman and members of AGRC in risk management areas are set up in the TOR. The AGRC TOR is available at MSM's corporate website at http://www.msmsugar.com/our-company/corporate-governance.</p>
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CONFIDENTIAL

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>MSM Group's internal audit role is undertaken by its holding company's Group Internal Audit ("GIA") function. The Chief Internal Auditor reports to the MSM Audit, Governance and Risk Committee ("AGRC") on MSM matters.</p> <p>The conduct of GIA is based on a MSM Internal Audit Charter, which is established consistent with the requirements of the Institute of Internal Auditors' International Professional Practices Framework and approved by the AGRC as affirmed through a Quality Assurance Review conducted by the Institute of Internal Auditors Malaysia in 2014 and Messrs. Ernst & Young in 2019.</p> <p>The AGRC assesses the performance of the Chief Internal Auditor, which includes assessment of the effectiveness of the GIA function with reference to the Institute of Internal Auditors' International Professional Practices Framework.</p> <p>The AGRC reviews and approves the internal audit plan on an annual basis, which includes review of the resources and organization structure of the GIA function allocated for MSM.</p>
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 10.2

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	:	<p>A declaration of relationships and conflicts of interest has been undertaken annually for all Group Internal Audit (“GIA”) personnel. Declaration of relationships are also required during the recruitment process of internal auditors whereby candidates are required to declare if they have any relationships within FGV Group, including MSM Group. There has been no recruitment of persons with relationships since 2012. In undertaking the internal audit work, GIA personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>The Chief Internal Auditor leads the internal audits across MSM Group. Four (4) internal auditors comprising a Senior General Manager, a Manager and one (1) team of two (2) persons from the FGV GIA have been specifically assigned for audits of MSM Group throughout the financial year. The resources specifically allocated for MSM is disclosed in MSM's Annual Report 2020. The team is supplemented with personnel from other segments of GIA's FGV organization structure, where it is deemed required. MSM also has the benefit of the FGV IT audit team that perform internal audit work related to information technology.</p> <p>The GIA function is carried out in accordance with a recognized framework, i.e. the Institute of Internal Auditors' International Professional Practices Framework (“IPPF”). External evaluation is undertaken once in every five (5) years to assess the Group Internal Audit function's performance against the IPPF. GIA has conducted external evaluation in 2019.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

CONFIDENTIAL

Intended Outcome

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

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

Practice 11.1

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

Application	: Applied																					
Explanation on application of the practice	<p>i. 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.</p> <p>ii. Written correspondence to media and investors on questions and answers, information updates and statements.</p> <p>iii. Meetings and courtesy visit; interactions with investors and government agencies to MSM's sugar refinery.</p> <p>iv. Conduct Annual General Meeting ("AGM") for effective shareholder's participation and an opportunity for stakeholders to vote and be heard.</p> <p>v. Distributing and updating company information on corporate website, newsletters and annual reports.</p> <p>vi. Press conference arrangement when necessary.</p> <p>During 2020, MSM had engaged with its shareholders as below:</p> <ul style="list-style-type: none"> Analyst Briefing on quarterly results: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">No.</th> <th style="width: 60%;">Briefing Type</th> <th style="width: 30%;">Briefing Date</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>4th quarter for the financial year ended 31.12.2019</td> <td>25 February 2020</td> </tr> <tr> <td>2.</td> <td>1st quarter for the financial year ended 31.12.2020</td> <td>27 May 2020</td> </tr> <tr> <td>3.</td> <td>2nd quarter for the financial year ended 31.12.2020</td> <td>19 August 2020</td> </tr> <tr> <td>4.</td> <td>3rd quarter for the financial year ended 31.12.2020</td> <td>16 November 2020</td> </tr> </tbody> </table> <ul style="list-style-type: none"> One-on-one Meeting and Courtesy Visit: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">No.</th> <th style="width: 60%;">Meeting/Visit</th> <th style="width: 30%;">Date</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>One-on-one briefing session with Special Officer to Deputy Minister of KPLB</td> <td>13 January 2020</td> </tr> </tbody> </table>	No.	Briefing Type	Briefing Date	1.	4 th quarter for the financial year ended 31.12.2019	25 February 2020	2.	1 st quarter for the financial year ended 31.12.2020	27 May 2020	3.	2 nd quarter for the financial year ended 31.12.2020	19 August 2020	4.	3 rd quarter for the financial year ended 31.12.2020	16 November 2020	No.	Meeting/Visit	Date	1.	One-on-one briefing session with Special Officer to Deputy Minister of KPLB	13 January 2020
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	3.	Analyst Briefing Session – direction and future plans	4 February 2020																																				
	4.	One-on-one meeting with analyst and fund manager – UOB and Principal Asset Management	27 February 2020																																				
	5.	Briefing session (virtual) – PNB	21 May 2020																																				
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Measure	:		
Timeframe	:		

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Intended Outcome

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

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

Practice 11.2

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

Application	: Applied						
Explanation on application of the practice	<p>In developing its reports, MSM refers and benchmark to the following standards:</p> <ul style="list-style-type: none"> i) International <IR> Framework ii) MCGG 2017 Guidelines iii) MMLR <p>The Annual Report (the "Report") has been compiled in accordance with the concepts, guiding principles and content elements contained in the International <IR> Framework issued by the International Integrated Reporting Council ("IIRC"). This framework supports a focus on reporting on the ability to create value over the short, medium and long term as well as the connectivity and interdependencies of the six (6) capitals, namely financial, manufactured, intellectual, human, social and relationship and natural capital.</p> <p>The Report provides a complete and balanced review of MSM and its subsidiaries on the Economic, Environmental and Social performance within the context of its strategy, risks and opportunities for the period 1 January 2020 to 31 December 2020.</p> <p>This Report adheres to the guidelines laid down within MMLR and Sustainability Guidelines. It also complies with requirements for Economic, Environmental and Social ("EES") reporting as outlined under the Global Reporting Initiative ("GRI"). Compliance with Malaysian legal requirements under the Companies Act, 2016 and MCGG 2017 has also been adhered to.</p> <p>The content of MSM's 2020 Annual Report is summarised below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: black; color: white;"> <th style="text-align: left;">SECTION</th> <th style="text-align: left;">SUB-SECTION</th> </tr> </thead> <tbody> <tr> <td></td> <td>About This Report</td> </tr> <tr> <td></td> <td>Chairman's Statement</td> </tr> </tbody> </table>	SECTION	SUB-SECTION		About This Report		Chairman's Statement
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	1. Delivering Value	1.1 Six Capitals 1.2 Strategic Performance 1.3 Shaping Material Matters 1.4 Linking the Capitals & Material Matters to Strategy, Sustainability & Risks
	2. MSM Overview	2.1 Corporate Profile <ul style="list-style-type: none"> • Vision, Mission and Values • Key Highlights 2.2 Corporate Milestones 2.3 Corporate Structure 2.4 Organisational Structure 2.5 Corporate Information 2.6 Key Moments 2.7 Awards and Certifications
	3. Management Discussion & Analysis	3.1 Strategic Review <ul style="list-style-type: none"> 3.1.1 Group Chief Executive Officer Review 3.1.2 MSM Strategy 3.1.3 Key Risks & Mitigations 3.1.4 Global Presence 3.1.5 Market Landscape 3.2 Group Financial Review 3.3 Business Review <ul style="list-style-type: none"> 3.3.1 Raw Sugar Sourcing & Procurement 3.3.2 Operational & Refining 3.3.3 Commercial & Downstream 3.3.4 Supply Chain Management
	4. Group Financial Report	4.1 5-Year Financial Summary 4.2 Statement of Financial Position 4.3 Quarterly Financial Performance 4.4 Statement of Value Added 4.5 Segmental Analysis 4.6 Sales Analysis 4.7 Investor Information 4.8 Financial Calendar
	5. Sustainability Report	5.1 Our Sweet EES Journey 5.2 Economic Sustainability 5.3 Environmental Sustainability 5.4 Social Sustainability
	6. Effective Leadership	6.1 Profile of Directors 6.2 Profile of Company Secretary 6.3 Profile of Senior Management
	7. Corporate Governance	7.1 Corporate Governance Overview Statement 7.2 Audit, Governance and Risk Committee Report 7.3 Nomination and Remuneration Committee Report 7.4 Investment and Tender Committee Report

		<ul style="list-style-type: none"> 7.5 Additional Compliance Information 7.6 Corporate Integrity 7.7 Statement on Risk Management and Internal Control 7.8 Internal Policies, Procedures and Guidelines 7.9 Business Continuity Management
	8. Financial Statements	<ul style="list-style-type: none"> 8.1 Statement on Directors' Responsibilities 8.2 Directors' Report 8.3 Statement by Directors 8.4 Statutory Declaration 8.5 Independent Auditors' Report 8.6 Statements of Comprehensive Income 8.7 Statements of Financial Position 8.8 Consolidated Statement of Changes in Equity 8.9 Company Statement of Changes in Equity 8.10 Statements of Cash Flows 8.11 Notes to the Financial Statements
	9. Additional Information	<ul style="list-style-type: none"> 9.1 Analysis of Shareholdings 9.2 Summary of Properties Owned 9.3 Summary of Properties Leased 9.4 List of Top 10 Properties Owned 9.5 Group Corporate Directory
	10. Details of the Annual General Meeting	<ul style="list-style-type: none"> 10.1 Notice of 10th Annual General Meeting 10.2 Statement Accompanying Notice of the 10.3 10th Annual General Meeting 10.4 Administrative Details 10.5 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 12.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The constant evolving situation of the COVID-19 pandemic requires Company to make certain changes in its AGM arrangements at short notice. MSM's 9th Annual General Meeting ("AGM") was held on 17 June in 2020 where the notice for the 9th AGM MSM issued on 22 May 2020 which is less than 28 days prior to AGM date.</p> <p>However, the Company still complied with the 21-days requirement under MMLR and Companies Act 2016.</p> <p>The notice for an AGM is accessible by the shareholders via Bursa Malaysia's announcement as well as the Company's website.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	For MSM 10 th AGM onwards, the Company will take such active step of serving the notices of AGM earlier than the minimum period or at least 28 days' notice prior to the meeting. This will provide shareholders with an ample time in planning their meeting attendance as well as enables institutional shareholders who hold shares through custodians, to communicate voting instructions to the custodian and ensure that these are acted on.
Timeframe	:	April 2021

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>All directors of MSM including Chairman of the Board Committees attended the 2020 Annual General Meeting (“AGM”) held on 17 June 2020. Only Chairman of the Board was attended physically at the broadcast venue while the others joined virtually via LUMI platform. Chairman of the Board chaired the 9th AGM of the Company in an orderly manner.</p> <p>The 9th AGM was conducted virtually via LUMI platform where sufficient time and opportunities were given to shareholders to raise issues relating to the affairs of the Company and that adequate responses are given. Through LUMI platform, the shareholders or proxies sent their questions to the Company to provide the answer during AGM while some others were responded and uploaded in the Company’s website.</p> <p>Questions raised by the Minority Shareholders Watch Group (“MSWG”) prior to the AGM together with the feedback from Management were also shared with shareholders during the AGM.</p> <p>Chairman handled the 9th AGM proceedings very well. Chairman and Chairman of Board Committees fielded all questions with courtesy and provided clear explanations in a frank manner.</p>
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 12.3

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

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Applied
Explanation on application of the practice	:	<p>MSM has leveraged on technology to facilitate electronic voting (“e-voting”) for the conduct of poll on all resolutions proposed started from its 2017 Annual General Meeting (“AGM”). Electronic voting facilities were used to provide a more efficient and accurate outcome of the results.</p> <p>In light of the Government of Malaysia’s pronouncement of the Movement Control Order, aimed at curbing the spread of COVID-19, the Company has conducted its 9th AGM held on 17 June 2020 on a virtual basis through live streaming and online remote voting using LUMI AGM facilities where shareholders are able to view the live streaming, exercise their right to participate (including to pose questions to the Board/Management of the Company) and vote at the 9th AGM.</p> <p>MSM also had appointed Boardroom Share Registrars Sdn Bhd (“Boardroom”) as Poll Administrator to conduct the e-polling process, and Tricor Business Services Sdn Bhd (“Tricor”) as Independent Scrutineers to verify the poll results.</p> <p>The 9th AGM started at 11.00 a.m. and a total of 141 Shareholders and Proxies participated via remote participation and voting facilities. During the meeting, Shareholders/Proxies viewed the Company’s presentation slides via the live streaming.</p> <p>In order to enhance the efficiency of the proceedings of the AGM, Shareholders/Proxies have posted questions via LUMI AGM facilities at any time from 10.00 a.m. on the day of the AGM until voting session commenced. The Chairman/Board/Management had endeavoured to address the questions received during the AGM. Due to time constraint, the responses were e-mailed to the Shareholders/Proxies after the meeting.</p> <p>Voting session commenced from 11.00 a.m. on the day of the meeting until the Chairman announced the completion of the voting session. Upon completion of the voting session, the Independent Scrutineers verified and announced the poll results followed by the Chairman of the meeting’s declaration on the outcome for the resolutions.</p>

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 :		
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**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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