

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5202
COMPANY NAME : MSM MALAYSIA HOLDINGS BERHAD
FINANCIAL YEAR : December 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors (the "Board") of MSM Malaysia Holdings Berhad ("MSM" or the "Company") is collectively responsible for management and oversight of the Company's business and affairs. This includes making key strategic decisions, ensuring compliance with relevant rules and regulations as well as safeguarding the interest of the stakeholders, whilst upholding high standards of corporate governance and ethical conduct within MSM Group.</p> <p>In discharging its duties and functions effectively, the Board is guided by its Board Charter that sets out the principles responsibilities, which among others are as follows:</p> <ol style="list-style-type: none">1. Establish and maintain corporate governance standards.2. Review, provide direction and approve Management's proposals on strategic plan.3. Oversee the conduct of the Group's business – monitor the financial performance against approved budget, determine dividend matters, review funding requirements and approve financial statements for timely lodgement and release.4. Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures.5. Succession planning of the Board and Top Management.6. Oversee the development and implementation of Shareholder Communication Policy.7. Review the adequacy and integrity of management information and internal control system. <p>While the Board maintains a schedule of key matters that are reserved for their decision, the Board Committees have been established to support the Board. The delegation of authority is clearly defined in the respective Terms of Reference ("TOR"). The Board Charter and the Board Committees' TOR are available on MSM's corporate website at https://www.msmsugar.com/our-company/corporate-governance.</p>

The Board also delegates the execution of strategy, operations and the day-to-day management of the Group to the Group Chief Executive Officer (“Group CEO”) supported by the Executive Committee (“EXCO”).

The MSM Business Plan 2024-2026 (“BP26”) which consists of key operational and financial targets, improvement and growth plans, capital expenditure, manpower planning, strategies and initiatives of the Group for the year 2024 to 2026 were presented and approved by the Board.

MSM BP26 highlighted the Key Strategic Initiatives (“KSI”) from the year 2024 to 2026 as follows:

2024

- MSM Sugar Refinery (Johor) Sdn. Bhd. (“MSM Johor”) stabilisation average Utilisation Factor (“UF”) towards breakeven and stretch towards MSM Prai Berhad (“MSM Prai”) level
- MSM Prai Rejuvenation Phase 1
- Further strengthen domestic market towards 65% and widen Consumer Reach Points
- Export 27% of total production and 6% of Asia-Pacific (“APAC”) market share
- Export to hyper-growth regions – Africa and Middle East and North Africa (“MENA”)
- Grow Near Region export volume
- MSM Johor’s expansion on Premix, Fine Syrup and Liquid Sugar volume
- Fund raising to pare down borrowings
- Complete Smart Manufacturing Phase 2 MSM Johor, Phase 1 MSM Prai and all support function digitalisation
- Biomass energy project initiation
- Science Based Targets initiative (“SBTi”) and Net Zero path commitment
- Complete study Beyond Sugar-diversification

2025

- MSM Johor optimisation average UF and Yield at mature levels
- Initiation of new Brown Sugar line project in MSM Johor
- MSM Prai Rejuvenation Phase 2
- Further strengthen domestic market towards 70% with Gula Super and widen Consumer Reach Points
- Export up to 36% of total production and 8% of APAC market share
- SBTi and Net Zero path commitment and complete Fourth Industrial Revolution (“IR4.0”)

2026

- MSM Johor optimisation average UF and Yield at mature levels with new Brown Sugar line
- MSM Prai Rejuvenation Phase 3
- Reinforce domestic market beyond 70% and Near Region

	<ul style="list-style-type: none"> • Export up to 40% of total production and 10% of APAC market share • Synergy integration with sugar-related business and biochemical opportunities • Renewable energy on-stream based on biomass feedstock • MSM Group operations as carbon neutral <p>Further details on MSM BP26 strategies are available on page 64 and 65 of the Annual Integrated Report 2023 (“AIR 2023”).</p> <p>The elements of sustainability were embedded in the KSI of MSM Business Plan 2023 as follows:</p> <ol style="list-style-type: none"> a) Sustainable Manufacturing Performance; b) Growing a Sustainable Operation with better Energy Planning and Green Energy; and c) Sustainability Targets to ensure better alignment to the initiatives and Sustainable Development Goals (“SDGs”). <p>The KSI were also translated into Key Performance Indicators (“KPIs”) for Management to facilitate the Board during the annual performance review. Similarly, the progress and achievements of the annual budgets and KPIs were presented to the Board for review.</p> <p>The Board through the Audit, Governance and Risk Committee (“AGRC”) sets, where appropriate the Company’s policies to manage the key risks faced by the Group. On a quarterly basis, Management presented their reports to the Board covering the following aspects, among others:</p> <ol style="list-style-type: none"> a) Updates on financial and non-financial matters; b) Updates on corporate governance activities, group risk register and business continuity Management; and c) Updates on MSM Johor ramping up plans. <p>All relevant information affecting the Company and Group can be assessed by the stakeholders at the MSM’s corporate website at www.msmsugar.com which is updated regularly. Other communications and engagement with stakeholders were also conducted to understand their expectations by undertaking various improvement initiatives.</p> <p>Further details on how the Group engages its stakeholders are available in the "Engaging with Our Stakeholders" section of the AIR 2023 or the "Stakeholder Engagement" section in the Sustainability Report 2023 ("SR 2023").</p>
<p>Explanation for departure</p>	<p>:</p>

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

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, Datuk Syed Hisham Syed Wazir, whose profile is available on page 92 of the AIR 2023.</p> <p>Datuk Syed Hisham Syed Wazir has provided effective leadership role in the conduct of the Board within and outside the boardroom towards a high standard of corporate governance whilst ensuring every decision is made in the best interest of the Company and its stakeholders. He maintains a collaborative atmosphere and encourage all Directors contribute their ideas to the discussion with consensus reached.</p> <p>The Chairman's roles as defined in the Board Charter, among others are as follows:</p> <ul style="list-style-type: none">a) Ensure that all Directors are enabled and encouraged to participate at Board meetings;b) Guide and mediate the Board's actions with respect to organisational priorities and good governance;c) Be clear on what the Board has to achieve, both in the long-term and short-term;d) Ensure the Board behaves in accordance with the Board Charter;e) 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;f) Fully informed of current events by the Group CEO on all matters which may be of interest to Directors;g) Be the major point of contact between the Board and the Group CEO;h) Undertake appropriate public relations activities together with the Group CEO;i) Ensure the Directors look beyond their executive functions and accept their full share of the responsibilities;j) Review progress regularly together with the Group CEO on important initiatives and significant issues facing the Group; andk) Initiate and oversee the Group CEO's annual performance evaluation process.

	The Board Charter is available on the MSM's corporate website at https://www.msmsugar.com/our-company/corporate-governance	
Explanation for departure	:	
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Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

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

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

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The Chairman of the Board is not a member of the Audit, Governance and Risk Committee ("AGRC") and the Nomination and Remuneration Committee ("NRC").</p> <p>The Chairman has never been an AGRC or NRC member or invitee since his appointment to the Board.</p> <p>This practice reinforces the independence of the oversight functions when deliberating on the observations and recommendations put forth by the Board Committees. This also to ensure check and balance as well as objective review by the Board.</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 1.5

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

Application	: Applied
Explanation on application of the practice	<p>MSM Board is supported by a suitably qualified and competent Company Secretary who has prerequisite qualifications and experience and is able to provide sound governance advice to the Board.</p> <p>Azni Ariffin is the Company Secretary of MSM and its Group of Companies who is qualified under Section 235 of the Companies Act, 2016.</p> <p>Azni Ariffin has 30 years of experience in corporate governance, corporate secretarial, commercial and corporate laws as well as consulting work relating to cross-border legal issues and agreements. She is licensed by the Companies Commission of Malaysia and a graduate of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The profile of the Company Secretary is provided on page 100 of AIR 2023.</p> <p>The Company Secretary had carried out the responsibilities as defined in the Board Charter which among others:</p> <ul style="list-style-type: none">a) Co-ordinate all Board business including meeting agendas, board papers, minutes of meetings, communication with regulatory bodies and all statutory and other required submissions;b) 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;c) Ensure that the Board's procedures and applicable rules are observed;d) Maintain records of the Board and Board Committees and its respective meetings and ensure effective management of the Company's records;e) Prepare comprehensive minutes to document Board's proceedings and ensure conclusions are accurately recorded;f) Disseminate information in a timely manner relevant to Directors' roles and functions and keeping them updated on new or evolving regulatory requirements;g) Carry out other functions as deemed appropriate by the Board from time to time;

	<p>h) Assist the Board with interpreting legal and regulatory acts related to the listing rules and international regulations and developments; and</p> <p>i) Advise the Board on its obligatory requirements to disclose material information to the shareholders and financial markets on a timely basis.</p> <p>The Company Secretary also ensures that the summary discussion and decisions at the Board and the Board Committees are properly and immediately communicated to the Management for appropriate action.</p> <p>The Company Secretary assisted the Chairman and the Board in the conduct of the 2023 Annual General Meeting (“AGM”) and ensured that the proceedings were properly recorded. The Company Secretary also ensured that the virtual AGM was conducted in compliance with the Company’s Constitution, relevant laws and regulations.</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 listed below:</p> <table border="1" data-bbox="564 913 1406 1576"> <thead> <tr> <th>No.</th> <th>Training</th> <th>Organiser</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Webinar Series: Violations of the Companies Act 2016: Oversights by Directors and Secretaries</td> <td>MAICSA</td> <td>16 June 2023</td> </tr> <tr> <td>2.</td> <td>Cessation of Companies & Limited Liability Partnership</td> <td>Suruhanjaya Syarikat Malaysia (“SSM”)</td> <td>4 July 2023</td> </tr> <tr> <td>3.</td> <td>Preference Shares: Steps to Issue, Redeem and Convert</td> <td>SSM</td> <td>6 July 2023</td> </tr> <tr> <td>4.</td> <td>Provision of Financial Assistance & Related Party Transactions</td> <td>CKM Advisory Sdn. Bhd.</td> <td>20 July 2023</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 functions during the financial year under review.</p>	No.	Training	Organiser	Date	1.	Webinar Series: Violations of the Companies Act 2016: Oversights by Directors and Secretaries	MAICSA	16 June 2023	2.	Cessation of Companies & Limited Liability Partnership	Suruhanjaya Syarikat Malaysia (“SSM”)	4 July 2023	3.	Preference Shares: Steps to Issue, Redeem and Convert	SSM	6 July 2023	4.	Provision of Financial Assistance & Related Party Transactions	CKM Advisory Sdn. Bhd.	20 July 2023
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<p>Explanation for departure</p>	<p>:</p>																				
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Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.6

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

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

	<p>professional views, advice and explanation on specific items on the meeting agenda as presented at the said meetings.</p> <p>Upon conclusion of each of the Board and Board Committee meeting, the summary of the decisions and actions to be taken were prepared and subsequently communicated to the relevant Management personnel to ensure fast dissemination and for Management to take action efficiently and effectively. The minutes were also 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 were presented at the next scheduled meeting for update or discussion until completion.</p> <p>The final draft minutes of the Board and Board Committee meetings were then circulated to all Board members and the Chairman of the Board Committee in a timely manner. This has allowed the Board members and Chairman of the Board Committees to comment and seek clarifications on the minutes, prior to confirming the minutes as true and correct records of the meeting.</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

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>The Board has a Board Charter which is periodically reviewed to serve as a constitution and primary reference for the Board. The Board Charter sets out which among others, the following:</p> <ol style="list-style-type: none">1) the roles and responsibilities of the Board2) the balance and composition of the Board3) the Board's authorities4) the schedule of matters reserved for the Board5) the establishment of the Board Committee6) the process and procedures for convening Board meetings7) the Board's assessment and review of its performance8) the compliance and ethical standards9) the accessibility by the Board to information and advice and declarations of conflict of interest. <p>The Board's decisions are always supported by the respective Board Committees which are responsible for deliberating any issues related to its scope and presenting their recommendations to the Board for final approval. Each Board Committee is guided by its TOR which describes the purpose, scope and authority of the committee. All TORs will be periodically reviewed to ensure consistency with the Company's needs and statutory requirements.</p> <p>The Board Charter and TOR for each Board Committee incorporate the relevant regulations and best practices to ensure consistency with the Board's objectives and responsibilities are available on MSM's corporate website at https://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 :		

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><u>Director's Code of Ethics and Conduct ("CoEC") and Director's Code of Business Practice ("CoBP")</u></p> <p>MSM being the subsidiary of FGV Holdings Berhad ("FGV") observes FGV's CoEC and CoBP. The code requires all Board of Directors of Companies within FGV Group including MSM to comply and adhere to, ensuring that the conduct of business is consistently carried out ethically and with integrity.</p> <p>The CoEC and CoBP provide the fundamental guiding principles, the ethical standards of behaviour and conduct expected from all Directors of MSM Group. The CoEC and CoBP expressly prohibit improper solicitation, bribery, insider trading, money laundering and other corrupt activities.</p> <p>The CoEC and CoBP are available at the MSM's corporate website at https://www.msmsugar.com/our-company/corporate-governance.</p> <p><u>Employee Code of Business Conduct and Ethics</u></p> <p>Code of Business Conduct and Ethics ("CoBCE" or the "Code") outlines business conduct and ethical practices that enable the MSM employees to understand their duties and responsibilities towards MSM Group. The Code sets out the standards of behaviour that are expected of all employees in terms of engagement with customers, colleagues and other stakeholders. These codes leave no room for improper solicitation, bribery, insider trading, money laundering or any other form of corrupt activities.</p> <p><u>MSM Anti-Bribery Policy Statement</u></p> <p>MSM has also established an Anti-Bribery Policy Statement ("Policy Statement") to comply with Paragraphs 15.29 (1) and (2) of the Main Market Listing Requirements ("Listing Requirements") and guided by</p>

	<p>the Guidelines on Adequate Procedures, Section 17A (5) of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009 (Amendment 2018). This Policy Statement sets forth the commitment of MSM in applying the highest standards of ethical conduct and integrity in its business activities. This is done by putting in place adequate policies and procedures for the prevention of corruption and bribery.</p> <p>The following seven (7) key policies are related to corruption and bribery which are covered under the Policy Statement:</p> <ol style="list-style-type: none"> 1) Whistleblowing Policy 2) Asset/Personal Declaration Interest Policy 3) External Gift, Entertainment and Hospitality Policy 4) Sponsorship and Donation Policy 5) Code of Business Conduct Ethics for Employees 6) Conflict of Interest Policy 7) Referral Policy <p>There are three (3) key focus areas examined under the Anti - Bribery Policy – Corruption, Fraud and Abuse of Power. A copy of the Policy Statement is available on MSM’s corporate website at https://www.msmsugar.com/our-company/corporate-governance.</p> <p><u>Asset/Personal Interest Declaration (“APID”)</u></p> <p>In managing asset/personal interest, the Board members are required to make declarations to ensure that the assets and personal interests are acquired through reasonable legal means within their financial ability and free from conflict of interest situation.</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

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><u>MSM Whistleblowing Policy</u></p> <p>In line with the Group’s strive for sustained ethical business practices and conduct, MSM Group has established a Whistleblowing Policy (“Policy”) that clearly outlines the oversight and responsibilities associated with the whistleblowing reporting process. The Policy is designed to protect and maintain the confidentiality of whistleblowers in the MSM Group.</p> <p>The Policy aims to maintain the highest standard of ethics and legal conduct within the Group with following objectives:</p> <ul style="list-style-type: none"> a) provide avenues for employees to disclose any act of wrongdoing; b) assure the employees that they will be protected from reprisals, discrimination or victimisation for whistleblowing in good faith; c) provide a formal mechanism for action on all reports made; and d) take necessary action of any improper conduct reported by other sources. <p>The Policy enables the reporting individual to report on alleged unethical behaviour within the Group such as, but not limited to the following:</p> <ul style="list-style-type: none"> a) Malpractice, impropriety, fraud and embezzlements. b) Misappropriation of assets and funds. c) Criminal breach of trust. d) Illicit and corrupt practices. e) Questionable or improper accounting. f) Misuse of confidential information. g) Acts or omissions, which are deemed to be against the interest of the Group, laws, regulations or public policies. h) Breaches of any rules, regulations, policies and procedures of the Group. i) Attempts to deliberately conceal any of the above or other acts of wrongdoing. j) Abetting any of the above. <p>As mandated by the Board, MSM Whistleblowing Committee (“WBC”) is responsible to manage complaints reported through a secure and</p>

	<p>accessible whistleblowing channel, transparent investigation and provide protection to the whistleblower.</p> <p>MSM WBC comprises the following members:</p> <ul style="list-style-type: none"> a) Head of Corporate Governance & Risk Management b) Head of Legal Affairs c) Head of Group People & Culture d) Head of Safety e) Head of Treasury f) Head of Corporate Strategy & Investor Relation* g) Head of Finance (Compliance)* <p>(*) <i>Alternate WBC members: WBC may appoint as and when required.</i></p> <p>The whistleblowing reporting can be channelled via the following mediums:</p> <table border="1" data-bbox="563 768 1409 1064"> <tr> <td>e-form</td> <td>https://msmwhistleblowing-form.msmsugar.com</td> </tr> <tr> <td>email</td> <td>msmwb@msmsugar.com</td> </tr> <tr> <td>Letter</td> <td>MSM Whistleblowing Secretariat Level 44, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur</td> </tr> <tr> <td>Hotline</td> <td>03-2181 6827 (secured voice recording)</td> </tr> <tr> <td>In Person</td> <td>A person who wishes to whistleblow may come in person to meet MSM Whistleblowing Secretariat.</td> </tr> </table> <p>All reports or complaints received will be treated with the strictest confidentiality. The Company is committed in taking every report seriously; however, it reserves the right to consider action against the whistleblower if the report is discovered to contain untrue, false, malicious, mischievous, vexatious, or reckless allegations. It is important to note that any employee disclosing information in good faith under this procedure will be immune from reprisals, victimization, or any adverse effects on their career.</p> <p>To ensure the MSM Whistleblowing Secretariat can effectively safeguard the identity and other relevant information, complainants are required to adhere strictly to the policy and report through the designated reporting medium outlined above. Failure to do so may compromise the confidentiality measures put in place to safeguard their identity and information.</p> <p>The Policy statement is made available for public viewing and information on MSM's corporate website at https://www.msmsugar.com/our-company/corporate-governance.</p>	e-form	https://msmwhistleblowing-form.msmsugar.com	email	msmwb@msmsugar.com	Letter	MSM Whistleblowing Secretariat Level 44, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur	Hotline	03-2181 6827 (secured voice recording)	In Person	A person who wishes to whistleblow may come in person to meet MSM Whistleblowing Secretariat.
e-form	https://msmwhistleblowing-form.msmsugar.com										
email	msmwb@msmsugar.com										
Letter	MSM Whistleblowing Secretariat Level 44, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur										
Hotline	03-2181 6827 (secured voice recording)										
In Person	A person who wishes to whistleblow may come in person to meet MSM Whistleblowing Secretariat.										
<p>Explanation for departure</p>	<p>:</p>										

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>There is a strong sense of ESG responsibility at the core of MSM Group as the leading refined sugar producer in Malaysia. The Group aims to become a sustainable business by working towards a future that balances environmental, social, economic and governance needs to create positive impacts for its stakeholders in an increasingly resource-constrained and volatile world.</p> <p>The elements of sustainability are embedded in the Key Initiative Strategic of MSM Business Plan for the year 2023. The Company's sustainability is governed and supervised by the AGRC and subsequently by the Board. All sustainability-related proposals, memberships, initiatives, and reports were presented to the AGRC and Board.</p> <p>The Group is strongly committed to:</p> <ul style="list-style-type: none">a) Meet the requirement of all applicable legislations as well as other codes of practices and sustainability commitments that MSM subscribe to;b) Engage with the internal and external stakeholders in promoting sustainability practices;c) Conduct a comprehensive materiality assessment which involved the stakeholders to identify the material ESG issues;d) In line with the common sustainability matters as stipulated in the Enhanced Sustainability Reporting Framework issued by Bursa Malaysia; ande) Aligned with the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendation in climate-related disclosure. <p>In addition to that, the risk that has been monitored via Enterprise Risk Management System ("ERMS") provides the Board and Top Management with foresight on the potential risk. Climate-related risk is</p>

	handled in the similar way as other risks and encompass in the risk management framework and aid in better decision making and driving business' strategy and direction.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

Application	: Applied
Explanation on application of the practice	<p>The Group continues to leverage various communication platforms with the internal and external stakeholders in delivering the Company's sustainability strategies, priorities and targets.</p> <p>MSM has a dedicated section for Sustainability on MSM's corporate website to highlight key matters which is made available at https://www.msmsugar.com/sustainability/overview.</p> <p>Aside from the disclosure of Sustainability programs in the AIR 2023, other platforms were also being utilised to communicate with internal and external stakeholders which include internal meetings and e-mails, financial performance results, formal and informal shareholders' engagements to ensure that they are well informed on the Group's direction and targets to ensure better alignment to our initiatives and Sustainable Development Goals ("SDG").</p> <p>The sustainability performance regarding the three pillars of Environmental, Social and Governance ("ESG") is also disclosed in the Sustainability Report 2023.</p> <p>Additionally, the following were the activities carried out in 2023 which highlighted MSM's efforts in striving towards sustainability:</p> <ol style="list-style-type: none">1. USM ESG Talk: Waste to Green Initiatives2. Launch of MSM's EV Van for Last Mile Delivery3. FGV Sustainability Week 2023 Booth and Talk4. 30% Club Malaysia5. Asia Young Leaders Program6. Participation of COP287. Participation and booth of APCW 20238. MSM Prai Environment Week9. Biodiversity Conservation Efforts such as Turtle Conservation Program at Turtle Conservation and Information Center ("TCIC"), Segari Perak with Jabatan Perikanan Negeri Perak and donation to Conservation of Al-Sultan Abdullah Royal Tiger Reserve ("ASARTR") in collaboration with World Wildlife Fund ("WWF").10. Development of MSM's Sustainability Report 2023.

	<p>11. Participation as the Project Committee for Malaysia Industrial Standard, SIRIM 55:202 - ESG Management Systems – Requirements with guidance, which was published on 11 August 2023.</p> <p>Any stakeholders of MSM may also write to esg@msmsugar.com on queries relating to the sustainability of the Company.</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

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

Practice 4.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is always updated on any opportunities and issues related to sustainability and provides necessary directives to the Management. The Board also kept themselves abreast with the knowledge of sustainability by attending training and development programs. This enabled them to deliberate and tackle issues relevant to the Company and its business.</p> <p>The list of training relating to sustainability attended by the Board which among others, are as follows:</p> <ul style="list-style-type: none">a) Sustainability Reporting and Climate Change Series – Workshop 2: Tackling Climate Change and Climate Actionb) Workshop 3: MIA Webinar Series - Net Zero and Science-Based Targetsc) Board of Directors Leadership – Effective Climate Governanced) ESG: Principles of Responsible Investment and Carbon Markete) Board's Oversight Role on Bursa Malaysia's Enhanced Sustainability Reporting Frameworkf) Sustainability Reporting Requirements for Listed Companiesg) ESG Thought Leadership Seminar (MBM Resources Berhad)h) Bridging the Gap: Metaverse, Board of Directors, Net Zero & NFTi) Breakfast Talk - Stepping Up to the Role: Objective Assurance & Advisory on ESGj) Anti-Money Laundering, Anti-Terrorism Financing & Anti Proliferation Financing: Board of Directors' Briefing (Nature of Life)k) Corporate Liability under Section 17A of the MACC Act 2019, Refresherl) Whistleblower Protection Act 2020m) Upholding Integrity, Guiding Governance: Excellence in Action <p>The Board is also being updated quarterly on the potential risk affecting the Group via monitoring through ERMS including the highlights of key emerging risks, latest development and global trends with regards to the sustainability matters.</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

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board and Top Management always consider and integrate sustainability and ESG elements into the objectives and its decision making. The Board and Top Management also ensure the Company has adequate dedicated resources at the right levels in order to drive sustainability goals and strategies within the Company.</p> <p>Board The Board Effectiveness Assessment (“BEA”) was undertaken internally for year 2023, assessed the Board's performance in managing the Company's material sustainability risks and opportunities.</p> <p>The sustainability criteria had been assessed by the Board under the Board’s roles and responsibilities, Board process and Board agenda, minutes and information. For sustainability scores, the Board rated Effective.</p> <p>The sustainability element is also included as one of the KPIs in the Corporate Scorecard for year 2023. This was measured by the compliance sustainability standards in regards to the ESG, including safety, quality aspects of the operations and corporate social responsibility, which will subsequently impact the overall rating of the Top Management.</p> <p>Top Management The sustainability and ESG elements continue to be immersed and reinforced in Top Management Performance Objectives Balance Scorecard.</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

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

Practice 4.5- Step Up

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

<i>Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.</i>	
Application	: Adopted
Explanation on adoption of the practice	: <p>Cheng Lay Peng, the Head of ESG who reports directly to the Group CEO is responsible to advise all Heads of Operations on matters pertaining to the Group’s sustainability strategy. Cheng Lay Peng has over 25 years of experience in multinational and local companies. She possesses a career portfolio that includes research & development, quality management, plant operation management, risk management, sustainability and Environment, Health and Safety (“EHS”) & compliance. The profile of Cheng Lay Peng is available on page 105 of AIR 2023.</p> <p>The ESG Department also works closely with MSM’s Health, Safety, Environment, Security & Quality (“HSES&Q”), the department that spearheads the implementation of sustainability-led strategies and programmes within the Group, which is led by Radzlan Ramli.</p> <p>Representatives from each MSM’s premises are required to further strengthen the integration of sustainability into the operations of the Company. They are also required to update the Group’s sustainability progress and report on quarterly basis.</p> <p>MSM has also established its ESG catalysts as the working committee in driving and implementing ESG activities in the workstreams, driving sustainable activity and program, optimising environmental footprint and social responsibility and sustainable partnership, inculcating ESG culture and inspiring the employees to drive impactful change to manage climate-related risks into the business operations.</p> <p>MSM’s continues its efforts towards achieving sustainable development through ESG initiatives. These efforts are to comply with all applicable environmental legislation, regulations and requirements that pertain to our manufacturing and distribution practices.</p> <p>MSM’s concerted efforts aim to enhance its sustainability framework with short, medium to long-term goals and measurable progress on its “high” priority issues. MSM prioritises the effective use of resources, energy and fuel, as well as waste reduction. This commitment stretches</p>

	<p>beyond the Group's direct impact and includes the effort to ensure good practices across the MSM's supply chain. MSM also encourages its value chain partners to embrace sustainable environmental practices at their work sites and educate MSM staff on environmentally friendly practices.</p>
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Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Nomination and Election Policy and Procedures (“BNEPP”) under Paragraph 6.4 on the “<i>Policy on Board Assessment</i>” and NRC TOR under Paragraph 7.1.3 pertaining to the “<i>Appointment/ Re-Appointment/Re-Election Process and Its Criteria</i>” require NRC to review the composition of the Board by undertaking a Board Assessment annually on the effectiveness of the Board, Board Committees and Individual Directors.</p> <p>BNEPP and also the Company’s Constitution provided that the tenure of Independent Director shall not exceed three (3) years. Upon completion of 3-year tenure, such Independent Director shall cease to be a Director, but may still be eligible for re-appointment up to a maximum of nine (9) year to ensure that the composition of the Board is refreshed periodically. At the 12th AGM held on 8 June 2023, the shareholders approved for the re-appointment of the following Independent Directors upon completion their 3-year tenure:</p> <ul style="list-style-type: none">a) Datuk Syed Hisham Syed Wazirb) Choy Khai Choonc) Dato’ Sri Muthanna Abdullahd) Datuk Dr Abd Hapiz Abdullah <p>The NRC had also reviewed and conducted an assessment process to evaluate the eligibility of retiring Directors before recommending them to the Board for approval. Dato’ Rosini Abd Samad was re-elected at the 12th AGM held on 8 June 2023 pursuant to Clause 99 of the Company’s Constitution whilst Dato’ Mohd Nazrul Izam Mansor, Raja Faridah Raja Ahmad and Fakhrunniam Othman were re-elected pursuant to Clause 105 of the Company's Constitution.</p> <p>In determining the eligibility of Directors for re-appointment/ re-election above, NRC also considered the following elements, among others:</p> <ul style="list-style-type: none">a) the Individual Director’s Performance assessment as part of the Board Effectiveness Assessment which focuses more on soft governance aspects of the Director (individual contribution, communication with members, their decision making and traits); and

	b) special skills and knowledge an individual Director brings to the organization.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	: Applied
Explanation on application of the practice	<p>Paragraph 15.02(1) of the Listing Requirements requires a listed issuer to ensure that at least two (2) Directors or 1/3 of the Board of Directors of a listed issuer, whichever is the higher, are independent directors.</p> <p>During the financial year under review, there was a change to the Board composition, where Azman Ahmad, the FGV's nominee director, resigned on 1 January 2023. Following his resignation, FGV nominated Fakhrunniam Othman to replace Azman Ahmad as FGV's new nominee Director on the Board. The nomination went through the proper process and the appointment of Fakhrunniam Othman was approved by the Board, effective 23 February 2023.</p> <p>With the above changes, the Board composition remain unchanged with nine (9) members, in comparison to the previous year under review and is in compliance with Paragraphs 15.02 and 3.04 of the Listing Requirements, of which:</p> <p>a) Five (5) are Independent Non-Executive Directors, namely:</p> <ol style="list-style-type: none">1. Datuk Syed Hisham Syed Wazir2. Choy Khai Choon3. Dato' Sri Muthanna Abdullah4. Datuk Dr Abd Hapiz Abdullah5. Dato' Rosini Abd Samad <p>b) Four (4) are Non-Independent Non-Executive Directors, namely:</p> <ol style="list-style-type: none">1. Nik Fazila Nik Mohamed Shihabuddin2. Dato' Mohd Nazrul Izam Mansor3. Fakhrunniam Othman4. Raja Faridah Raja Ahmad <p>All five (5) Independent Non-Executive Directors which constituted 56% of the Board satisfied the independence test under the Listing Requirements.</p> <p>The presence of five (5) independent directors on the Board brings diverse professional backgrounds, skills, extensive experience and knowledge in the areas of accounting, legal, corporate business, strategy and risk. Their areas of expertise allow them to provide independent judgement on the issues of strategy, business performance, human resources, legal and standards of conduct. They also provide independent views in the Board's discussions to ensure</p>

	<p>that the strategies proposed by Management are fully deliberated and examined in the long-term interest of the Group, as well as shareholders and other stakeholders.</p> <p>None of the Independent Directors is involved in the day-to-day management of MSM and its Group of Companies.</p> <p>The most recent change was the cessation of office of Dato' Rosini Abd Samad on 7 January 2024 upon completing her cumulative term of 9-year as an independent director. With the cessation of Dato' Rosini Abd Samad as INED, the Board comprises eight (8) Directors, made up of four (4) or 50% Independent Directors and four (4) or 50% Non-Independent Directors and this composition is still in compliance with Paragraph 15.02 of Listing Requirements.</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 5.3

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

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

Application	:	Not applicable - Step Up 5.4 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

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

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
Application	: Adopted
Explanation on adoption of the practice	: The Board Charter and BNEPP have provisions that limit the tenure of an Independent Director to a cumulative term of nine (9) years. The provisions are stated in the following paragraphs: Board Charter: a) <u>Clause 6.4.5 (iv):</u> The tenure of an Independent Non-Executive Director shall not exceed a cumulative term of nine (9) year. b) <u>Clause 6.4.5 (v):</u> The term of any Independent Directors in MSM Board shall not exceed three (3) year. Upon completion of 3-year tenure, such Independent Director shall cease to be a Director but still be eligible for re-appointment to a maximum of nine (9) year. After a cumulative term of nine (9) year, 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. BNEPP: a) <u>Clause 6.2.3:</u> The term of any Independent Directors in MSM Board shall not exceed three (3) year. Upon completion of 3-year tenure, such Independent Director shall cease to be a Director, but may still be eligible for re-appointment to a maximum of nine (9) year. b) <u>Clause 6.2.4:</u> After a cumulative of nine (9) year, an Independent Director shall cease to be a Director of the Company. c) <u>Clause 6.2.5:</u> Notwithstanding the above, the Independent Directors shall be subjected to the annual assessment on independence, as part of the Board Assessment.

	<p>On 7 January 2024, Dato' Rosini Abd Samad ceased to be an Independent Non-Executive Director upon completing her 9-year tenure in accordance with the above provisions.</p>
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Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Board</p> <p>MSM has in place a fit and proper policy for the appointment and re-election of its directors, namely MSM BNEPP which formalizes the policies on Board Composition (including diversity), Independence, Conflict of Interest and Board Assessment required to meet the needs of the Group.</p> <p>The BNEPP provides guidelines on Board diversity, in terms of gender, age, ethnicity and cultural background in considering the composition of the Board which includes the following:</p> <ul style="list-style-type: none">(a) the adoption of a merit-based system and no discrimination on gender and ethnicity;(b) the difference of age groups infuses a mixture of qualities such as ideas, risk appetites or experience; and(c) appropriate diversity in relation to the mix of technical and non-technical qualities of Directors. <p>The BNEPP also serves as a guide to the NRC and the Board with detailed guidance and a transparent process in relation to the nomination and election of Directors based on the following selection criteria:</p> <ul style="list-style-type: none">a) skills, knowledge, expertise and 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 value contributione) ability to discharge certain responsibilities/functions as expected from Independent Directors. <p>Section 6.1.2 of BNEPP also states that one of the considerations in determining the appropriate candidates for nomination and election to the Board is that the candidate is not an Active Political Person i.e. not a Member of Parliament, State Assemblyman, Supreme Council Member of a political party or member who holds a position at</p>

divisional level in a political party. At present, no Active Political Person sits on the Board.

The proposed candidates for Independent Non-Executive Director, prior to their appointment were required to disclose their other business interests that may result in conflict of interest and background checks on them were also undertaken.

In assessing candidates for directorship of the MSM Board, the Board is guided by the Board Succession Plan. The assessment and evaluation process may include, at the NRC's discretion, reviewing the candidate's resume, curriculum vitae and relevant information, confirming the candidate's qualifications, conducting legal and other background searches including integrity, bankruptcy and criminal record as well as formal and informal interviews.

The summary of fit and proper policy for the appointment and re-election of directors is made available on MSM's corporate website at <https://www.msmsugar.com/our-company/corporate-governance>.

The Board composition, gender diversity, tenure, age diversity together with the skills and experience mapping can be found on page 116 of the AIR 2023.

Senior Management

Appointment of Senior Management in MSM is based on merit and with due regard to diversity in skills, experience, age, cultural background and gender. In selecting the Senior Management, the appointment is governed by the approval matrix as per MSM Limit of Authorities (LOA).

Approval Matrix:

1. All C-suites positions are reviewed and deliberated by the NRC and recommended to the Board for final approval.
2. All positions within job ranking General Manager to Vice Presidents shall be approved by the Group CEO.
3. The LOA also outlined the approval matrix on appointments of other positions job grade, i.e. from managerial, executive and non-executive positions.

On 5 December 2023, MSM Group has adopted the Diversity, Equity and Inclusion Policy ("DEI Policy") which was developed by taking into consideration the relevant requirements of the Malaysian Code on Corporate Governance 2021 ("MCGG 2021") and the United Nations' Sustainable Development Goals.

Within the change of business landscape, the introduction of DEI Policy marks a significant milestone to MSM Group's sustainability agenda and roadmap, sending positive messaging on MSM Group's emphasis on DEI principles to the MSM Group employees and to the general business landscape. In addition to that, this includes career opportunities,

	<p>training and development, recruitment, compensation and benefits, talent identification, retention, performance management, promotions, job assignments, succession planning and engagement activities.</p> <p>As at 31 December 2023, there were three (3) women in Senior Management of MSM, who hold the positions of Chief Financial Officer, General Counsel and Head of ESG, that constitutes 37.5% of the Senior Management's composition. The current diversity of Senior Management's composition in terms of gender, age, working experiences, skills and background can be found on page 102 of the AIR 2023.</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

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>MSM is guided by BNEPP which provides guidelines on the size of the Board, the selection criteria, the Director's skills sets and the Board diversity to be considered for new appointment of Directors. NRC TOR under Paragraph 7.1.3 allows NRC to consider candidates proposed by the Chairman of NRC and by any Director or shareholder. However, NRC must consider the candidates' character, experience, competence, integrity and time commitment as prescribed in Paragraph 2.20A of the Listing Requirements and other criteria in the BNEPP. The background checks were also conducted on the candidates as well as holding formal or informal interviews.</p> <p>In respect of the appointment of Independent Non-Executive Director, the Board considers candidates to be appointed as Directors not only from existing directors, top management staff and major shareholders but also from third-party referrals/independent sources.</p> <p>The Board utilised independent sources and third party referrals to identify candidates with the necessary skill sets and experience as set out in the BNEPP. Recommendations from existing Board members, Management or major shareholders were not solely relied upon.</p> <p>The Board then evaluates the profiles of the shortlisted candidates consisting of their academic/professional qualifications, skill sets, past employment history, board experience and directorships (past and current). With regards to this appointment, NRC ensures that all assessments/reviews of directors are properly made by considering the selection criteria specified in BNEPP and thereafter table and recommend to the Board for approval.</p> <p>During the financial year under review, Fakhrunniam Othman was nominated by FGV, MSM's major shareholder, to be appointed as the Non-Independent Non-Executive Director of MSM Board. Following FGV's nomination letter issued to MSM, the proposed appointment was presented to NRC and his background was assessed in accordance with the BNEPP.</p>

	Apart from the above assessment, on 10 February 2023, NRC also conducted an interview session with Fakhrunniam Othman as part of the proper evaluation process. Upon recommendation from the NRC, the Board approved the appointment of Fakhrunniam Othman as NINED of MSM, effective 23 February 2023.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The shareholders were given sufficient information about the directors who were standing for re-election (name, age, gender, working experience, whether they have any conflict of interest, directorship in other companies as well as details of any interest) in the AGM notice. The AGM notice also stated that the Board supports the re-election.</p> <p>All Directors who were standing for re-election had given their consent to be re-elected and had abstained themselves from deliberations and decision-making at the Board on matter relating to their own re-elections. At the 12th AGM held on 8 June 2023, the shareholders approved the re-election of the following as Directors of MSM:</p> <ul style="list-style-type: none">a) Dato' Rosini Abd Samad – re-elected pursuant to Clause 99 of the Company's Constitution and Section 205(3)(b) of the Companies Act, 2016.b) Datuk Syed Hisham Syed Wazir, Choy Khai Choon, Dato' Sri Muthanna Abdullah and Datuk Dr Abd Hapiz Abdullah - tenure was subject to Clause 108 and re-elected in accordance with Clause 105 of the Company's Constitution and Section 208(4)(a) of the Companies Act, 2016.c) Dato' Mohd Nazrul Izam Mansor, Raja Faridah Raja Ahmad and Fakhrunniam Othman – re-elected pursuant to Clause 105 of the Company's Constitution and Section 208(4)(a) of the Companies Act, 2016. <p>The profiles of the Directors standing for re-election were provided to the shareholders in the AIR 2022 to assist them to make an informed decision on the re-election of Directors.</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 :		

Intended Outcome

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

Practice 5.8

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

Application	:	Applied
Explanation on application of the practice	:	<p>Pursuant to Paragraph 4.1 of the NRC TOR, the Chairman of the NRC must be an Independent Non-Executive Director, and where a Senior Independent Non-Executive Director position exists, the Senior Independent Non-Executive Director shall assume the position of Chairman of the NRC.</p> <p>The current NRC is chaired by Dato' Sri Muthanna Abdullah, an Independent Non-Executive Director. The profile of Dato' Sri Muthanna Abdullah as Chairman of the NRC is available on page 94 of AIR 2023.</p> <p>The Chairman of NRC shall:</p> <ol style="list-style-type: none">1) be responsible for the conduct of meeting and must be present at all NRC meetings;2) report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;3) draw to the Board's attention any relevant matters deemed to be of major importance;4) be available to answer questions about the Committee's activities at the AGM of the Company. All other members of the Committee shall also attend the AGM;5) determine the frequency of the Committee meeting and discuss the schedule of meetings with the members of the Committee;6) ensure that proper agenda is prepared for the Committee meeting;7) call a meeting of the Committee if so requested by any member of the Committee or by Chairman of the Board; 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 its TOR which is available on MSM's corporate website at https://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

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	MSM BNEPP provides guidelines on board diversity, in terms of gender, age, ethnicity and cultural background, which provide the necessary range of perspectives, experience and expertise required. As at 31 December 2023, there were three (3) women Directors, which constituted 33% female representation.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.10

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p><u>Board</u></p> <p>MSM BNEPP aims to provide guidelines on nomination and election matters to be in line with the requirements of the Companies Act, 2016, Listing Requirements and best practices of MCCG 2021 and the Corporate Governance Guide.</p> <p>The BNEPP includes guidelines on Board diversity, in terms of gender, age, ethnicity and cultural background in considering the composition of the Board which include the following:</p> <ul style="list-style-type: none">(a) adopts a merit system and does not discriminate, including on the grounds of gender and ethnicity, in determining the composition of the MSM Board;(b) adopts a Board which is made up of different age groups, in order to infuse a mixture of qualities such as ideas, risk appetites or experience, above the full age of 18 years old and no age limit as provided in MSM's Board Charter; and(c) maintain appropriate diversity in relation to the mix of technical and non-technical qualities of Directors, to avoid 'groupthink' during deliberations. For example, Directors with a balanced range of risk appetites enable strategic decisions to be made while risks are being managed. <p>The statement on the BNEPP was disclosed under Corporate Governance Overview Statement on page 107 of the previous year AIR.</p> <p>As at 31 December 2023, there were three (3) women Directors on the Board that constitutes 33% of the Board's composition.</p> <p><u>Senior Management</u></p> <p>However, there is no policy regarding gender diversity for Senior Management disclosed in the previous year AIR.</p>

	<p>The practice of gender diversity for Senior Management continues to be premised on merit-based selection and appointment along with a fair and equitable consideration and deliberation for qualification, experience, skills, intelligence and empathy as it ensures equal opportunities and treatment across its workforce.</p> <p>With the above, the Group has created a diverse workforce that can generate different ideas and perspectives; the various background and experiences will also foster greater innovation as well better problem-solving and decision-making skills.</p> <p>In 2023, there were no cases of discrimination reported and the Group targets to maintain the status of zero cases of discrimination.</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>On 5 December 2023, MSM Group has adopted the Diversity, Equity and Inclusion Policy (“DEI Policy”) which was developed by taking into consideration the relevant requirements of the MCCG 2021 and the United Nations’ Sustainable Development Goals.</p> <p>The statement on the DEI Policy was disclosed under Corporate Governance Overview Statement on page 120 of the AIR 2023.</p>
<p>Timeframe</p>	<p>:</p>	<p>Within 1 year</p>

Intended Outcome

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

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The exercise of the Board Effectiveness Assessment for 2023 (“BEA 2023”) was undertaken internally in January 2024 on an annual basis and facilitated by the Company Secretary. The Board was of the opinion that the external consultant may be appointed for the BEA exercise every two (2) to three (3) years for realignment to ensure the process is correct. This is the third year MSM conducted its BEA internally.</p> <p>There were three (3) sets of assessment forms for BEA 2023. The assessment forms were sent to the eight (8) directors on 24 January 2024 for them to complete the effectiveness assessment of the following:</p> <ul style="list-style-type: none">a. Board as a wholeb. Board Committeesc. Directors’ Self and Peer Evaluation <p>On 20 March 2024, the analysis of the BEA 2023 results and feedback from the Board and Board Committee members were presented by the Company Secretary to the NRC for recommendations to be presented to the Board on 5 April 2024.</p> <p>The assessment of the Directors was based on the relevant performance criteria in line with this practice, which include the following:</p> <ul style="list-style-type: none">a. Will and ability to critically challenge and ask the right questions;b. Character and integrity in dealing with potential conflict of interest situations;c. Commitment to serve the company, due diligence and integrity;d. Confidence to stand up for a point of view;e. Fit and proper;f. Calibre and personality;g. Board dynamics and participation;h. Competency and capability;

- i. Independence and objectivity; and
- j. Contribution and performance

The assessment results and outcomes were collated, evaluated, and assessed based on the feedback gathered from the completed questionnaires. The overall average rating for the areas of assessment were above 4, based on a 5-scale rating. The results of the BEA 2023 indicated that the performance of the Board, the Board Committees, the individual Directors and members of the Board Committees during the assessment period had been Effective (average rating score of 4 on a 5-scale rating). All Directors successfully fulfilled their responsibilities and commitments. The Board rated each Director's performance as satisfactory, indicating that they met the criteria for the areas of assessment.

The results of these assessments also formed the basis of the NRC's recommendations to the Board that were tabled in April 2024 for the following matters:

- a) all Directors who are seeking re-election at the forthcoming AGM have met the performance and fit and proper criteria required of an effective and high performance Board and have the ability to continuously discharge their duties diligently as Directors of the Company; and
- b) the Performance Assessment of the AGRC and its members:
 - (i) AGRC and its members have carried out their responsibilities and duties in accordance with the AGRC TOR; and
 - (ii) the existing members of the AGRC shall continue to be AGRC members for the financial year 2024.

The NRC deliberated on each feedback/areas of improvement collated based on the BEA 2023 exercise and the NRC requested that the Board and Board Committee members' feedback be shared with the relevant Management for notation and further action. The key areas requiring on-going attention for continuous improvement were categorised below:

No.	Sections	Feedback / Areas for Improvement
1.	Board Information	<ul style="list-style-type: none"> a) Management to engage external consultants, if required. b) Information should be relevant, concise and direct to the point, not too elaborative. c) More strategic and dashboard reporting and less operational/ transactional data and faults. d) Regular progress update on company's ESG initiatives, issues and challenges with Board steer the direction.

		<ul style="list-style-type: none"> e) More detailed analysis from Management in management papers to the Board. f) Board papers should be providing the relevant facts and figure for the Board to effectively evaluate the proposal.
2.	Board Agenda and Meeting	<ul style="list-style-type: none"> a) Timeliness of Board papers submission b) Better time management of meetings
3.	Board Composition	<ul style="list-style-type: none"> a) New directors with knowledge in IT b) ESG/Sustainability Board Committee c) There is a compelling need for a specialist, particularly in areas like sugar or commodities, to be included as one of the Board of Directors. d) Well balanced skillsets at Board. May need to recruit another INED to replace directors who have completed their tenure of service.
4.	Board Roles and Responsibility	<ul style="list-style-type: none"> a) The Board to proactively assess the accuracy of information presented, identify any instances of sugarcoating or deception and take necessary action to rectify the situation. b) Ensuring open communication and a commitment to truthfulness are essential for the Board's effective oversight role. c) More active participation from all Directors.
5.	Suggested trainings to enhance Board's contribution	<ul style="list-style-type: none"> a) Sustainability through Climate Governance & ESG for MSM b) Conflict of Interest c) Relevant industry related topics d) Corporate strategy for Board e) Advanced technology f) Food insecurity - production, demand dynamics g) Artificial Intelligence (AI) h) Sustainability and Commodity Hedging i) Incorporating robust MACC training equips organizations to swiftly identify and combat abuse of power, corruption, and fraud at the highest management levels. Covering legal compliance, risk assessment, whistleblower protection, and practical investigative techniques, this training

			fosters a culture of integrity and ethical decision-making.
	The three (3) C-Suites of the Company, namely, the Group CEO, Chief Financial Officer and Group Chief Operating Officer also participated in the BEA 2023 exercise to evaluate the effectiveness of the Board as a whole and Board Committees.		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p><u>Directors' Remuneration</u></p> <p>MSM has in place a Directors' remuneration policy named Non-Executive Directors' (NED) Remuneration Policy ("Policy") which outlined the remuneration structure for the Board of Directors. The Policy covers the remuneration package that reflects the experience, expertise and level of responsibilities undertaken by NED. The remuneration package includes fixed annual Directors' fees, the Board Committees' fees, sitting allowance for each meeting attended, benefits-in-kind and other benefits.</p> <p>The level of Directors' remuneration is set to be competitive to attract and retain Directors of such calibre as they provide the necessary skills and experience as required and commensurate with the Board's responsibilities, expertise and complexity of the Company's activities for effective management and operations of the Group.</p> <p>This Policy shall be reviewed as and when required at least once in every two (2) years, to reflect any development in the laws, regulations and industry and ensure fairness and competitiveness of the remuneration packages of the NEDs relative to the market (based on market positioning, revenue, performance, total assets, profit after tax and market capitalisation of the comparator groups).</p> <p>In addition to the above, the Directors are covered under the Directors & Officers ("D&O") insurance in respect of any liabilities deriving from acts performed while serving as the Group's D&O. However, the insurance coverage does not indemnify a Director or principal officer if he/she is proven to have acted negligently, fraudulently or dishonestly or in breach of his/her duty or trust.</p>

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

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>MSM has established a NRC which comprises exclusively Non-Executive Directors with the majority of its members being Independent Directors and is chaired by an Independent Non-Executive Director.</p> <p>NRC TOR highlights the responsibilities and duties of NRC which includes review and recommendation to the Board on remuneration matters such as NEDs remuneration policy, remuneration of Group CEO, Executive Director, Top Management and general remuneration across MSM Group.</p> <p>On 10 March 2023, NRC recommended to the Board the Directors' remuneration for the NEDs for the financial year ended 31 December 2022 for tabling at the 12th AGM in accordance with Paragraph 7.24 of the Listing Requirements and Section 230(1) of the Companies Act, 2016. At the 12th AGM which was held on 8 June 2023, the shareholders approved the Directors' remuneration for payment to the NEDs on a monthly basis.</p> <p>The key responsibilities of NRC in assisting the Board, among others, are in regard to the following:</p> <ul style="list-style-type: none">(i) composition of the Board, the Board Committee, the directorship in the Group and Top Management.(ii) nomination and election process, appointment and re-appointment and re-election process.(iii) Board assessments and succession planning. <p>The NRC TOR is published on MSM's corporate website at https://www.msmsugar.com/our-company/corporate-governance and further information and summary of work of NRC are disclosed in the Nomination and Remuneration Committee Report on page 134 of the AIR 2023.</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

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>In compliance with the Listing Requirements, MSM practises detailed disclosure on a named basis for the remuneration received by individual Directors from MSM and its Group of Companies. The Directors' remuneration for the financial year under review is disclosed in the Corporate Governance Overview Statement on page 125 of the AIR 2023 categorised into components such as Directors' annual fees, meeting allowances, benefits-in-kind and other benefits.</p> <p>Notes in the table below: <i>*Directors' Remuneration paid to FGV.</i> <i>#Amount does not include meeting allowance as member of the Joint Task Force which shall be subject to shareholders' approval at the forthcoming AGM.</i> <i>^Amount includes meeting allowance as member of Special Board Committee as approved by the shareholders at the 12th AGM on 8 June 2023.</i></p>

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Syed Hisham Syed Wazir	Independent Director	315,000.00	36,000.00 ^{^#}	-	-	48,172.65	-	399,172.65	-	-	-	-	-	-	-
2	Choy Khai Choon	Independent Director	200,000.00	78,000.00 [^]	-	-	-	2,332.53	280,332.53	-	-	-	-	-	-	-
3	Dato' Sri Muthanna Abdullah	Independent Director	187,000.00	70,000.00 [^]	-	-	-	2,332.53	259,332.53	-	-	-	-	-	-	-
4	Datuk Dr Abd Hapiz Abdullah	Independent Director	199,237.50	86,000.00 [^]	-	-	-	2,332.53	287,570.03	-	-	-	-	-	-	-
5	Nik Fazila Nik Mohamed Shihabuddin	Non-Executive Non-Independent Director	140,000.00	44,000.00 [#]	-	-	-	2,332.53	186,332.53	-	-	-	-	-	-	-
6	Raja Faridah Raja Ahmad	Non-Executive Non-Independent Director	140,000.00	36,000.00 [#]	-	-	-	2,332.53	178,332.53	-	-	-	-	-	-	-
7	Dato' Mohd Nazrul Izam Mansor	Non-Executive Non-Independent Director	120,000.00 [*]	26,000.00 [*]	-	-	-	-	146,000.00 [*]	-	-	-	-	-	-	-
8	Fakhrunniam Othman (Appointed with effect from 23 February 2023)	Non-Executive Non-Independent Director	115,762.50 [*]	40,000.00 [#]	-	-	-	-	155,762.50 [*]	-	-	-	-	-	-	-
9	Dato' Rosini Abd Samad (Cessation of Office on 7 January 2024)	Independent Director	172,000.00	66,000.00	-	-	-	2,332.53	240,332.53	-	-	-	-	-	-	-

10	Azman Ahmad (Resigned on 1 January 2023)	Non-Executive Non-Independent Director	-	4,000.00*^	-	-	-	-	4,000.00*	-	-	-	-	-	-	-
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Applied – the company discloses the remuneration of members senior management who are not members of the board	
Explanation on application of the practice	:	The remuneration in band of RM50,000 of the top five (5) Top Management of MSM Group for financial year ended 31 December 2023 as per table below.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Syed Feizal Syed Mohammad	Group Chief Executive Officer	850,001-900,000	100,001-150,000	0-50,000	0-50,000	Choose an item.	1,050,001-1,100,000
2	Dr. Mazatul Aini Shahar Abdul Malek Shahar	Chief Financial Officer	450,001-500,000	50,001-100,000	0-50,000	0-50,000	Choose an item.	550,001-600,000
3	Hasni Ahmad	Group Chief Operating Officer	550,001-600,000	50,001-100,000	0-50,000	0-50,000	Choose an item.	650,001-700,000
4	Cheah Poh Lye	Head of Operations, MSM Prai Berhad	350,001-400,000	50,001-100,000	0-50,000	0-50,000	Choose an item.	400,001-450,000
5	Mohd Amir Redzuan	Head of Operations, MSM Johor	200,001-250,000	0-50,000	0-50,000	0-50,000	Choose an item.	250,001-300,000

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Paragraph 4.2 of the AGRC TOR states that the Chairman of the AGRC is not the Chairman of the Board. Choy Khai Choon, an Independent Non-Executive Director is the Chairman of AGRC.</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 Listing Requirements. The profile of Choy Khai Choon as Chairman of the AGRC is available on page 93 of AIR 2023.</p> <p>The key/areas of responsibilities of the AGRC are stipulated in its TOR which is available on MSM's corporate website, https://www.msmsugar.com/our-company/corporate-governance.</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 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	MSM External Auditor Policy requires former partners of external auditors to observe a cooling-off period of at least three (3) years as recommended by MCCG 2021 before being appointed to AGRC. As of to-date, none of the members of AGRC were former key audit partners within the cooling-off period of three (3) years and no such person has been appointed as a member of AGRC.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AGRC has adopted the External Auditors Policy ("Policy") which was approved by the MSM Board on 27 May 2022.</p> <p>In financial year 2023, Management and AGRC carried out an annual assessment of the suitability, objectivity and independence of Messrs PricewaterhouseCoopers PLT ("PwC") as external auditors of MSM Group in respect of the financial year 2022 in accordance with the Policy. The following criteria were set out in the Policy as a guide for the assessment:</p> <ul style="list-style-type: none">• Assurance from PwC on their independence.• Adequacy of expertise and resources in carrying out audit procedures.• Quality of audit review procedures.• PwC's governance and leadership structure. <p>PwC also circulated and presented its Annual Transparency Report 2022 to the AGRC on 20 February 2023, as recommended under Guidance 9.3 of MCCG 2021.</p> <p>Based on the outcome of the assessment, AGRC had recommended to the Board the reappointment of PwC as external auditors of the Group and this was subsequently approved by the shareholders at the 12th AGM on 8 June 2023.</p> <p>In line with the Policy, PwC can also be engaged to perform non-audit services to MSM Group as long as these services are not perceived to be in conflict with their role as an external auditor and do not impair their independence or objectivity. The engagement of permitted non-audit services shall be reviewed and approved by AGRC when the non-audit fees cumulatively exceed RM100,000 per annum.</p> <p>The engagement of permitted non-audit fees related to Malaysian Reporting Standards ("MFRS") and Financial Statements related training up to RM100,000 cumulatively per annum shall be approved by the Group CEO only. The maximum allowable non-audit services are 50% of the annual statutory audit fee.</p>

	During the financial year ended 31 December 2023, other than the statutory audit fee and assurance service fee for review of the Quarterly Bursa Announcement, there were no other non-audit services rendered by the external auditors.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted																				
Explanation on adoption of the practice	:	<p>During the year under review, the AGRC comprises four (4) members as follows who are all Independent Non-Executive Directors:</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' Sri Muthanna Abdullah</td><td>Member/ Independent Non-Executive Director</td><td>10 June 2020</td></tr><tr><td>3.</td><td>Datuk Dr Abd Hapiz Abdullah <i>(appointed with effect from 23 February 2023)</i></td><td>Member/ Independent Non-Executive Director</td><td>23 February 2023</td></tr><tr><td>4.</td><td>Dato' Rosini Abd Samad <i>(cessation of office on 7 January 2024 upon completing her 9-year tenure)</i></td><td>Member/ Independent Non-Executive Director</td><td>10 June 2020</td></tr></tbody></table> <p>The most recent change was the cessation of office of Dato' Rosini Abd Samad as a member of AGRC on 7 February 2024. This change does not affect the composition of AGRC which comprises solely of Independent Directors.</p>	No.	Members	Type of Membership	Appointment Date	1.	Choy Khai Choon	Chairman/Independent Non-Executive Director	10 June 2020	2.	Dato' Sri Muthanna Abdullah	Member/ Independent Non-Executive Director	10 June 2020	3.	Datuk Dr Abd Hapiz Abdullah <i>(appointed with effect from 23 February 2023)</i>	Member/ Independent Non-Executive Director	23 February 2023	4.	Dato' Rosini Abd Samad <i>(cessation of office on 7 January 2024 upon completing her 9-year tenure)</i>	Member/ Independent Non-Executive Director	10 June 2020
No.	Members	Type of Membership	Appointment Date																			
1.	Choy Khai Choon	Chairman/Independent Non-Executive Director	10 June 2020																			
2.	Dato' Sri Muthanna Abdullah	Member/ Independent Non-Executive Director	10 June 2020																			
3.	Datuk Dr Abd Hapiz Abdullah <i>(appointed with effect from 23 February 2023)</i>	Member/ Independent Non-Executive Director	23 February 2023																			
4.	Dato' Rosini Abd Samad <i>(cessation of office on 7 January 2024 upon completing her 9-year tenure)</i>	Member/ Independent Non-Executive Director	10 June 2020																			

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>AGRC TOR requires members to be financially literate, have a reasonable knowledge of the Group's operations and performance, and have experience or knowledge on the subjects of governance, risk management and sustainability including knowledge of related regulations and relevant best practices.</p> <p>Collectively, all members of AGRC are financially literate and able to analyse and interpret financial statements and matters under the purview of AGRC. This enables them to effectively discharge their duties and responsibilities.</p> <p>The Chairman of AGRC, Choy Khai Choon is a member of the Malaysian Institute of Accountants and an Honorary Fellow of CPA Australia, supported by three (3) competent members of AGRC. The AGRC, therefore, met the requirements of Paragraph 15.09(1)(c) of the Listing Requirements which stipulates that at least one (1) member of the AGRC must be a qualified accountant.</p> <p>All members of the AGRC had undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. The list of training attended by the AGRC members during the year 2023 can be found in the Corporate Governance Overview Statement on page 121 of AIR 2023.</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 :		

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>MSM Group has a risk management and internal control framework which subscribes to and the components of the framework are integrated and embedded into the day-to-day business activities and Management decision. This is evident and described in the Statement of Risk Management and Internal Control ("SORMIC").</p> <p>The Board acknowledges its overall responsibility for overseeing the MSM Group's risk management framework and internal control systems. It is cognisant that the framework and control systems are designed to manage and reduce, rather than eliminate, the risks identified.</p> <p>The AGRC is responsible for assisting the Board in the execution of its governance and oversight responsibility, their roles including:</p> <ul style="list-style-type: none">a) 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 approvalb) 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. This may be based on the results of the external and internal audits and assurances from respective responsible persons; andc) Report to the Board at least annually, the effectiveness and results of review of the Group's risk management framework and internal control framework. <p>Effective risk management is further enhanced through the establishment of a Risk Committee at the Management level which deliberates matters relating to risk in detail prior to escalating up to the Board. Their roles include the following:</p> <ul style="list-style-type: none">a) Oversee and advise the current risk exposures of MSM, appropriate determination of future risk strategy;

	<p>b) Review, advise and assess assurance the key risks that it is exposed to and business continuity, assessing the adequacy and effectiveness of anticipation of types and levels of threats and mitigation;</p> <p>c) Review reporting and escalation of risks identified;</p> <p>d) Evaluate Enterprise Risk Management System (“ERMS”) workflow;</p> <p>e) Review SORMIC annually; and</p> <p>f) Review Risk Management Policy and framework.</p> <p>MSM Group’s practices are aligned with the principles of ISO 31000 which provides principles and guidelines for risk management.</p> <p>The Board has established an internal audit function by setting up a Group Internal Audit (“GIA”) division within the Group. The Internal Audit function for MSM Group is outsourced from the holding company, FGV GIA Division. The Chief Internal Auditor reports functionally and directly to the AGRC of MSM. The conduct of GIA is governed by the GIA Charter and its Standard Operating Procedures.</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

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AGRC and Board deliberate on issues of 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 reflected through the Top 10 Group and Sector Risks. Mitigation measures are updated in the Company’s risk register and reported/updated on a quarterly basis to MSM’s Management, AGRC, Board and to the holding Company, FGV. The quarterly risk report also covers high level strategic risks, project and emerging risks which forms an effective tool in monitoring risk management and framework within MSM Group.</p> <p>The MSM Corporate Governance and Risk Management (“CGRM”), actively monitors the Group’s risks via the ERMS.</p> <p>The Group’s internal control system provides clear, formalised and documented internal policies, standards and procedures to ensure compliance with internal controls and relevant laws and regulations. It enables all divisions and operating subsidiaries to effectively and efficiently operate and respond proactively to potential business, operational, financial, compliance and other risks in achieving the Group’s goals and objectives.</p> <p>The Board has disclosed the key features of its risk management and internal control system in detail in the SORMIC on page 143 - 151 of AIR 2023.</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	:		

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 11.1

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

Application	: Applied
Explanation on application of the practice	<p><u>FUNCTIONAL INTERNAL AUDIT REPORTING LINE</u></p> <p>MSM Group’s internal audit role is undertaken by its holding company’s GIA function. The Chief Internal Auditor reports to the AGRC on MSM matters and has full and direct access to the AGRC members for consultation on any matters related to internal audit work.</p> <p>The AGRC annually reviews, provides guidance and approves the Audit Plan for the execution of the functional internal audit roles including, the adequacy of the GIA’s function scope, competency, experience and resources allocated for MSM to ensure that the GIA function continues to perform its functions effectively and objectively. The AGRC in November 2023 had approved the GIA Audit Plan for year 2024 for implementation.</p> <p>The AGRC assesses the performance of the Chief Internal Auditor annually and reviews any report of assessment of the effectiveness of the GIA function with reference to the Institute of Internal Auditors' International Professional Practices Framework. The GIA assessment by the AGRC has been completed in December 2023.</p> <p><u>ADEQUACY OF SCOPE</u></p> <p>The Internal Audit function provides assurance services for the Group locally and overseas covering all operations where the Group has management control.</p> <p>In addition to the assurance role, the internal audit function also undertakes a consulting and investigative role. In its consulting role, the internal audit function undertakes advisory on governance, risk and control, policy and procedures review and participates in working groups to provide input on policy development, systems development and several initiatives of the Group. Investigative audits are undertaken upon any allegation of improper, illegal and dishonest acts based on the request of Management or Board.</p> <p><u>ADEQUACY OF RESOURCES, COMPETENCE AND EXPERIENCE</u></p> <p>There were five (5) internal auditors comprising a Vice President, a Senior Manager, a Manager and one (1) team of two (2) persons specifically assigned for audits of MSM Group throughout the financial year under</p>

review. The team was supplemented with personnel from other segments of FGV's GIA Division where it was deemed required. This included the IT audit, investigation and consulting support.

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

Professional Status	No. of Auditors
Professional accounting (ACCA, CA) or Certified Internal Auditor (CIA) or post graduate (MBA or Masters)	3
Graduate	2
Total	5

The above includes three (3) internal auditors who are members of the Institute of Internal Auditors Malaysia.

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

No.	Name of Training	Date
1	Awareness on Whistleblowers Protection Act 2010 - GMC	30 January 2023
2	Training by Institute of Corporate Directors Malaysia - Digital Upskilling & Cybersecurity - GMC	31 January 2023
3	National Summit on Women, Leadership, Empowerment, Equity & Protection in the new Malaysia	13 March 2023
4	A Navigating DEI in Brandscape	12 April 2023
5	ACIIA CAE Forum 2023, CAEs Pivot to Meet Challenges	17 May 2023
6	Global Women on Boards Programme-Induction/Official Launch	08 June 2023
7	Global Women on Boards Programme-Board Profiling Assessment	09 June 2023
8	Global Women on Boards Programme-Emotional Intelligence & Board Leadership	22 June 2023
9	Risk Appetite Framework for Board of Directors	22 June 2023
10	Global Women on Boards Programme-Strategic Thinking	05 July 2023

	11	Global Women on Boards Programme-Appreciation of Corporate Governance	20 July 2023
	12	Global Women on Boards Programme-Enterprise Risk and Governance Framework Philosophy	10 August 2023
	13	Global Women on Boards Programme-Board Financial Oversight	14 August 2023
	14	Environment, Social & Governance: IFRS S1 and S2: Beyond Compliance	13 September 2023
	15	Global Women on Boards Programme-Board Dynamics	14 September 2023
	16	Summit - LHAG's Legal Innovation Summit 2023	11 October 2023
	17	Global Women on Boards Programme-Board Coaching: Gender Dynamics in Boardroom	12 October 2023
	18	GIA Townhall	13 October 2023
	19	GIA Internal Training	23 October 2023
	20	2023 IIA National Conference	24 October 2023
	21	Global Women on Boards Programme-Board Simulations and Graduation	15-17 November 23
	22	EAW Roundtable #4: Differently - Abled Community {Neurodiversity}	13 December 2023
Explanation for departure :			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure :			
Timeframe :			

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	: Applied
Explanation on application of the practice	<p><u>INDEPENDENCE AND OBJECTIVITY</u></p> <p>A declaration of relationships and conflicts of interest has been undertaken annually for all GIA personnel. Declaration of relationships are also required during the recruitment process of internal auditors whereby candidates need 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 to ensure their objectivity and independence.</p> <p><u>NUMBER OF RESOURCES</u></p> <p>FGV Chief Internal Auditor leads the internal audits across MSM Group. Five (5) internal auditors comprising a Vice President, a Senior Manager, a Manager and one (1) team of two (2) persons undertook audits of MSM Group throughout the financial year. The team was 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 performs internal audit work related to information technology.</p> <p><u>NAME AND QUALIFICATION OF THE PERSON RESPONSIBLE</u></p> <p>The Chief Internal Auditor, Zalily Mohamed Zaman Khan, is a Certified Internal Auditor of the Institute of Internal Auditors (IIA), Certified Fraud Examiner of the Association of Certified Fraud Examiners, both from USA, is a fellow member of CPA Australia, a professional member of the Institute of Internal Auditors Malaysia and holds an accounting degree from University of South Australia. She also holds a Certification in Control Self-Assessment and a Certification in Risk Management Assurance by IIA, USA. She has accumulated over 30 years of experience in various industries.</p>

	<p><u>RECOGNIZED FRAMEWORK</u></p> <p>The GIA function is in accordance with a recognized framework, i.e. the Institute of Internal Auditors' International Professional Practices Framework (IPPF) and approved by the AGRC and Board.</p> <p>The conduct of GIA is based on a MSM Internal Audit Charter and GIA Standard Operating Procedures, which are established and consistent with the requirements of the Institute of IPPF and approved by the AGRC and Board. External Quality Assurance Review is undertaken once every five (5) years to assess the Group Internal Audit's performance against the IPPF. External Quality Assurance Review was conducted by the Institute of Internal Auditors Malaysia in 2014 and Messrs. Ernst & Young in 2019.</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

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is committed to continuously disclose and disseminate timely information to its shareholders and the investing community in order to enhance their understanding of the Group as well as their ability to make well-informed investment decisions concerning the Group. Information disseminated by the Company may be accessed by the public via the Bursa Malaysia's announcement which is also accessible through the Company's corporate website at www.msmsugar.com.</p> <p>The Company's corporate website also has a dedicated Investor Relations page at https://www.msmsugar.com/investor-relations/investor-relations which provides all relevant information such as annual reports, quarterly results, investor presentations as well as share price and financial information.</p> <p>The Company has a dedicated Investor Relations department, which is responsible for carrying out the investor relations programmes to ensure structured and balanced engagements with its stakeholders especially its current and potential shareholders.</p> <p>In ensuring regular, effective and transparent communication with its stakeholders, the Company utilises the following communication channels to disseminate information to our shareholders and the investing community on a timely basis:</p> <ul style="list-style-type: none">• General meeting which serves as an important forum for the shareholders to engage with the Directors and Key Senior Management of the Company.<ul style="list-style-type: none">- The 12th AGM was conducted on 8 June 2023. The shareholders were given an opportunity to submit their questions prior to the event.- The issuance of the 12th AGM notice in advance to allow the shareholder to make necessary arrangements to attend and participate in person or through corporate representatives or proxies.- During the 12th AGM, the Company provided sufficient time for the questions and answers ("Q&A") session and all suggestions

	<p>and comments given by the shareholders were attended by the Company. All questions raised before and during the 12th AGM together with the responses are published on the Company's corporate website.</p> <ul style="list-style-type: none"> • The Annual Integrated Report which provides concise, clear and comprehensive information on the Group's financial performance, operating environment, corporate developments, sustainability efforts and the value created by the Group. • Quarterly financial results announcements and material disclosures to Bursa Malaysia, which are available on Bursa Malaysia's website and the Company's corporate website, followed by the analyst briefing. • Press releases, interviews, general announcements and investor events which provide up-to-date information and updates about the Group and its businesses. • The Company's corporate website which provides updated information about the Group and its businesses including access to MSM's annual integrated reports, sustainability reports, policies, corporate governance practices, investor relations and financial information. <p>Further details on how the Group engages its stakeholders are available under the "Value for Stakeholders" section of our AIR 2023/"Stakeholder Engagement" Sustainability Report 2023.</p> <p>Any enquiries on investors related matters may be directed to investor.relations@msmsugar.com or may also be directed to the following person:</p> <ol style="list-style-type: none"> 1. Fariza Haizumi Ahmad Investor Relations Officer E-mail: investor.relations@msmsugar.com Tel: +603- 2181 5018 <p>Communication with stakeholders has been guided by Corporate Disclosure Policy as well as Media and Spokesperson Policy to ensure transparent, consistency and proactive management of information released to the stakeholders whilst safeguarding the Company's assets and reputation.</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>	

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 12.2

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

Application	:	Applied																											
Explanation on application of the practice	:	<p>The Company's AIR 2023 provides clear, pertinent and comprehensive information about MSM's business strategy, performance and future prospects.</p> <p>The Company's adoption of integrated reporting is formulated on the Principle-based Framework of Integrated Reporting comprising the Six Capitals, Seven Guiding Principles and Eight Content Elements as prescribed by the Value Reporting Foundation ("VRF") and the International Financial Reporting Standards ("IFRS").</p> <p>The contents of the MSM AIR 2023 have been deployed accordingly with the following:</p> <table border="1"> <thead> <tr> <th>6 Capitals</th> <th>7 Guiding Principles</th> <th>8 Content Elements</th> </tr> </thead> <tbody> <tr> <td>1. Financial Capital</td> <td>1. Strategic focus and future orientation</td> <td>1. Organisational review and external environment</td> </tr> <tr> <td>2. Intellectual Capital</td> <td>2. Connectivity of information</td> <td>2. Governance</td> </tr> <tr> <td>3. Manufactured Capital</td> <td>3. Conciseness</td> <td>3. Business model</td> </tr> <tr> <td>4. Human Capital</td> <td>4. Reliability and completeness</td> <td>4. Risks and opportunities</td> </tr> <tr> <td>5. Social & Relationship Capital</td> <td>5. Consistency and comparability</td> <td>5. Strategy and resource allocation</td> </tr> <tr> <td>6. Natural Capital</td> <td>6. Materiality</td> <td>6. Performance</td> </tr> <tr> <td></td> <td>7. Stakeholder relationships</td> <td>7. Outlook</td> </tr> <tr> <td></td> <td></td> <td>8. Basis of preparation and presentation</td> </tr> </tbody> </table>	6 Capitals	7 Guiding Principles	8 Content Elements	1. Financial Capital	1. Strategic focus and future orientation	1. Organisational review and external environment	2. Intellectual Capital	2. Connectivity of information	2. Governance	3. Manufactured Capital	3. Conciseness	3. Business model	4. Human Capital	4. Reliability and completeness	4. Risks and opportunities	5. Social & Relationship Capital	5. Consistency and comparability	5. Strategy and resource allocation	6. Natural Capital	6. Materiality	6. Performance		7. Stakeholder relationships	7. Outlook			8. Basis of preparation and presentation
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Explanation for departure	:																												

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 13.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>MSM’s 12th AGM was held on 8 June 2023. The notice of 12th AGM was issued to the shareholders on 27 April 2023, more than 28 days before the 12th AGM date.</p> <p>The 12th AGM Invitation Letter, Notice of the AGM and statement accompanying Notice of AGM, AGM Administrative Guide and Proxy Form (“12th AGM Documents”) were dispatched to the shareholders to give them sufficient time to make necessary arrangements to attend and participate in person or through corporate representatives or proxies.</p> <p>In addition, the notes to the Notice of the 12th AGM provided detail explanations of each resolution proposed. These enable shareholders to make informed decisions about exercising their voting rights while the AGM Administrative Guide provided the shareholders with the guidelines, rules and procedures of the AGM.</p> <p>The 12th AGM Documents were made available on MSM’s corporate website at https://www.msmsugar.com/investor-relations/reports.</p> <p>The Notice of the 12th AGM was also advertised in an English Malaysian newspaper in accordance with Clause 60 of the Company’s Constitution.</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 13.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>MSM recognises that general meetings are the primary platform and principal forum for two-way interaction and dialogue between shareholders, the Board and Top Management. The Chairman of the Board is responsible for the conduct of the general meeting.</p> <p>In 2023, all Directors including the Chairman of the AGRC, NRC and ITC attended MSM 12th AGM held on 8 June 2023 which was conducted virtually through live streaming from a broadcast venue which complied with Section 327(1) of the Companies Act, 2016 guided by the Guidelines on Virtual General Meetings issued by the Suruhanjaya Syarikat Malaysia (“SSM”) and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission. The broadcast venue is strictly for the purpose of compliance with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the AGM of the Company to be present at the main venue in Malaysia.</p> <p>The 12th AGM was conducted entirely via Remote Participation and Electronic Voting (“RPEV”) facilities which provided opportunities for the shareholders, proxies and Corporate Representatives to participate in the 12th AGM in real time. Through RPEV facilities, the shareholders, proxies and Corporate Representatives were allowed to submit their questions or comments relating to the Company’s 12th AGM agenda as stated in the notice of meeting prior to and during the meeting. All pertinent questions were responded by the Board and Senior Management during the 12th AGM. All questions submitted together with the Company’s responses were uploaded to the Company’s corporate website after the general meeting.</p> <p>Questions raised by the Minority Shareholders Watch Group (“MSWG”) prior to the 2023 AGM together with the Company’s responses were also shared with shareholders during the meeting.</p> <p>The Chairman handled the proceedings of the 12th AGM very well. The Chairman and Chairman of Board Committees fielded all questions with courtesy and provided clear explanations in a truthful 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 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In line with the recommended best practices in corporate governance, MSM has conducted poll voting in accordance with Paragraph 8.29A of the Listing Requirements through electronic voting (“e-Polling”) as this is more efficient and transparent process that results in a fair and accurate reflection of shareholders' views. This practice would enforce greater shareholders' rights and it is consistent with the principle of "one share one vote".</p> <p>MSM 12th AGM which was held on 8 June 2023 was conducted virtually through live streaming from a broadcast venue and by leveraging technology in accordance with Section 327(1) and (2) of the Companies Act, 2016, guided by the Guidelines on Virtual General Meetings issued by the SSM and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission. MSM had successfully facilitate remote shareholders' participation and electronic poll voting including voting in absentia (remote voting) via RPEV facilities and this has encouraged greater shareholders' participation. Shareholders were able to view the AGM proceedings through live streaming, pose questions in real time to the Board/Management of the Company and submit their votes remotely using the RPEV facilities via the online meeting platform at https://meeting.boardroomlimited.my.</p> <p>The Minutes of the 12th AGM (including all the questions raised at the meeting and the Company's responses thereto) were made available on MSM's corporate website at https://www.msmsugar.com/investor-relations/events-announcements.</p> <p>MSM has taken security measures to protect important and confidential information from manipulation, theft or disclosure within its IT infrastructure, ensuring appropriate cyber hygiene.</p> <p>For preventing cyber threats, MSM has both an internal and external cybersecurity framework. The cyber protection comes from two layers of firewall for external threats and also Trend Micro for both internal and external threat protection applications (e.g. Email, One Drive, Share Point, Data Leak, etc.).</p>

	<p>Security is critical to successful virtual general meetings. This is because a meeting's integrity depends on both the certainty and security of the identification of shareholders and access to this secure list. This is to ensure these virtual participants are who they claim to be.</p> <p>The 3rd party service provider for the online platform/tools for MSM's virtual 12th AGM confirmed that they had used patented technology, a certified platform via Amazon Web Services (AWS) and has been independently proven to be accurate and secure.</p> <p>The said technology:</p> <ol style="list-style-type: none">1. regularly undergoes penetration testing (PEN testing) performed by independent, accredited, third party experts and currently there are no high or critical findings.2. uses a secure, encrypted network, monitored by a designated team throughout the 12th AGM event and creates a clean network that is maintained from start to finish.3. uses modern, industry standard encryption techniques to ensure data protection and thus allow for the safety of all personal data used and stored for the 12th AGM.4. uses a trackable and transparent voting process with instant results collated on screen, and creates a seamless voting audit trail.5. The security, confidentiality, integrity and availability of the LUMI AGM application (LUMI) are vital in conducting a successful AGM in Malaysia.6. All LUMI facilities systems and suppliers' services are certified to the ISO/IEC 27001:2013 international standard. This provides a robust, auditable and externally verified framework of controls designed to maintain the confidentiality, integrity and availability of customer information and the personal data LUMI processes on their behalf. LUMI uses strong, industry best-practice encryption techniques to ensure customer data is protected from unauthorized access. All data is encrypted, with all keys managed directly by LUMI. LUMI systems also have audit trails.7. In addition, Lumi has successfully attained SOC2 Type 2 compliance – the global gold standard for ensuring the security, confidentiality, and availability of digital platforms. This accomplishment underscores of their unwavering commitment to safeguarding all data processed within our platforms, reinforcing Lumi's position as the trusted partner.8. All products are developed according to The Open Worldwide Application Security Project ("OWASP") principles by LUMI's highly skilled and trained in-house developers. Information security and data privacy are of paramount importance at all stages of the Software Development Life Cycle.
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	<p>9. All cloud-based infrastructure is provided by Amazon Web Services (AWS), using the latest industry standards in physical and logical controls. Strong controls to protect against Distributed Denial of Service (DDoS) are in place such as AWS Shield, throttling connection attempts, IP blacklisting etc. Additionally, features and functionality are built into LUMI AGM to protect from a legitimate shareholder wishing to disrupt the meeting (e.g. protester or activist) where messages are moderated, users can silenced/muted or ejected.</p> <p>10. Boardroom’s Client data is never used for QA purposes and is not retained beyond the purpose of processing the Client’s proxy forms for the conduct of the AGM.</p> <p>11. All Client data is segregated in a multi-tenancy environment. For the sovereignty of data, LUMI provides a geographical selection of data centres (Canada, USA, EU, Japan, Singapore and Australia).</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

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>During MSM's 12th AGM, the Group CEO presented MSM's performance report for the financial year 2022 which highlights MSM's achievements including the Company's strategy and moving forward plans. The slide presentations are available on MSM's corporate website at www.msmsugar.com/investor-relations/events-announcements.</p> <p>All shareholders, proxies and corporate representatives participated the MSM's 12th AGM were given sufficient opportunity to pose questions and seek clarification about the Group's activities, prospects, the resolutions proposed, the Group's operations in general as well as express their expectations and concerns online via the RPEV facilities. They were allowed to submit questions before the meeting day and also on the meeting day as early as an hour before the start of the AGM until the announcement by the Chairman of the meeting on the closure of the Question and Answer session. They were also encouraged to participate by submitting questions on real time basis.</p> <p>At the commencement of MSM's 12th AGM, the Chairman, Datuk Syed Hisham Syed Wazir, briefed the shareholders, corporate representatives and proxies present virtually at the meeting on the outline of the proceedings of the meeting and their rights to ask questions and vote on the resolutions as set out in the Notice of the 12th AGM dated 27 April 2023.</p> <p>For the 12th AGM, MSM received a total of 74 questions and comments posed by shareholders prior to and during the meeting. A total of 45 pertinent questions were answered during the 12th AGM, along with the responses that were made available to all participants.</p> <p>All questions and comments raised by the shareholders at the 12th AGM were compiled and published on MSM's corporate website to the shareholders accordingly.</p>

	<p>The questions submitted by the MSWG together with MSM’s responses were flashed on the live screen during the meeting and made visible to all meeting participants.</p> <p>The Chairman, the Board members and Top Management were present to respond to questions raised and provided clarifications as required by shareholders.</p> <p>Whilst the AGM is one of the platforms where shareholders can raise issues or seek explanation from the Board and Management, they are free to share their feedback and questions at investor.relations@msmsugar.com at any time, outside of the AGM.</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

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

Practice 13.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>MSM had engaged a proven 3rd party service provider, Boardroom Share Registrars Sdn Bhd, to provide the online meeting platform using the RPEV facilities for the virtual 12th AGM which supported both fully virtual and hybrid setups. The online platform came with an end-to-end setup to cater for the virtual live streaming of the 12th AGM event right from the registration of the participants, live broadcast engagement during the AGM and electronic voting process. The network infrastructure was able to support the live event and a dedicated bandwidth was provisioned to ensure smooth broadcasting to the participants (Board, Management and shareholders).</p> <p>Item 2.13 of the Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission states that the right of a shareholder to speak at a fully virtual general meeting is not limited to verbal communication but includes other modes of expression i.e. real-time submission of typed texts.</p> <p>The RPEV facilities provided by the 3rd party service provider allows shareholders to exercise their rights to participate including to pose questions to the Board/Management of the Company and vote at the 12th AGM.</p> <p>The Board has appointed Tricor Business Intelligence & Solutions Sdn Bhd (“Tricor”) as the independent moderator of the 12th AGM. Tricor acted independently and objectively to oversee and moderate the collation of questions submitted by shareholders to ensure that they are responded to accordingly.</p> <p>Questions posed by shareholders, proxies and corporate representatives were made visible to the participants of the 12th AGM during the question and answer session within the chat messaging</p>

	<p>platform. Questions of a similar nature were collated and addressed together.</p> <p>For the 12th AGM, MSM received a total of 74 questions and comments posed by shareholders prior to and during the meeting. A total of 45 pertinent questions were attended to during the 12th AGM together with responses to the same and made visible to all meeting participants.</p> <p>All questions and comments raised by the shareholders at the 12th AGM were compiled and published on MSM's corporate website to the shareholders accordingly.</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

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: Minutes of MSM's 12 th AGM together with the Group's Financial Performance for the financial year ended 31 December 2022, a complete list of questions posed by shareholders and MSWG together with the Company's responses were published on MSM's corporate website on 7 July 2023 that was within 30 business days after the AGM date on 8 June 2023.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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

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

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