

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5202
COMPANY NAME : MSM MALAYSIA HOLDINGS BERHAD
FINANCIAL YEAR : December 31, 2019

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>Strategic and growth plans of the Company (e.g. the current MSM BP21) are tabled to the Board for deliberation and consideration before they are approved. The Company's Key Performance Indicators' ("KPI") and details of annual action plans on the strategies are also discussed at Board level together with the annual budget. The Board also ensures for continuous enhancement of policies and procedures to meet its obligations towards its shareholders and other stakeholders. Among others, some of the Board's responsibilities performed with regards to the Company's strategic aims include: -</p> <ol style="list-style-type: none">1) Promoting good corporate governance culture by ensuring critical policies and procedures are in place and being implemented within the Company.2) Management's proposals are being thoroughly reviewed and challenged before decisions are made for implementation. The Board is also monitoring the implementation through regular updates from Management.3) Ensuring the strategic plan of the Company that supports long-term value creation through regular engagement and communication with Management to discuss ideas on Company's growth plan moving forward.4) Supervising and assessing Management performance through quarterly financial performance review and also yearly assessment of KPI Senior Managements' set earlier of the year.

	<p>5) Ensuring good internal controls and risk management practice by ensuring a sound framework is in place and regular review is performed by internal auditors and reports are regularly submitted to and reviewed by the Board.</p> <p>6) Understanding principal risks of the Company via regular briefing and update of the risk register of the Company in the Board Governance & Risk Management Committee (“BGRMC”) and Board meetings.</p> <p>7) Ensuring Senior Management has necessary skills and experience to perform their duties and there are measures in place to provide succession planning of the Board and Senior Management.</p> <p>8) Ensuring the Company has in place procedures to enable effective communication with stakeholders.</p> <p>9) Ensuring the integrity of the Company’s financial and nonfinancial reporting through appointment of external auditors.</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

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 a Non-Executive Director. The Chairman of the Board, Datuk Wira Azhar Abdul Hamid ("Datuk Wira Azhar"), who holds the position since his appointment on 26 September 2017. He has been providing effective leadership role in conducting and steering the Board towards a high standard of corporate governance whilst ensuring every decision are made for the best interest of the company and its stakeholders.</p> <p>The Chairman's role as stated in the Board Charter amongst other are :</p> <ul style="list-style-type: none">◆ Ensure that all Directors are enable and encourage to participate at Board meetings;◆ Guide and mediate the Board's actions with respect to organisational priorities and good governance;◆ Be clear on what the Board has to achieve, both in the long-term and short-term;◆ Ensure the Board behaves in accordance with the Board Charter;◆ Ensure the Board meetings are conducted effectively with all matters tabled in the agenda are carefully and thoroughly considered, Directors are given the opportunity to actively contribute, all Directors receive timely information and are properly briefed to enable the Directors to make clear decisions and resolutions are noted;◆ Fully informed of current events by the Group Chief Executive Officer ("Group CEO") on all matters which may be of interest to Directors;◆ Be the major point of contact between the Board and the Group CEO;

	<ul style="list-style-type: none"> ◆ Undertake appropriate public relations activities together with the Group CEO; ◆ Ensure the Group CEO look beyond his executive functions and accept his full share of the responsibilities; ◆ Review progress regularly on important initiatives and significant issues facing the Group together with the Group CEO; and ◆ Initiate and oversee the Group CEO's performance annual performance evaluation process. <p>The Board Charter is reviewed and being updated periodically in accordance with the needs of the Company and its Group and to incorporate any new/latest development of the relevant regulations and best practices that may have impact on the discharge of the Board's responsibilities.</p> <p>The Company's Board Charter was last reviewed and updated in November 2019. The latest updated version of the Board Charter is available on MSM's corporate website at http://www.msmsugar.com/our-company/corporate-governance.</p> <p>On 25 February 2020, the Board has accepted the resignation of Datuk Wira Azhar as Chairman and Director of MSM effectively on 31 May 2020. The resignation was announced to Bursa Malaysia on the same day.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The position of Chairman of the Board and the Group CEO are held by different individuals with clear separation of roles between the positions to promote accountability and facilitate division of responsibilities between them. In this regard, none of the individual can influence the Board's discussions and decision-making.</p> <p><u>Chairman</u></p> <p>The Chairman of MSM, Datuk Wira Azhar is responsible to carry out the leadership role in the conduct of the Board, Group CEO and Management. He also leads the Board in its collective oversight of Management.</p> <p>He has successfully fulfilled his responsibilities as Chairman since the day he was appointed. Datuk Wira Azhar has able to encourage the Directors to constructively challenge and debate as well as focus on fundamental issues during the Board meetings. He emphasises on the quality of the board papers presented to the Board on the adequacy and accuracy of information provided to the Directors.</p> <p>Datuk Wira Azhar who is well regarded and respected by both Directors and Management for his broad knowledge, experience, dynamism and professionalism also promotes latitude for deliberations, seeks out views from Directors and Management during Board meetings.</p> <p>The Chairman has urged the Senior Management to raise the performance bar to address the crisis situation, albeit constrained by the competency level and performance culture.</p> <p>Datuk Wira Azhar also has handled MSM's AGM proceedings very well. He has gathered questions from the floor with courtesy and provide clear explanations in a confident and frank manner. He has clearly gained the confidence of both shareholders and MSWG with his industry knowledge and directness.</p>

Group Chief Executive Officer

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

The Group CEO position of MSM has been left vacant for more than a year after the former President/Group CEO vacated his office on 22 January 2018. At the Board meeting held on 23 April 2019, the Board has agreed that the position of Dato' Khairil Anuar Aziz ("Dato' Khairil") as Executive Director ("ED") be abolished in light of the initiative of the current Government to strengthen the governance of commercial entities through separation of the Board and Management's duties and accountabilities and to allow Management to focus on the business operations of the company.

Dato' Khairil who was appointed as ED on 11 December 2017 was then be re-designated and appointed as Group CEO, reporting to the Board with effect from 23 April 2019.

With the re-designation, Dato' Khairil resigned as Director of MSM and therefore ipso facto immediately cease to be an ED of MSM immediately on 23 April 2019.

As a Group CEO, Dato' Khairil is responsible to provide the leadership to MSM and to spearhead MSM's strategic direction in accordance with the Company's business strategic plan, risks appetite, policies, action plans and targeted performances as approved by the Board. Primarily, the Group CEO must ensure the ongoing success of the Group through being responsible for all aspects of the management and development of the Group.

Under the leadership of Dato' Khairil, MSM has developed strong engagement with various stakeholders, established strong collaboration in the network of local industry players that include governmental bodies (ministries and agencies), analysts, suppliers, vendors as well as internally with the Company's holding company and MSM Management team. Dato' Khairil together with Management has been committedly working hard to progressively turnaround MSM and to restore confidence of all stakeholders.

	<p>The roles and responsibilities of the Chairman of the Board and Group CEO is clearly documented in the Board Charter which is available at MSM's corporate website at http://www.msmsugar.com/our-company/corporate-governance.</p>	
<p>Explanation for departure</p>		
<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

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

Practice 1.4

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

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

	<ul style="list-style-type: none"> ◆ Advise the Board on its obligatory requirements to disclose material information to the shareholders and financial markets on a timely basis. <p>In keeping abreast of the latest developments of all relevant laws/requirements, the Company Secretary attended courses/trainings during the financial year as below :</p> <table border="1" data-bbox="560 488 1406 1227"> <thead> <tr> <th data-bbox="560 488 632 533">No.</th> <th data-bbox="632 488 1043 533">Trainings</th> <th data-bbox="1043 488 1235 533">Organiser</th> <th data-bbox="1235 488 1406 533">Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="560 533 632 757">1.</td> <td data-bbox="632 533 1043 757">Talk on Corporate Governance - Understanding The Corporate Liability – Section 17A MACC Act 2018 & Guidelines on Adequacy Procedure</td> <td data-bbox="1043 533 1235 757">FGV Group Governance Division</td> <td data-bbox="1235 533 1406 757">13.05. 2019</td> </tr> <tr> <td data-bbox="560 757 632 846">2.</td> <td data-bbox="632 757 1043 846">Development in Corporate Governance (KPMG)</td> <td data-bbox="1043 757 1235 846">KPMG</td> <td data-bbox="1235 757 1406 846">13.05.2019</td> </tr> <tr> <td data-bbox="560 846 632 1227">3.</td> <td data-bbox="632 846 1043 1227"> Technical Briefing for Company Secretaries of Listed Issuers (i) Recent Developments in Listing Requirements – Bonus Issue, Corporate Website & Corporate Disclosure Obligations (ii) Case Studies – Common Pitfalls in Chapter 10 of Listing Requirements </td> <td data-bbox="1043 846 1235 1227">Bursa Malaysia Securities Bhd</td> <td data-bbox="1235 846 1406 1227">04.09.2019</td> </tr> </tbody> </table> <p>Ms Koo Shuang Yen is currently the Company Secretary of MSM Group and has been appointed since 20 May 2011. The profile of the Company Secretary is provided on page66 of the 2019 Annual Report.</p>	No.	Trainings	Organiser	Date	1.	Talk on Corporate Governance - Understanding The Corporate Liability – Section 17A MACC Act 2018 & Guidelines on Adequacy Procedure	FGV Group Governance Division	13.05. 2019	2.	Development in Corporate Governance (KPMG)	KPMG	13.05.2019	3.	Technical Briefing for Company Secretaries of Listed Issuers (i) Recent Developments in Listing Requirements – Bonus Issue, Corporate Website & Corporate Disclosure Obligations (ii) Case Studies – Common Pitfalls in Chapter 10 of Listing Requirements	Bursa Malaysia Securities Bhd	04.09.2019
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Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>In order to facilitate Director's time planning, Company Secretary will table the annual meeting calendar in advance of each new year for Board meetings and Board Committee meetings. Special Board meetings are convened between the scheduled meetings to deliberate urgent proposals which require immediate decision by the Board.</p> <p>The Board meetings conducted in 2019 were scheduled ahead and approved by the Board in November 2018. The meeting schedule was structured to address the Board's collective responsibilities in relation to strategy, performance and governance.</p> <p>In order for the Board meetings to be convened more effectively and to ensure in-depth deliberations of matters are achieved, the meeting agendas are sequenced taking into account the complexity of the matters to be tabled for approval, discussion or notation by the Board. The meeting agendas are set by the Chairman or Board Committee's Chairman respectively, in reference to the responsibilities and duties of the Board and respective Board Committees and in consultation with the Group CEO and Company Secretary.</p> <p>As part of MSM initiatives to reduce papers usage which is in line with MSM's cost optimisation exercise, all Board and Board Committee notice of meetings, agendas and meetings material ("Board Meeting Pack") were uploaded and circulated to the Directors via Convene, an application system with high security standard. Directors are able to access the contents of the meeting materials anywhere, anytime in a highly secured manner.</p> <p>The Board Meeting Pack for scheduled meetings were circulated to the Directors at least five (5) business days prior to each of the Board and Board Committee meetings. This is to allow sufficient time for appropriate review to facilitate effective and objective discussions at the meetings. However, papers that are deemed urgent may still be submitted to Company Secretary to be tabled at the Board/Board</p>

	<p>Committee meeting, subject to the approval of the Chairman or Board Committee’s Chairman respectively.</p> <p>All investment matters and complex issues which require proper effective discussion were tabled to the Board to enable the Board to make decision objectively. The critical matters were discussed in the Board meeting while administrative or non-operational matters were circulated to the Board via Directors’ Circular Resolutions (“DCR”). DCRs are normally accompanied with relevant board papers in the same prescribed format. All signed DCRs were tabled for confirmation at the next Board meeting.</p> <p>Upon conclusion of each of the Board and Board Committee meeting, minutes were prepared accurately 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.</p> <p>The completed minutes of the Board and Board Committee meetings were then circulated to the Board members including the Chairman of the Board and the Group CEO on a timely basis. This has allowed the Board to comment and seek clarifications of the minutes or request for any necessary corrections prior confirming the minutes as true and correct record in the following respective meetings.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 2.1

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

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

Application	: Applied
Explanation on application of the practice	<p>MSM's Board Charter serves as a constitution for the Board and among others outlines the following :</p> <ol style="list-style-type: none">1) the roles and responsibilities of the 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>Board's decision has always been supported by the respective Board Committee which responsible to deliberate any issues related to its scopes and carry their recommendations to the Board for final approval. Each Board Committee is guided by its Terms of Reference ("TOR") which describes the purpose, scope and authority of the committee. All TORs will be periodically reviewed to ensure consistency with the Company's needs and statutory requirements.</p> <p>The Board Charter and TOR for each Board Committee incorporates the relevant regulations and best practices to ensure consistency with the Board's objectives and responsibilities.</p>

	<p>The Company's Board Charter was last reviewed and updated in November 2019. The latest updated version of the Board Charter is available on MSM's corporate website at http://www.msmsugar.com/our-company/corporate-governance.</p>	
<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 3.1

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

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

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

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 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>MSM Group has put in place a Whistleblowing Policy (“Policy”) that provides clarity of oversight and responsibilities of the whistleblowing process, the reporting process and protection to whistleblower and confidentiality afforded to the whistleblower.</p> <p>The Policy was established with the aim to maintain the highest standard of ethics and legal conduct within the Group with the main objectives of the following :</p> <ul style="list-style-type: none">(i) to provide avenues for employees to disclose any act of wrongdoing.(ii) to assure the employees that they will be protected from reprisals, discrimination or victimisation for whistleblowing in good faith.(iii) to provide a formal mechanism for action on all reports made.(iv) to take necessary action of any improper conduct reported by other sources. <p>The Policy allows the reporting individual to report on alleged unethical behaviour within the Group such as, but not limited to the following :</p> <ul style="list-style-type: none">1. Malpractice, impropriety, fraud and embezzlements.2. Misappropriation of assets and funds.3. Criminal breach of trust.4. Illicit and corrupt practices.5. Questionable or improper accounting.6. Misuse of confidential information.7. Acts or omissions, which are deemed to be against the interest of the Group, laws, regulations or public policies.8. Breaches of any rules, regulations, policies and procedures of the Group.

	<p>9. Attempts to deliberately conceal any of the above or other acts of wrongdoing.</p> <p>10. Abetting any of the above.</p> <p>The reporting individual is encouraged to report all concerns in a written letter to any of the identified individuals or through the e-Alert form at FGV Group’s corporate website and email to alert@fgvholdings.com or personally meet the Secretariat of Whistleblowing. The report can also be made via telephone call at 1 800 888 717 which is the Whistleblowing Hotline (Malaysia) (“FGV Whistleblowing Channels”).</p> <p>The complaints made through FGV Whistleblowing channels including complaints received by MSM Directors or MSM Board Governance & Risk Management committee (“BGRMC”) Chairman are administered and evaluated by FGV Whistleblowing Committee. Effective August 2019, MSM Group CEO sits in the FGV Whistleblowing Committee representing MSM to better administer complaints on MSM.</p> <p>All reports or complaints received will be treated with strict confidentiality. Although the Company treats every report it receives seriously, action may also be considered against the whistleblower if the report is found to contain untrue, false, malicious, mischievous, vexatious or reckless allegations. However, no employee who discloses information in good faith under this procedure will suffer reprisals or victimisation nor will their career be affected in any way.</p> <p>The progress report on all complaints/cases were tabled to BGRMC on quarterly basis.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 4.1

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

Application	: Applied
Explanation on application of the practice	<p>During the FYE 2019, the following changes to the Board composition took place:</p> <ol style="list-style-type: none">a) On 11 February 2019, Dato' Haris Fadzilah Hassan was appointed as Board of MSM as Non-Independent Non-Executive Director representing FGV, MSM's major shareholder.b) On 23 April 2019, Dato' Khairil resigned as Director of MSM due to his appointment as Group CEO of MSM effective on the same day. This is in line with the Company's recent organisational restructuring exercise which involves streamlining certain key positions in the Company with the intention to strengthen governance of MSM Group.c) In August 2019, Koperasi Permodalan Felda Malaysia Berhad ("KPF") nominated Anuar Malek as Non-Independent Non-Executive Director of MSM representing KPF effective on 13 August 2019, replacing Dato' Ab Ghani Mohd Ali who has resigned on the same date. Anuar Malek is also a member of BGRMC. <p>With the above changes, at the end of the FYE 2019 the Board comprised of seven (7) members, with majority four (4) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors as below :</p> <p>Independent Non-Executive Directors ("INED") :</p> <ol style="list-style-type: none">1) Dato' Zainal Haji Ismail2) Dato' Hajjah Rosni Haji Zahari3) Dato' Rosini Abd Samad4) Datuk Lim Thean Shiang <p>Non-Independent Non-Executive Directors ("NINED") :</p> <ol style="list-style-type: none">1) Datuk Wira Azhar Abdul Hamid (Chairman)2) Dato' Haris Fadzilah Hassan3) Anuar Malek

	<p>In year 2020, the most recent changes were the cessation of Dato' Zainal Haji Ismail and Dato' Rosni Haji Zahari as Independent Non-Executive Directors on 25 March 2020 upon conclusion of their nine (9) years term in accordance with the Clause 6.4.5(v) of the MSM Board Charter and Clause 6.2.4 of the MSM Board Nomination and Election Policy and Procedures.</p> <p>With these changes, the Board now stand with five (5) members, out of those only two (2) are Independent Non-Executive Directors and the other three (3) are Non-Independent Non-Executive Directors.</p> <p>The Board is actively looking for additional independent directors to ensure that the Board's composition complies with the requirement under the Malaysian Code on Corporate Governance 2017 (MCCG 2017).</p> <p>The presence of the remaining two (2) independent directors on the Board has diverse professional backgrounds, skills, extensive experience and knowledge in the areas of accounting, legal and corporate. Their expertise allows them to provide independent judgement on the issues of strategy, business performance, resources and standards of conduct. They also provide independent views in the Board's discussions to ensure that the strategies proposed by the Management are fully deliberated and examined in the long-term interest of the Group, as well as the shareholders and other stakeholders.</p> <p>None of the two (2) Independent Directors involve in the day-to-day management MSM and its Group of Companies.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable - Step Up 4.3 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>On 20 November 2019, the Board has approved the revision of MSM Board Charter (“BC”) and Board Nomination and Election Policy and Procedures (“BNEP”). One of the changes made was the adoption from the practice that limits the tenure of an Independent Non-Executive Director to a cumulative term of nine (9) years.</p> <p>The following paragraph in the revised BC stated that :</p> <p>a) Clause 6.4.5 (iv): The tenure of an Independent Non-Executive Directors shall not exceed a cumulative term of nine (9) years.</p> <p>b) Clause 6.4.5 (v): The term of any Independent Directors in MSM Board shall not exceed three (3) years. Upon completion of three (3) years tenure, such Independent Director shall cease to be a Director but still be eligible for re-appointment to a maximum of nine (9) years. After a cumulative term of nine (9) years, an Independent Director shall cease to be a Director of the Company. Notwithstanding the above, the Independent Directors shall be subjected to the annual assessment on independence, as part of the Board Assessment.</p> <p>MSM also has in its BNEP provisions on the tenure limits of its Independent Directors as below :</p> <p>a) Clause 6.2.3 : The term of any Independent Directors in MSM Board shall not exceed three (3) years. Upon completion of three (3) years tenure, such Independent Director shall cease to be a Director, but may still be eligible for re-appointment to a maximum of nine (9) years.</p> <p>b) Clause 6.2.4 : After a cumulative of nine (9) years, an Independent Director shall cease to be a Director of the Company.</p> <p>c) Clause 6.2.5 : Notwithstanding the above, the Independent Directors shall be subjected to the annual assessment on independence, as part of the Board Assessment</p>

	<p>With the recent cessation of two (2) Independent Directors namely Dato' Zainal Haji Ismail and Dato' Hajjah Rosni Haji Zahari upon conclusion of their nine (9) years term, to-date, MSM is left with only two (2) Independent Non-Executive Directors of whom none of them has served more than nine (9) years.</p>
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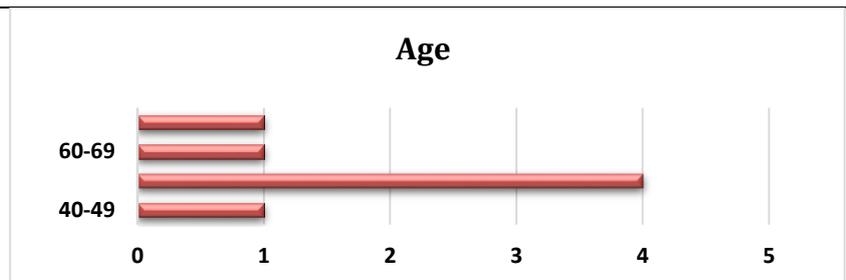
Intended Outcome

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

Practice 4.4

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

<p>Application</p>	<p>: Applied</p>						
<p>Explanation on application of the practice</p>	<p>Board of Directors</p> <p>During the financial year 2019, the Board has agreed on the appointment of Dato’ Haris Fadzilah Hassan and Anuar Malek, representing FGV Holdings Berhad and Koperasi Permodalan Felda Malaysia Berhad (“KPF”) respectively after considering recommendation from Nomination and Remuneration Committee (“NRC”).</p> <p>The Board considers and decides on the appointment of new Directors upon appropriate recommendation from the NRC.</p> <p>NRC in carrying out its responsibility in accordance with the requirement of its TOR and BNEP shall assess the proposed Board/Senior Management candidates and/or the nominee based on the following selection criteria:</p> <ul style="list-style-type: none"> a) skills, knowledge, experience b) contribution and performance c) character, professionalism and integrity d) number of directorships and other external obligations which may affect the Director’s commitments including time commitment and valued contribution e) ability to discharge certain responsibilities/functions as expected from Independent Directors. <p>The proposed candidates Dato’ Haris Fadzilah Hassan and Anuar Malek, prior to their appointment were required to disclosed their other business interest that may result in conflict of interest.</p> <p>Under the financial year review, the diversity in gender, age and skill and experiences of the Board are as follows:-</p> <div data-bbox="555 1675 1406 1960" data-label="Figure"> <table border="1"> <caption>Gender</caption> <thead> <tr> <th>Gender</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>5</td> </tr> <tr> <td>Female</td> <td>2</td> </tr> </tbody> </table> </div>	Gender	Count	Male	5	Female	2
Gender	Count						
Male	5						
Female	2						



In ensuring a more balance composition, the Board has solemnly consider to increase the number of Independent Women Director by at least one (1) preferably with finance/corporate finance and corporate governance background with international credentials.

The Board ensures a balanced Board whereby individual merits and relevance are the key entry requirements. Collectively, the Board has an appropriate mix of diversity and skills to ensure constructive debate and thoughtful decision making. The Board comprises of high calibre members from diverse professional backgrounds, skills, extensive experience and knowledge in the areas of accounting, legal, human resource and corporate professional backgrounds, skills and economics, law, general management and strategy – requisites for the successful direction of the Group.

Senior Management

Appointment of Senior Management in MSM is governed by the approval matrix as per MSM’s Employee Approving Authority (EAA), whereby:

A. Approval Matrix:

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

B. Competency Requirements Matrix:

1. Knowledge – Basic degree, or professional qualification or preferably post graduate qualification relevant to field of work.
2. In areas of ‘competent person’, must possess professional certification as authorised by the appropriate regulatory body.
3. Relevant work experience – vast years of work experience in relevant field at post managerial.
4. Attributes – The company conducts a combination of assessment tools to assess suitability of candidate against required job attributes which include:
 - a. The company may require shortlisted candidate to undertake a profiling questionnaire or other profiling instrument from a registered source as part of selection criteria to help determine “indicative managerial styles”, however this is not mandatory and is not a determining factor for this competency:
 - b. Conduct of interview through methodologies such as Behavioural Event/Critical Event, written test and/or management presentation;

As a matter of principle, the company practice Equality Hiring – no preference for gender, race or cultural background. The opportunities within the Company are presented via two methods of sourcing:

- a) Hire from within – the company provides ample opportunities in the form of on-job-training, work secondment/transfers for the employee to grow themselves and this also include assistance in the form of education assistance program especially for “competent skills” persons;
- b) When internal talents are not available, the hiring is then open to external sources through guided job description and hiring process.

Final candidates are selected strictly based on person-to-job fit requirements and selection is not limited to race, gender or cultural background. It is however to be noted that the certain gender preference will be required due to factors such as work location in technical areas, shift roster and type of jobs at a specific location (technical and labour intensive jobs).

With the recommendation from the NRC, the Board on 21 August 2019 has approved the renewal of the employment contract of the Group CEO (from 11 December 2019 to 31 December 2021) and Chief Financial Officer (from 1 June 2020 to 31 May 2021).

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

Intended Outcome

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

Practice 4.5

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

Application	: Applied
Explanation on application of the practice	<p>MSM Board on 22 March 2018 has approved Board Nomination and Election Policy and Procedures ("Policy") to provide guideline on the nomination and elections matters to be in line with the requirements of Companies Act, 2016, Main Market Listing Requirement of Bursa Malaysia and better practices of Malaysian Code on Corporate Governance 2017 and the Corporate Governance Guide – 3rd Edition.</p> <p>The Policy includes the guidelines on the Board diversity, in terms of gender, age, ethnicity and cultural background in considering the composition of the Board which includes the following:</p> <ul style="list-style-type: none">(a) adopts a merits-system and does not discriminate, including on the grounds of gender and ethnicity, in determining the composition of the MSM Board;(b) adopts a Board which is made up of different age groups, in order to infuse a mixture of qualities such as ideas, risk appetites or experience, above the full age of 18 years old and no age limit as provided in MSM's Board Charter; and(c) maintain an appropriate diversity in relation to the mix of technical and non-technical qualities of Directors, to avoid 'group-think' during deliberations. For example, Directors with a balanced range of risk appetites enables strategic decisions to be made while risks are being managed. <p>As at year end 2019, the MSM Board comprises of seven (7) members out of which two (2) are women directors, representing 28.6% women directors on Board. However, the current composition of Board was reduced to five (5) members due to cessation of Dato' Hajjah Rosni Haji Zahari and Dato' Zainal Haji Ismail on 25 March 2020 which represents 20% of woman.</p> <p>The Board is actively looking for additional Independent Directors to ensure that the Board composition complies with this requirement. The Board is also mindful of having a diverse composition of skills, experience, age and gender when it comes to the appointment of Directors and remain committed to achieve at least 30% women participation on the Board.</p>

	The Nomination and Remuneration Committee is reviewing the Board structure, size and composition required skill set based on the Board Nomination and Election Policy and Procedures.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>Nomination and Remuneration Committee (“NRC”) as per Clause 7.1.3 (c) of its Terms of Reference shall consider candidates proposed by the Chairman of NRC and by any Director or shareholder. NRC shall consider and assess the candidate’s background based on the criteria prescribed in Paragraph 2.20A of the Bursa Malaysia’s Main Market Listing Requirements and other requirements in regards to the appointment of Directors.</p> <p>Furthermore, the Board on 22 March 2018 has approved the Board Nomination and Election Policy and Procedures (“the Policy”) which formalize the policies on Board Composition, Independence, Conflict of Interest and Board Assessment. This Policy was latest revised on 20 November 2019. The Policy includes the policy on Board Composition which provides guidelines on the size of the Board, the selection criteria, the Director’s skills sets and the Board diversity to be considered for new appointment of Directors of which the Board shall also consider potential candidate to be appointed as Director proposed not only by the existing Directors, Senior Management staff, major shareholder but also third party referrals/independent sources.</p> <p>Based on the results of the Board Effectiveness Evaluation (“BEE”) carried in 2019, one of the key areas for improvement was on the Board members’ capabilities includes to broaden the mix of skills and experiences of the independent directors, to enhance the overall Board and the Board Committees’ effectiveness.</p> <p>During the year 2019, MSM major shareholders, FGV and KPF have nominated Dato’ Haris Fadzilah Hassan and Anuar Malek as nominee director in MSM Board respectively. With regards to both appointments of NINED and INED, NRC ensures that all assessment/review of directors are properly made by considering the selection criteria specified in the Policy and thereafter table and recommend to the Board for approval.</p> <p>In upholding the transparency and objectivity to improve the Board’s capabilities, the Nomination an Remuneration Committee is currently considering list of candidates from internal and external sources in identifying the most suitable candidates to be appointed as independent non-executive directors.</p>

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

Intended Outcome

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

Practice 4.7

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

Application	: Applied
Explanation on application of the practice	<p>For the financial year ended 2019, the Nomination and Remuneration Committee ("NRC"/"the Committee") was chaired by Dato' Zainal Haji Ismail, an Independent Non-Executive Director who was appointed on 25 March 2011.</p> <p>The Chairman of NRC shall :</p> <ol style="list-style-type: none">1) be responsible for the conduct of all NRC meetings. In the absence of the Chairman of the Committee, the members present shall elect a Chairman for the meeting from amongst the members present;2) report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;3) draw to the Board's attention any relevant matters deemed to be of major importance;4) be available to answer questions about the Committee's activities at the Annual General Meeting of the Company. All other members of the Committee shall also attend the Annual General Meeting.5) determine the frequency of the Committee meeting and discuss the schedule of meetings with the members of the Committee.6) ensure that proper agenda is prepared for the Committee meeting7) call a meeting of the Committee if so requested by any member of the Committee or by Chairman of the Board.8) exercise the right to request meeting attendees to leave the meeting room if matters discussed are confidential or may be impaired due to the presence of individual concerns. <p>The key/areas of responsibilities of the Chairman of the NRC together with other members of the NRC are set up in the Term of Reference which is available at MSM's corporate website at http://www.msmsugar.com/our-company/corporate-governance.</p>

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

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In March 2019, CG Board Asia Pacific Sdn Bhd (“CG Board”), led by Mr Wee Hock Kee was engaged as an independent consultant to conduct the Board Effectiveness Assessment (“BEA”), Board Committee Effectiveness Assessment (“BCEA”) and Individual Directors Performance Review (“IDPR”).</p> <p>The 2018 BEA was carried out with the following objectives :</p> <ul style="list-style-type: none">(i) Give insights to the Board, Board Committees and Individual Directors which can be used as a basis for the journey towards becoming a high-performing board(ii) Identify areas that may improve current board oversight and board processes and discuss the best approach to addressing them.(iii) Assist the Board to make decisions about initiatives and improvements that would provide greater contribution to the company (shareholders’ long term value).(iv) Active and learning engagement with all members of the board and selected senior management.(v) Identify board members key developments to enhance board performance including KPI setting.(vi) Effective implementation of the action plan with a set of recommendations. <p>Unlike previous years’ assessments, the 2018 BEA was carried out based on the following expanded scope to enhance the existing assessment approach/process beyond compliance as follows:</p> <ul style="list-style-type: none">i) to include perspectives from the selected key Management who regularly interact with the Board;ii) introducing the report card for the Individual Director;iii) Directors to review and deliberate on the results of the assessment together, address issues that emerge and decide on the improvement plan;

- iv) Directors to review and deliberate on the results of the assessment together, address issues that emerge and decide on the improvement plan;
- v) Using the outcome of the deliberation by the Board, to develop a Board improvement programme and monitor the progress regularly.

The 2018 BEA scope was expanded to include report card for the individual Director, Board Key Performance Indicators (“KPIs”), Board Succession Plan, perspectives from the selected key Management who regularly interact with the Board, development of a Board improvement and monitoring program.

The scope of the review was extensive and covers the core drivers/enablers influencing the effective functioning of the Board, the Board Committees and the performance of the individual directors. The remit also included the development of a Board Succession Planning Framework and a Board KPI for discussion. The core drivers are :

- (i) Board roles and responsibilities
- (ii) Board leadership
- (iii) Board dynamics
- (iv) Board/Management relationships
- (v) Board composition and diversity
- (vi) Board information
- (vii) Board processes
- (viii) Board Committees
- (ix) Board Agenda & meetings
- (x) Board/Stakeholders Relationship

CG Board has undertaken the fieldwork starting from early April 2019 until mid-May 2019 and observed the 2019 Annual General Meeting held on 19 June 2019.

The assessment and analytical process involved interviews with the Directors and selected senior management staff who were regularly interacts with the Board, document reviews (mainly board minutes, Board Charter and TOR of Board Committees), and an online high level survey (eight (8) directors and seven (7) senior management staff surveyed).

Based on the interviews carried out as well as the feedback that has been gathered from the completed questionnaires, the results of the assessment which also includes the key strengths and improvement areas together with the recommendations to address the improvement opportunities were compiled and collectively summarised.

The report on this assessment was finalised to reflect the observations of the proceedings of the AGM held on 19 June 2019 and the interview with the Group CEO on 24 June 2019. Other than the final report, the separate confidential reports on the individual director’s performance

	<p>were also provided to each of the director for their feedback and were discussed separately with the respective directors.</p> <p>The final report was presented to the Board in August 2019. Based on the report presented, MSM Board overall rating is Moderate Effective.</p> <p>The final report includes several key areas for improvement identified by CG Board of which the Board has approved for implementation to strengthen Board's performance. The Company Secretary is currently working together with Management to develop the improvement plan which will consist of a set of relevant action plans and initiatives with the timeframe to ensure the improvement plan is effectively carried out. CG Board, facilitated by the Company Secretary, will carry out the post review on the progress of the implementation of the approved improvement exercise.</p> <p>The year assessment 2019, the Board evaluation is currently in progress and will be disclosed in 2020 Annual Report.</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 level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>MSM has in place a Directors Remuneration Policy ("the Policy") which was last reviewed and revised in March 2020. A summarize remuneration structure for Board of Directors and Senior Management are made available on the Company's corporate website at http://www.msmsugar.com/our-company/corporate-governance.</p> <p>The Policy covers remuneration package for MSM's Non-Executive Directors ("NED") and Board Committees. The remuneration packages include fees for NEDs, meeting allowances, benefits-in-kind and other benefits. The level of Directors' remuneration is set to be competitive to attract and retain Directors of such calibre to provide the necessary skills and experience as required and commensurate the Board's responsibilities, expertise and complexity of the Company's activities for the effective management and operations of the Group. NED's remuneration package reflects the experience, expertise and level of responsibilities undertaken by the NEDs.</p> <p>Group CEO's remuneration package is fixed for the duration of his contract and formulated by taking into consideration the assessment of the performance against targets as well as benchmarking to market rate for benefits-in-kind, annual increment and bonus. The remuneration package and bonus payable, if any, shall be reviewed and recommended by the Nomination and Remuneration Committee ("NRC") and approved by the Board.</p> <p>The Company's human resource policies on employees' remuneration are fair and equitable and encourage behaviour that supports MSM's long-term financial soundness, growth and success within an appropriate risk management framework.</p> <p>The Human Resource Division through the NRC reviews and recommend to the Board, on an annual basis, the individual remuneration levels and remuneration arrangements for the Group's</p>

	<p>Top and Senior Management having regard to the human resource policies on employees' remuneration, including:</p> <ul style="list-style-type: none"> i. fixed remuneration on levels and benefits; ii. Short-term incentives and long-term incentives remuneration targets and outcomes (including performance targets); iii. any termination/separation payments to be made; iv. retention and sign-on rewards; v. all incentive awards to be made to each individual; and vi. any other forms of remuneration including allowances and any other applicable benefits-in-kind. <p>The Head of Human Resources shall assist the NRC to formulate the remuneration levels of the Group's Senior Management and conduct appropriate benchmarking to market parity data for competitive positioning, prior to determining the benefits, annual salary increment, bonuses, promotions, salary adjustments and promotion adjustments.</p> <p>The human resource policies on employees' remuneration, where appropriate, specifies an appropriate mix of remuneration - supporting the short-term and long-term performance objectives in relation to MSM's strategies.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 6.2

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

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

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

	<p>For the financial year ended 2019, the NRC comprised exclusively Non-Executive Directors with majority of Independent Directors as below. This is in line with Paragraph 15.08(A)(1) of the MMLR.</p> <table border="1" data-bbox="560 333 1409 763"> <thead> <tr> <th data-bbox="560 333 632 412">No.</th> <th data-bbox="632 333 967 412">Members</th> <th data-bbox="967 333 1198 412">Type of Membership</th> <th data-bbox="1198 333 1409 412">Appointment Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="560 412 632 517">1.</td> <td data-bbox="632 412 967 517">Dato' Zainal Haji Ismail</td> <td data-bbox="967 412 1198 517">Chairman Independent Non-Executive</td> <td data-bbox="1198 412 1409 517">25 March 2011</td> </tr> <tr> <td data-bbox="560 517 632 651">2.</td> <td data-bbox="632 517 967 651">Dato' Hajjah Rosni Haji Zahari</td> <td data-bbox="967 517 1198 651">Member Independent Non-Executive</td> <td data-bbox="1198 517 1409 651">25 March 2011</td> </tr> <tr> <td data-bbox="560 651 632 763">3.</td> <td data-bbox="632 651 967 763">Dato' Haris Fadzilah Hassan</td> <td data-bbox="967 651 1198 763">Member Non-Independent Non-Executive</td> <td data-bbox="1198 651 1409 763">11 February 2019</td> </tr> </tbody> </table> <p>The latest revised NRC TOR is published in MSM's corporate website at http://www.msmsugar.com/our-company/corporate-governance.</p>	No.	Members	Type of Membership	Appointment Date	1.	Dato' Zainal Haji Ismail	Chairman Independent Non-Executive	25 March 2011	2.	Dato' Hajjah Rosni Haji Zahari	Member Independent Non-Executive	25 March 2011	3.	Dato' Haris Fadzilah Hassan	Member Non-Independent Non-Executive	11 February 2019
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<p>Measure</p>	<p>:</p>																
<p>Timeframe</p>	<p>:</p>																

Intended Outcome

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

Practice 7.1

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

Application	:	Applied																																																		
Explanation on application of the practice	:	<p>In compliance with the Main Market Listing Requirement of Bursa Malaysia ("MMLR"), MSM practices detailed disclosure on named basis for the remuneration received by individual Directors from MSM and its Group of Companies. The Directors' remuneration for the financial year under review is disclosed in the Corporate Governance Overview Statement of the Annual Report categorised into components (salary/bonus of Executive Director, Directors' annual fees, meeting allowances, benefits-in-kind and other benefits) distinguishing between Executive and Non-Executive Directors.</p> <p>Directors' Remuneration (exclude GST/SST/Tax) for the financial year ended 31 December 2019 is as follows :</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name of Directors</th> <th>Director's Fees FYE 2019 (RM'000)</th> <th>Meeting Allowance & Benefits (RM'000)</th> </tr> </thead> <tbody> <tr> <td colspan="4">Non-Executive Director</td> </tr> <tr> <td>1.</td> <td>Datuk Wira Azhar Abdul Hamid</td> <td>315</td> <td>18.5</td> </tr> <tr> <td>2.</td> <td>Dato' Zainal Haji Ismail</td> <td>138</td> <td>72.3</td> </tr> <tr> <td>3.</td> <td>Dato' Hajjah Rosni Haji Zahari</td> <td>147.3</td> <td>72.5</td> </tr> <tr> <td>4.</td> <td>Datuk Lim Thean Shiang</td> <td>142</td> <td>74.5</td> </tr> <tr> <td>5.</td> <td>Dato' Rosini Abd Samad</td> <td>152</td> <td>74.5</td> </tr> <tr> <td>6.</td> <td>Anuar Malek <i>(appointed on 13 August 2019)</i></td> <td>49.3</td> <td>18.3</td> </tr> <tr> <td>7.</td> <td>Dato' Ab Ghani Mohd Ali <i>(resigned on 13 August 2019)</i></td> <td>79</td> <td>16</td> </tr> <tr> <td>8.</td> <td>Dato' Haris Fadzilah Hassan <i>(appointed on 11 February 2019)</i></td> <td>120.7*</td> <td>30.8*</td> </tr> <tr> <td colspan="4">Executive Director/Group CEO</td> </tr> <tr> <td>1.</td> <td>Dato' Khairil Anuar Aziz <i>(resigned as ED on 23 April 2019 and re-designated as Group CEO on the same date)</i></td> <td>-</td> <td>7.2</td> </tr> </tbody> </table> <p><i>*The Director's fees and meeting allowance will be paid to FGV Holdings Berhad</i></p>			No.	Name of Directors	Director's Fees FYE 2019 (RM'000)	Meeting Allowance & Benefits (RM'000)	Non-Executive Director				1.	Datuk Wira Azhar Abdul Hamid	315	18.5	2.	Dato' Zainal Haji Ismail	138	72.3	3.	Dato' Hajjah Rosni Haji Zahari	147.3	72.5	4.	Datuk Lim Thean Shiang	142	74.5	5.	Dato' Rosini Abd Samad	152	74.5	6.	Anuar Malek <i>(appointed on 13 August 2019)</i>	49.3	18.3	7.	Dato' Ab Ghani Mohd Ali <i>(resigned on 13 August 2019)</i>	79	16	8.	Dato' Haris Fadzilah Hassan <i>(appointed on 11 February 2019)</i>	120.7*	30.8*	Executive Director/Group CEO				1.	Dato' Khairil Anuar Aziz <i>(resigned as ED on 23 April 2019 and re-designated as Group CEO on the same date)</i>	-	7.2
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4.	Datuk Lim Thean Shiang	142	74.5																																																	
5.	Dato' Rosini Abd Samad	152	74.5																																																	
6.	Anuar Malek <i>(appointed on 13 August 2019)</i>	49.3	18.3																																																	
7.	Dato' Ab Ghani Mohd Ali <i>(resigned on 13 August 2019)</i>	79	16																																																	
8.	Dato' Haris Fadzilah Hassan <i>(appointed on 11 February 2019)</i>	120.7*	30.8*																																																	
Executive Director/Group CEO																																																				
1.	Dato' Khairil Anuar Aziz <i>(resigned as ED on 23 April 2019 and re-designated as Group CEO on the same date)</i>	-	7.2																																																	

	The detailed disclosure of remuneration breakdown for all Directors is set out in Corporate Governance Overview Statement on page 80 of the 2019 Annual Report.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.2

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

Application	:	Applied																			
Explanation on application of the practice	:	<p>The five (5) Senior Management personnel are Group Chief Executive Officer, Group Chief Operating Officer, Chief Financial Officer and C-levels positions at MSM Malaysia Holdings Berhad and subsidiaries level.</p> <p>Details of the top five (5) MSM Senior Management's remuneration in respective bands of RM50,000 for FYE 2019 are as follows :</p> <table border="1"> <thead> <tr> <th>No</th> <th>Name</th> <th>Range of Remuneration Band (RM'000)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Dato' Khairil Anuar bin Aziz</td> <td>950 – 1000</td> </tr> <tr> <td>2.</td> <td>Mohd Shaffie bin Said</td> <td>500 – 550</td> </tr> <tr> <td>3.</td> <td>Ab. Aziz bin Ismail <i>(appointed as Chief Financial Officer with effect from 1 June 2019)</i></td> <td>250 – 300</td> </tr> <tr> <td>4.</td> <td>Cheah Poh Lye</td> <td>300 - 350</td> </tr> <tr> <td>5.</td> <td>Hasmanan Zaquier bin Salleh</td> <td>300 - 350</td> </tr> </tbody> </table>		No	Name	Range of Remuneration Band (RM'000)	1.	Dato' Khairil Anuar bin Aziz	950 – 1000	2.	Mohd Shaffie bin Said	500 – 550	3.	Ab. Aziz bin Ismail <i>(appointed as Chief Financial Officer with effect from 1 June 2019)</i>	250 – 300	4.	Cheah Poh Lye	300 - 350	5.	Hasmanan Zaquier bin Salleh	300 - 350
No	Name	Range of Remuneration Band (RM'000)																			
1.	Dato' Khairil Anuar bin Aziz	950 – 1000																			
2.	Mohd Shaffie bin Said	500 – 550																			
3.	Ab. Aziz bin Ismail <i>(appointed as Chief Financial Officer with effect from 1 June 2019)</i>	250 – 300																			
4.	Cheah Poh Lye	300 - 350																			
5.	Hasmanan Zaquier bin Salleh	300 - 350																			
Explanation for departure	:																				
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																					
Measure	:																				
Timeframe	:																				

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>MSM's Audit Committee's Chairman, Dato' Rosini Abd Samad is an Independent Non-Executive Director and has been appointed as the Audit Committee Chairman since 7 January 2015. She is not the Chairman of the Board.</p> <p>Dato' Rosini Abd Samad is a member of the Malaysian Institute of Accountants, an Honorary Fellow of CPA Australia and a professional member of the Institute of Internal Auditors Malaysia.</p> <p>Dato' Rosini Abd Samad has fulfilled the requisite qualifications as stipulated in Paragraph 15.09(1)(c)(i) of the Bursa Malaysia's Main Market Listing Requirement.</p> <p>The Chairman of the Audit Committee shall :</p> <ol style="list-style-type: none">1. be responsible for the conduct of all Committee's meetings. In the absence of the Chairman of the Committee, the members present shall elect a Chairman for the meeting from amongst the members present;2. report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;3. draw to the Board's attention any relevant matters deemed to be of major importance;4. be available to answer questions about the Committee's activities at the annual general meeting of the Company. All other members of the Committee shall also attend the annual general meeting;5. determine the frequency of the Committee meeting and discuss the schedule of meetings with the members of the Committee;6. ensure that proper agenda is prepared for the Committee meeting;7. call a meeting of the Committee if so requested by any member of the Committee or by Chairman of the Board;8. exercise the right to request meeting attendees to leave the meeting room if matters discussed are confidential or may be impaired due to the presence of individual concerns;

	<p>The key/areas of responsibilities of the Chairman of the AC together with other members of the AC are set up in the Term of Reference which is available at MSM's corporate website, http://www.msmsugar.com/our-company/corporate-governance</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 an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>On 20 November 2019, the Board has reviewed and approved the Audit Committee Terms of Reference to include a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee. The latest revised Audit Committee Terms of Reference is available at MSM's corporate website, http://www.msmsugar.com/our-company/corporate-governance.</p> <p>Currently, there is no former key audit partner sitting in the Audit Committee.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

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

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

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted																
Explanation on adoption of the practice	:	<p>MSM has in its Audit Committee Terms of Reference that all Audit Committee members must be Independent Directors free from any business or other relationship that, in the opinion of the Board, would materially interfere with the exercise of his or her independent judgment as a member of the Audit Committee.</p> <p>In order to ensure that the Audit Committee is effective and independent committee, MSM Nomination and Remuneration Committee ("NRC") has in March 2019, carried out the annual assessment review on the term of office and performance of the Audit Committee and each of its members as required by the Main Market Listing Requirements of Bursa Malaysia Securities Bhd ("MMLR").</p> <p>Based on the assessment review result and recommendation by the NRC, the Board has agreed that the Audit Committee and its members have carried out their duties in accordance with MSM Audit Committee Terms of Reference and the existing members of MSM Audit Committee shall continue to be MSM Audit Committee members the financial year ended 2019. The Board also approved the appointment of Dato' Hajjah Rosni Haji Zahari, Independent Non-Executive Director as an additional member of the Audit Committee effective 25 March 2019.</p> <p>The Chairman is a member of the Malaysian Institute of Accountants, an Honorary Fellow CPA Australia and a professional member of the Institute of Internal Auditors Malaysia.</p> <p>For the financial year under review, MSM's Audit Committee comprises of three (3) members who are all Independent Non-Executive Directors.</p> <p>Members of Audit Committee as at FYE 2019 are :</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>Dato' Rosini Abd Samad</td><td>Chairman Independent Non-Executive</td><td>7 January 2015</td></tr><tr><td>2.</td><td>Datuk Lim Thean Shiang</td><td>Member Independent Non-Executive</td><td>23 August 2016</td></tr><tr><td>3.</td><td>Dato' Hajjah Rosni Haji Zahari</td><td>Member Independent Non-Executive</td><td>25 March 2019</td></tr></tbody></table>	No.	Members	Type of Membership	Appointment Date	1.	Dato' Rosini Abd Samad	Chairman Independent Non-Executive	7 January 2015	2.	Datuk Lim Thean Shiang	Member Independent Non-Executive	23 August 2016	3.	Dato' Hajjah Rosni Haji Zahari	Member Independent Non-Executive	25 March 2019
No.	Members	Type of Membership	Appointment Date															
1.	Dato' Rosini Abd Samad	Chairman Independent Non-Executive	7 January 2015															
2.	Datuk Lim Thean Shiang	Member Independent Non-Executive	23 August 2016															
3.	Dato' Hajjah Rosni Haji Zahari	Member Independent Non-Executive	25 March 2019															

	<p>However, on 25 March 2020, the number of Audit Committee member has changed from three (3) to two (2) due to the cessation of Dato' Hajjah Rosni Haji Zahari as Director and Audit Committee member. The current composition is Independent Non-Executive Directors and this is consistent with Practice 8.4 (Step-Up) of the Malaysian Code of Corporate Governance.</p>
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Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied								
Explanation on application of the practice	:	<p>The MSM's Audit Committee ("AC") membership for the financial year under review provides the appropriate balance of skills, knowledge and experience that enables them to understand matters under the purview of the Audit Committee including financial reporting.</p> <p>The Chairman of AC, Dato' Rosini Abd Samad is a member of Malaysian Institute of Accountants ("MIA"), Honorary Fellow of CPA Australia and a professional member of the Institute of Internal Auditors Malaysia, supported by the Datuk Lim Thean Shiang and Dato' Hajjah Rosni Haji Zahari, both have accounting literacy.</p> <p>During the financial year 2019, the AC undertook the following principal activities in the discharge of its responsibilities of which the details are disclosed in AC Report of 2019 Annual Report:</p> <ol style="list-style-type: none">1) Assessing the Risks and Control Environment2) Overseeing Financial Reporting3) Reviewing the Internal Audit Process4) Reviewing the External Audit Process5) Reviewing the Related Party Transactions6) Other responsibilities and duties <p>In 2019, AC members attended the following training to enhance their skill sets:</p> <table border="1"><thead><tr><th>No.</th><th>Member</th><th>List of Trainings & Organiser</th><th>Date</th></tr></thead><tbody><tr><td>1.</td><td>Dato' Rosini Abd Samad</td><td>▪ Audit Committee Conference 2019 – Meeting the new expectations (Malaysian Institute of Accountants & The Institute of Internal Auditors Malaysia)</td><td>15 April 2019</td></tr></tbody></table>	No.	Member	List of Trainings & Organiser	Date	1.	Dato' Rosini Abd Samad	▪ Audit Committee Conference 2019 – Meeting the new expectations (Malaysian Institute of Accountants & The Institute of Internal Auditors Malaysia)	15 April 2019
No.	Member	List of Trainings & Organiser	Date							
1.	Dato' Rosini Abd Samad	▪ Audit Committee Conference 2019 – Meeting the new expectations (Malaysian Institute of Accountants & The Institute of Internal Auditors Malaysia)	15 April 2019							

		<ul style="list-style-type: none"> ▪ Talk on Corporate Governance - Understanding The Corporate Liability – Section 17A MACC Act 2018 & Guidelines on Adequacy Procedure (FGV Group Governance Division) 	13 May 2019
		<ul style="list-style-type: none"> ▪ Development in Corporate Governance (KPMG) 	13 May 2019
		<ul style="list-style-type: none"> ▪ BURSA MALAYSIA DIVERSITY XPERIENCE : The Board “Agender” (Bursa Malaysia Berhad) 	2 October 2019
		<ul style="list-style-type: none"> ▪ IIA - Audit Committee Leadership Track Session (The Institute of Internal Auditors Malaysia) 	8 October 2019
		<ul style="list-style-type: none"> ▪ Institute of Corporate Directors Malaysia (ICDM): International Directors Summit on 14 & 15 October 2019 (Institute of Corporate Directors Malaysia (ICDM)) 	14-15 October 2019
		<ul style="list-style-type: none"> ▪ Audit Oversight Board Conversation with Audit Committees (Securities Commission Malaysia) 	8 November 2019
2.	Datuk Lim Thean Shiang	<ul style="list-style-type: none"> ▪ Audit Committee Conference 2019 – Meeting the new expectations (Malaysian Institute of Accountants & The Institute of Internal Auditors Malaysia) 	15 April 2019
		<ul style="list-style-type: none"> ▪ Talk on Corporate Governance - Understanding The Corporate Liability – Section 17A MACC Act 2018 & Guidelines on Adequacy Procedure (FGV Group Governance Division) 	13 May 2019
		<ul style="list-style-type: none"> ▪ Development in Corporate Governance (KPMG) 	13 May 2019

	3.	Dato' Hajjah Rosni Haji Zahari	<ul style="list-style-type: none"> ▪ Sustainability Governance: "Towards Long Term Value Creation" (CG Board Asia Pacific Sdn. Bhd.) 	27 February 2019
	<ul style="list-style-type: none"> ▪ Talk on Corporate Governance - Understanding The Corporate Liability – Section 17A MACC Act 2018 & Guidelines on Adequacy Procedure (FGV Group Governance Division) 		13 May 2019	
	<ul style="list-style-type: none"> ▪ Development in Corporate Governance (KPMG) 		13 May 2019	
	<ul style="list-style-type: none"> ▪ Board Composition: Nominating Committee's Role to Achieve Effective Stewardship (Bursatra Sdn. Bhd.) 		10 September 2019	
	<ul style="list-style-type: none"> ▪ BURSA MALAYSIA DIVERSITY XPERIENCE : The Board "Agender" (Bursa Malaysia Berhad) 		2 October 2019	
	<ul style="list-style-type: none"> ▪ IIA - Audit Committee Leadership Track Session (The Institute of Internal Auditors Malaysia) 		8 October 2019	
Explanation for departure	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:			
Timeframe	:			

Intended Outcome

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

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

Practice 9.1

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

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

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Governance & Risk Management Committee ("BGRMC") and MSM's Board deliberate on issues on risk management and internal control as prescribed by the risk management and internal control framework.</p> <p>The adequacy and effectiveness of this framework are shown through the Top Ten Group and Sector Risks and mitigation measures are updated in the company's risk register and reported on a quarterly basis to MSM's Management, BGRMC, MSM's Board and to our parent company, FGV Holdings Berhad. The quarterly risk report also covers high level strategic risks, project and emerging risks which forms an effective tool in monitoring risk management and framework within the MSM Group.</p> <p>In relation to Risk Management, the BGRMC's roles and responsibilities are as below :</p> <ol style="list-style-type: none">1) Directs and oversees the formulation of the Group's overall enterprise risk management framework and strategies, including policies, procedures, systems, capability and parameters to identify, assess and manage risks to ensure their relevance and appropriateness to the Group's position and business;2) Reports, advises and recommends to the Board, the overall risk appetite, tolerance and strategy on managing business risks;3) Reports to the Board, key business risks and seeks its approval on the management of key business risks that are aligned to the Group's risk appetite.
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 9.3 - Step Up

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

Application	:	Adopted																				
Explanation on adoption of the practice	:	<p>MSM has established its Board Governance & Risk Management Committee ("BGRMC") on 20 August 2014 to assist the Board in fulfilling its statutory and fiduciary responsibilities in relation to governance, ethics and risk management within the MSM Group.</p> <p>The current BGRMC comprises of three (3) Directors of which two (2) are Independent Directors and one (1) Non-Independent Director.</p> <p>Members of MSM BGRMC are :</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>Datuk Lim Thean Shiang</td> <td>Chairman Independent Non-Executive</td> <td>20 August 2014</td> </tr> <tr> <td>2.</td> <td>Dato' Rosini Abd Samad</td> <td>Member Independent Non-Executive</td> <td>23 August 2016</td> </tr> <tr> <td>3.</td> <td>Anuar Malek</td> <td>Member Non-Independent Non-Executive</td> <td>13 August 2019</td> </tr> <tr> <td>4.</td> <td>Dato' Ab Ghani Mohd Ali <i>(resigned on 13 August 2019)</i></td> <td>Member Non-Independent Non-Executive</td> <td>26 October 2018</td> </tr> </tbody> </table> <p>The key areas of responsibilities of BGRMC is to direct and oversee the formulation of a structured mechanism to inculcate a strong governance, ethical, integrity and risk management culture which include the following areas :</p> <p>1) Governance</p> <ul style="list-style-type: none"> - Direct and oversee the formulation of governance framework, programmes and policies - Review reports on status and availability of procedures 	No.	Members	Type of Membership	Appointment Date	1.	Datuk Lim Thean Shiang	Chairman Independent Non-Executive	20 August 2014	2.	Dato' Rosini Abd Samad	Member Independent Non-Executive	23 August 2016	3.	Anuar Malek	Member Non-Independent Non-Executive	13 August 2019	4.	Dato' Ab Ghani Mohd Ali <i>(resigned on 13 August 2019)</i>	Member Non-Independent Non-Executive	26 October 2018
No.	Members	Type of Membership	Appointment Date																			
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4.	Dato' Ab Ghani Mohd Ali <i>(resigned on 13 August 2019)</i>	Member Non-Independent Non-Executive	26 October 2018																			

	<ul style="list-style-type: none"> - Monitor status and progress of formulation and implementation of the related governance framework, blueprints and policies <p>2) Ethics & Integrity</p> <ul style="list-style-type: none"> - Oversee and maintain the Code of Ethics & Conduct and Code of Business Practice (Board and Board Committees) - Oversee and maintain the Code of Ethics & Conduct <p>3) Risk Management</p> <ul style="list-style-type: none"> - Direct and oversee the formulation of the overall enterprise risk management framework and strategies - Report, advise and recommend to the Board the overall risk appetite, tolerance, and strategy on managing business risks, key business risks <p>The Board is responsible on the establishment and overseeing the Group’s risk management system and internal control systems. The Board is also fully committed to ensure the existence of an effective risk management systems and internal control systems within the Group and continuously reviews and evaluate the adequacy of these systems.</p> <p>The key areas of responsibilities of the Chairman and members of BGRMC are set up in the Terms of Reference (“TOR”). The latest revised BGRMC TOR is available at MSM’s corporate website at http://www.msmsugar.com/our-company/corporate-governance.</p>
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Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>MSM Group’s internal audit role is undertaken by its holding company’s Group Internal Audit (“GIA”) function. The FGV Chief Internal Auditor reports to the MSM Audit Committee functionally and to the FGV Group Chief Executive Officer on administrative matters. This is formalised in the GIA Charter approved by the FGV Board.</p> <p>The conduct of GIA is based on a GIA Audit Charter, which is established consistent with the requirements of the Institute of Internal Auditors' International Professional Practices Framework as affirmed through an external Quality Assurance Review conducted by Messrs. Ernst & Young Advisory Services Sdn Bhd in 2019. The external Quality Assurance Review is conducted once every five (5) years as required in the International Professional Practices Framework.</p> <p>The Audit Committee assesses the performance of the Chief Internal Auditor annually, which includes assessment of the effectiveness of the Group's internal audit function with reference to the Institute of Internal Auditors' International Professional Practices Framework.</p> <p>The Audit Committee reviews and approves the internal audit plan on an annual basis, which includes review of the resources, development and organization structure of the internal audit function.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

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

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

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

Practice 11.1

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

Application	:	Applied																														
Explanation on application of the practice	:	<p>i. Regular and timely disclosure of information to investors and media agencies particularly during quarterly results via audio conferencing, one-on-one calls, emails and interviews.</p> <p>ii. Written correspondence to media and investors on questions and answers, information updates and statements.</p> <p>iii. Meetings and courtesy visit; interactions with investors and government agencies to MSM's sugar refinery.</p> <p>iv. Conduct Annual General Meeting ("AGM") for effective shareholder's participation and an opportunity for stakeholders to vote and be heard.</p> <p>v. Distributing and updating company information on corporate website, newsletters and annual reports.</p> <p>vi. Press conference arrangement when necessary.</p> <p>During 2019, MSM had engaged with its shareholders as below:</p> <ul style="list-style-type: none"> Analyst Briefing on quarterly results: <table border="1"> <thead> <tr> <th>No.</th> <th>Briefing Type</th> <th>Briefing Date</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>4th quarter for the financial year ended 31.12.2018</td> <td>20 February 2019</td> </tr> <tr> <td>2.</td> <td>1st quarter for the financial year ended 31.12.2019</td> <td>23 May 2019</td> </tr> <tr> <td>3.</td> <td>2nd quarter for the financial year ended 31.12.2019</td> <td>21 August 2019</td> </tr> <tr> <td>4.</td> <td>3rd quarter for the financial year ended 31.12.2019</td> <td>20 November 2019</td> </tr> </tbody> </table> One-on-one Meeting and Courtesy Visit: <table border="1"> <thead> <tr> <th>No.</th> <th>Meeting/Visit</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>One-on-one briefing session with Maybank Investment Bank</td> <td>22 February 2019</td> </tr> <tr> <td>2.</td> <td>Courtesy visit to MSM Johor – AmInvestment Bank</td> <td>18 March 2019</td> </tr> <tr> <td>3.</td> <td>Briefing session – MIDF, CIMB and AmInvestment</td> <td>2 July 2019</td> </tr> <tr> <td>4.</td> <td>Meeting with fund manager – New Silk Road, Singapore</td> <td>16 July 2019</td> </tr> </tbody> </table> 	No.	Briefing Type	Briefing Date	1.	4 th quarter for the financial year ended 31.12.2018	20 February 2019	2.	1 st quarter for the financial year ended 31.12.2019	23 May 2019	3.	2 nd quarter for the financial year ended 31.12.2019	21 August 2019	4.	3 rd quarter for the financial year ended 31.12.2019	20 November 2019	No.	Meeting/Visit	Date	1.	One-on-one briefing session with Maybank Investment Bank	22 February 2019	2.	Courtesy visit to MSM Johor – AmInvestment Bank	18 March 2019	3.	Briefing session – MIDF, CIMB and AmInvestment	2 July 2019	4.	Meeting with fund manager – New Silk Road, Singapore	16 July 2019
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Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>In developing its reports, MSM refers and benchmark to the following standards:</p> <ul style="list-style-type: none">i) International <IR> Frameworkii) Malaysian Code on Corporate Governance 2017 ("MCCG 2017") Guidelinesiii) Bursa Malaysia Listing Requirements 2017 <p>The Annual Report ("the Report") has been compiled in accordance with the concepts, guiding principles and content elements contained in the International <IR> Framework issued by the International Integrated Reporting Council ("IIRC"). This framework supports a focus on reporting on the ability to create value over the short, medium and long term as well as the connectivity and interdependencies of the six capitals, namely financial, manufactured, intellectual, human, social and relationship and natural capital.</p> <p>The Report provides a complete and balanced review of MSM Malaysia Holdings Berhad and its subsidiaries on the Economic, Environmental and Social performance within the context of its strategy, risks and opportunities for the period 1 January 2019 to 31 December 2019.</p> <p>This Report adheres to the guidelines laid down within Bursa Malaysia's Main Market Listing Requirements and Sustainability Guidelines, as well as the Listing Requirements (24 March 2016). It also complies with requirements for Economic, Environmental and Social ("EES") reporting as outlined under the Global Reporting Initiative ("GRI"). Compliance with Malaysian legal requirements under the Companies Act 1965, Companies Act 2016 and MCCG 2017 has also been adhered to.</p>

The content of MSM's Annual Report 2019 is summarised below:

- ◆ About This Report
- ◆ Chairman's Statement
- ◆ Delivering Value
 - Six Capitals
 - Strategic Performance
 - Shaping Material Matters
 - Linking the Capitals & Material Matters to Strategy, Sustainability & Risks
- ◆ MSM Overview
 - Corporate Overview
 - ◆ Vision, Mission and Values
 - ◆ Key Highlights
 - Corporate Milestones
 - Corporate Structure
 - Organisational Structure
 - Corporate Information
 - Key Moments
 - Awards & Certifications
- ◆ Management Discussion & Analysis
 - i) Strategic Review
 - Group Chief Executive Officer Review
 - MSM Strategy
 - Key Risks & Mitigations
 - Stakeholders Engagement
 - Global Presence
 - Market Landscape
 - ii) Group Financial Review
 - iii) Business Review
 - Raw Sugar Sourcing & Procurement
 - Raw Sugar Refining
 - Sales & Marketing
 - Supply Chain Management & Distribution
 - Plantation
- ◆ Group Financial Report
 - 5-Year Financial Summary
 - Statement of Financial Position
 - Quarterly Financial Performance
 - Statement of Value Added
 - Segmental Analysis
 - Sales Analysis
 - Investor Relations
 - Financial Calendar

	<ul style="list-style-type: none"> ◆ Sustainability Report <ul style="list-style-type: none"> - Our Sweet EES Journey - Economic Sustainability - Environmental Sustainability - Social Sustainability ◆ Effective Leadership <ul style="list-style-type: none"> - Profile of Directors - Profile of Company Secretary - Profile of Senior Management ◆ Corporate Governance <ul style="list-style-type: none"> - Corporate Governance Overview Statement - Audit Committee Report - Nomination and Remuneration Committee Report - Additional Compliance Information - Corporate Integrity - Statement on Risk Management and Internal Control - Internal Policies, Procedures and Guidelines - Business Continuity Management ◆ Financial Statements <ul style="list-style-type: none"> - Statement on Directors' Responsibilities - Directors' Report - Statement by Directors - Statutory Declaration - Independent Auditors' Report - Statement of Comprehensive Income - Statement of Financial Position - Consolidated Statement of Changes in Equity - Company Statement of Changes in Equity - Statement of Cash Flows - Notes to the Financial Statements ◆ Additional Information <ul style="list-style-type: none"> - Analysis of Shareholdings - Summary of Properties Owned - Summary of Properties Leased - List of Top 10 Properties Owned - Group Corporate Directory
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>MSM’s 8th Annual General Meeting (“AGM”) was held on 19 June 2019. The notice for the 8th AGM was issued on 26 April 2019 which is more than 28 days prior to AGM date to comply with the best practice recommended by MCCG 2017.</p> <p>MSM will continue to practice the same for its forthcoming 9th AGM. The Board will determine the appropriate time to schedule the 9th AGM and the Notice of the 9th AGM will be announced in due course.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>All directors of MSM and all Chairman of the Board Committees attended the 2019 Annual General Meeting (“AGM”). The Board also ensures that sufficient opportunities are given to shareholders to raise issues relating to the affairs of the Company and that adequate responses are given.</p> <p>Chairman of the Board chaired the 8th AGM of the Company held on 19 June 2019 in an orderly manner and allowed the shareholders or proxies to speak at the meeting. All Directors were present to the 8th AGM to respond to the questions raised by the shareholders or proxies.</p> <p>Questions raised by the Minority Shareholders Watch Group (“MSWG”) prior to the AGM together with the feedback from Management were also shared with shareholders during the AGM.</p> <p>Chairman handled the 8th AGM proceedings very well. He fielded all questions with courtesy, provided clear explanations in a frank manner and clearly gained the confidence of shareholders’ present.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>MSM always have its shareholders’ meeting in urban area as to ensure easy access by its shareholders.</p> <p>To-date, MSM does not practice either voting in absentia or remote shareholders’ participation at shareholders’ meetings due to the following reasons :</p> <ol style="list-style-type: none"> i. Lack in face-to-face communication. Shareholders should have the ability to confront the board of directors and assess their verbal and physical responses. ii. Risk of fraud and the validity of shareholder votes. <p>MSM has leveraged on technology to facilitate electronic voting (“e-voting”) for the conduct of poll on all resolutions proposed started from its 2017 Annual General Meeting (“AGM”). Electronic voting devices were used to provide a more efficient and accurate outcome of the results.</p> <p>During 2019 AGM, MSM had appointed Boardroom Share Registrar Sdn Bhd as Poll Administrator to conduct the polling process, and Tricor Business Services Sdn Bhd as Scrutineers to verify the poll results.</p> <p>Even MSM is currently depart from facilitating the voting in absentia and remote shareholders’ participation at shareholders’ meeting, MSM allows its shareholders to appoint any person(s) as their proxies to attend, participate, speak and vote in his stead at a general meeting as an alternative to the recommended practice.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	MSM will continue to assess the situation and consider to study on the technology to endeavor the development of an appropriate technology

	<p>to facilitate voting in absentia and remote shareholders' participation at general meetings.</p> <p>Currently, the Company is considering to facilitate the voting in absentia and remote shareholders' participation at the 9th AGM in 2020 due to the recent COVID-19 pandemic.</p>	
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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