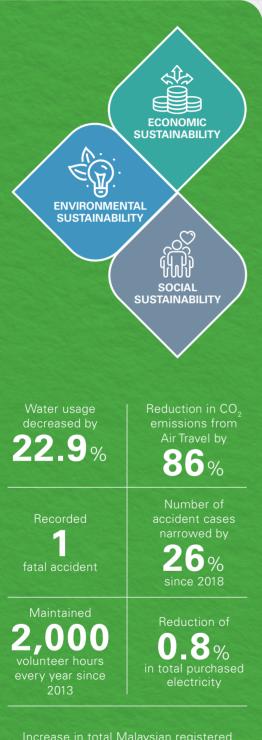
SUSTAINABILITY REPORT

LEADERSHIP

CORPORATE GOVERNANCE FINANCIAL STATEMENTS ADDITIONAL INFORMATION

DETAILS OF THE ANNUAL GENERAL MEETING

SUSTAINABILITY REPORT



ncrease in total Malaysian registered companies for procurement by

OUR SWEET EES JOURNEY

OUR SUSTAINABILITY COMMITMENT

We have been steadfast and committed to our progress in the journey to sustainability. Our journey began when we started becoming more accountable as a manufacturing entity, and sought to mitigate our impact on the community and environment. It has progressed since as an integral part of MSM's business philosophy and corporate culture. Today, as the leading sugar refiner and brand ambassador for Malaysia, we infuse our thoughts and actions in aspiration to achieve excellence in sustainability by integrating sustainable practices into every business activity in line with the Group's vision and core values.

This year, we highlight the strides we have made towards achieving sustainable development, even as we face the challenges brought upon by the COVID-19 pandemic head-on.

MSM Group's Sustainability Policy serves to facilitate our commitment and achievement to conduct business responsibly through the integration of Economic, Environmental, and Social ("EES") considerations throughout our business process. Our sustainability leadership is spearheaded by the Audit, Governance & Risk Committee and driven by our Group Chief Operating Officer ("CEO").

Our Sustainability Development Governance Structure

To govern, manage and regulate industry-specific sustainability matters that are considered more critical from economic, environmental and social perspectives.



This statement summarises the key highlights of our efforts towards achieving sustainable development through our Economic, Environmental and Social ("EES") initiatives for the reporting period from January 2021 to December 2021.

DELIVERING VALUE

GROUP FINANCIAL REPORT

SUSTAINABILITY REPORT



MSM PERLIS

Plantation 0

Factory

MSM PRAI

0 (including staff from refinery, warehouse & HQ)

MSM LOGISTICS



MSM HOLDINGS



emplovees

MSM JOHOR

(data shown as at 31st December 2019)

Since our establishment in 1964, MSM has contributed towards national socio-economic development. The Group's steadfast expansion into activities throughout the sugar value chain provides employment opportunities, expands business possibilities for local vendors as well as supports the development of secondary industries. MSM has also taken responsibility of shaping a progressive and sustainable economic landscape by strongly committing to ethical business practices, adhering to good governance, ensuring accountability and transparency in procurement activities, and complying with relevant laws and policies.

GRI-203: Indirect Economic Impacts

Currently, MSM provides job opportunities for 1,049 employees within the Group. We employ a diverse workforce from different backgrounds and professional expertise in operations and business support

In 2020, the number of employees reduced due to the cessation of operation in MSM Perlis, following the Group's rationalisation plan of relocating the Group's refining operations in MSM Perlis to the new refinery in Johor. The exercise involved redeployment of manpower and resources, and priority was placed on ensuring that qualified employees from Perlis were offered first choice opportunities to relocate to the Group's facilities in Prai, Penang, Sungai Buloh, Selangor and Tanjung Langsat, Johor.

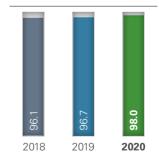
A small percentage of the employees were retained at MSM Perlis to assist in completing the paperwork for remaining assets transfer exercise.

GRI-204: Procurement Practices

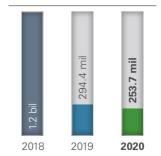
MSM continues to ensure its ethical procurement practices whilst giving fair opportunity throughout its value chain by:

- Ensuring timely, efficient and impartial corporate procurement functions to obtain the required items at reasonable and competitive prices with attention given to merit, quality and other relevant factors.
- Providing guidelines and strategies on ethical buying with mandated justification to assure transparency and optimise on profitability.
- Committing to transparent and visible procurement activities within MSM Group.
- Obtaining the best in class and fair value for money for every item and service procured thus ensuring equitable returns to MSM Group.

Total of Malaysian **Registered Companies** (%)



Local Procurement Expenses (RM)



SUSTAINABILITY REPORT

EFFECTIVE LEADERSHIP CORPORATE GOVERNANCE FINANCIAL STATEMENTS ADDITIONAL INFORMATION DETAILS OF THE ANNUAL GENERAL MEETING



MSM has invested in state of the art technology and equipment to ensure improvements in the efficiency of energy usage, prevention of pollution as well as to be in compliance with relevant requirements and legislations. We continue to monitor key environmental aspects such as energy optimisation, water usage, waste management and inventory of greenhouse gases.

2020 GOALS	OUTCOME
Optimising 2% of Water Usage Reduction of 0.0508 m ³ per tonne	Total water optimisation of 2.55m ³ , a decreased of 18% compared to 3.11m ³ in the previous year.
Reducing 3% of Energy Consumption Reduction of 0.8778 GJ per tonne	Energy consumption of 0.45 GJ , a reduction of 2.2% compared to 0.46 GJ in the previous year.

WASTE MANAGEMENT GRI-306: Effluents & Waste

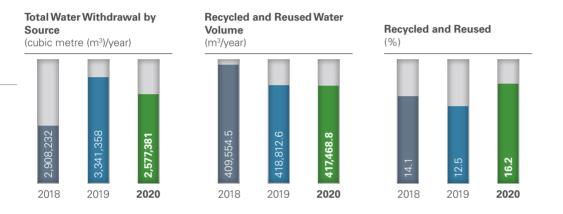
Cutting-edge nano-filtration waste treatment systems enable us to process the discharge produced in our refineries. The resulting salt residue can be reused for resin regeneration, while the rest of the residue is filtered and cleaned before being discharged. Waste stream management is outsourced to a supplier licensed by the Environmental Department to collect, transport, process and dispose waste in accordance with local regulations and standards.



SUSTAINABILITY REPORT

WATER USAGE **GRI-303: Water & Effluents**

Vast water guantities are used in the sugar refining process. Sustained water management measures have been adopted to ensure the efficiency of water usage within our operations. The amount of water used and reused in our daily operations are constantly measured and monitored.



360,800

2019

551

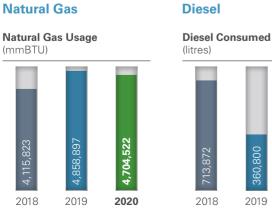
604,

2020

Water consumption in MSM Johor was lower for FY2020 due to a process activity. improvement Meanwhile in MSM Prai. higher water consumption was recorded due to the plant's lowest ever melting efficiency in April and May 2020 as a result of the significant drop in demand during the MCO period.

ENERGY OPTIMISATION GRI-302: Energy

We have invested heavily in back pressure turbines to generate approximately half of our energy requirements by channeling exhaust steam back to the heating process. We also recycle our process condensate for boiler steam generation. Where necessary, we use clean natural gas as an energy source at both refineries to reduce production of carbon soot and sulphur emissions. In addition, we employ an innovative system that combines functionalities of our Mechanical Vapour ReCompressor (MVR) evaporator and Vertical Crystallisation Tower (VKT) to dramatically reduce the amount of steam required during the sugar-boiling processes.

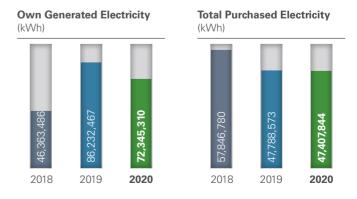


Electricity

Electricity generated in-house by the Steam Turbine Generator at MSM refineries continue to reduce our dependency towards Tenaga Nasional Berhad's (TNB) supply of electricity.

In FY2020, MSM used more of our own generated electricity compared to electricity purchased from TNB. TNB supply is only required when the generator trips or during plant shutdowns.

We continue to pave the way for further reduction in electricity consumption.



Note: Our calculation method for GHG emissions mainly for business air travel is based on

the International Civil Aviation Organisation (ICAO) Carbon

Emissions Calculator, whereas

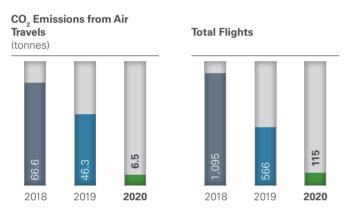
carbon footprint is computed

for each man-trip made.

GREENHOUSE GAS (GHG) GRI-305: Emissions

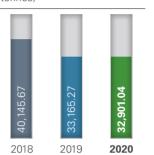
Business Air Travel

We actively attempt to reduce transport-related emissions through several initiatives. We encourage customers, suppliers and employees to adopt the usage of teleconferencing facilities; support car pooling for travels to the head office, refineries and other meeting functions; and we utilise a centralised process booking system for most of our short and long haul flights.



Electricity

CO₂ Emissions from Electricity (tonnes)



Note: Our calculation method for GHG emission mainly for electricity is based on the GreenTech Malaysia Carbon Calculator.

The emissions figures are different from the one reported in the previous annual report because these are calculated based on Total Purchased Electricity only. 57

Given the nature of our operations and presence across Malaysia, air travel for business meetings and operational site visits have seen us contributing signifcant emissions that has gradually been reduced through initiatives such as adoption of teleconferencing alternatives, car pooling and a centralised process booking system.

However, emissions plunged by 86% in FY2020 due to the restrictions in air travel during the COVID-19 pandemic.

SUSTAINABILITY REPORT

SUSTAINABILITY

EMPLOYEE RELATIONS GRI-405: DIVERSITY AND EQUAL OPPORTUNITY

MSM is committed to a safe and inclusive workplace that embraces and promotes diversity and equal opportunity, and is free from discrimination and harassment. We recognise workforce diversity as an organisational strength and competitive advantage in retaining and attracting the best people to improve our business performance. We value, respect and leverage the unique contributions of people with diverse backgrounds, experiences and perspectives to enhance understanding of the needs of our customers and provide innovative solutions and exceptional customer service to an equally diverse community.

To this end, we have also established feedback channels for employees to raise concerns, identify amiable solutions and report instances where they feel violated, disrespected or treated unfairly. As part of our Whistleblowing Policy, we have in place structured grievance and complaints process to encourage employees to report these potential violations without fear of reprisal.

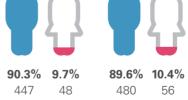
Our Employee Work Policy ("Policy"), communicated in the employee handbook, outlines clear guidelines towards nurturing a workforce that is fair and inclusive. This policy protects the rights of all employees against unlawful acts of discrimination.

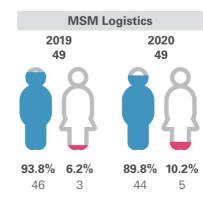
Though MSM's workforce within our refineries tends to be male dominated, in light of factory, machinery and work shift demands; we are on a journey to balance out gender diversity at all levels. In 2020, we recorded a 4.4:1 male to female ratio at manager level compared to 4.3:1 in 2019. More effort will be directed towards coming closer to the recommended target of 30% female representation at all levels.



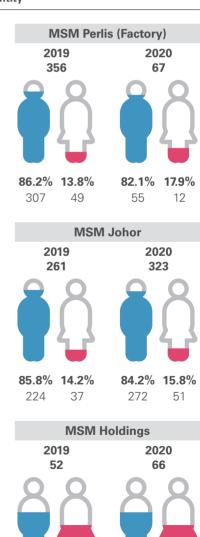


MSM Perlis (Plantation) 2019 2020 34 8 77.8% 22.2% 50% 50% 28 6 4 4 **MSM** Prai 2019 2020 495 536





By Entity



42.3%

22

57.7%

30

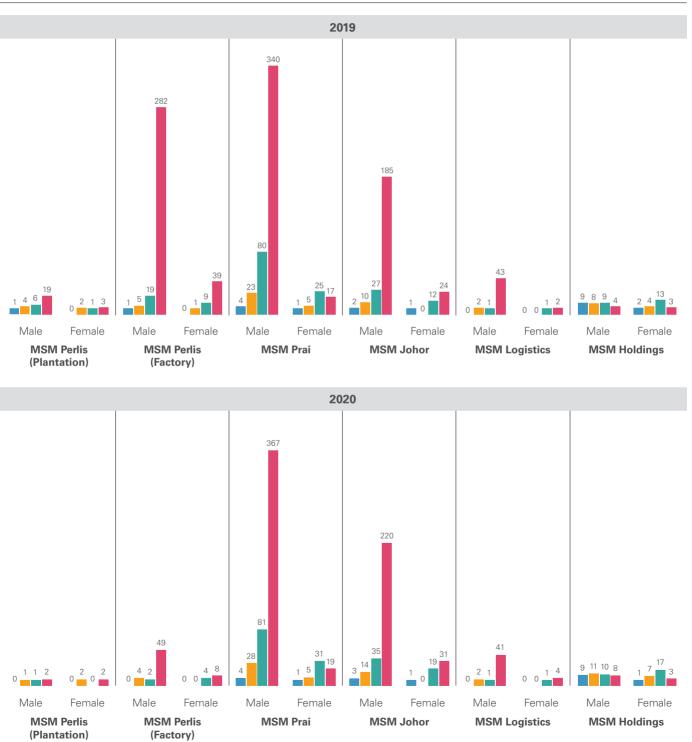
57.6% 42.4%

28

38

Top & Senior Management

By Category

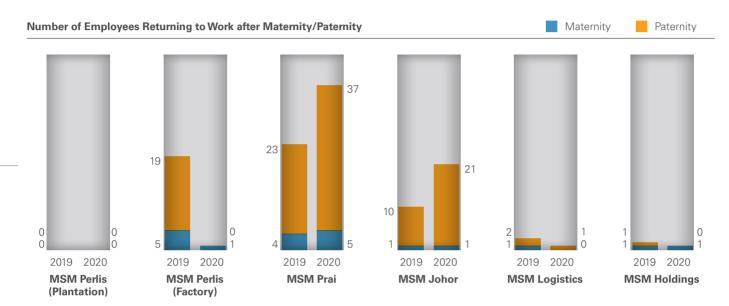


Managers

Executives

Non-Executives

GRI-401: Employment



In 2020 we continued to offer maternity and paternity leave as part of our employee welfare benefits. Meanwhile, there was a reduction in the number of employees following the cessation of MSM Perlis operations. However, the turnover rate does not include retrenched employees and retirees.



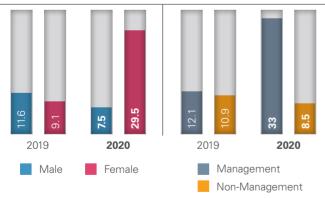
CORPORATE GOVERNANCE FINANCIAL STATEMENTS ADDITIONAL INFORMATION

GRI-404: Training and Education

A talent pool of loyal and skilled employees is vital to our future expansion plans. In building loyalty and workforce strength, we have established a Staff Mobility programme anchored on staff training and development for career progression. This enables accelerated learning curves for new employees. MSM also employs local graduate trainees under the Graduate Management Trainee Programme. With on-job engineering and management training, our graduate trainees are quickly upskilled to allow for ready deployment when required.



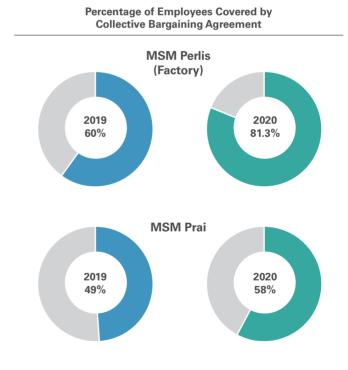
Average Training Hours by Gender & Category



GRI-407: Freedom of Association and Collective Bargaining

Loyalty, trust and communication are catalysts in forming long lasting and meaningful relationships with our employees. We continue to focus on promotion of employee rights and welfare by allowing for freedom of association with unions and have established a **collective bargaining agreement** (**CBA**) with the **union** representing our employees. The **CBA** is the result of an extensive **negotiation** process between the parties regarding topics such as wages, hours, and terms and conditions of employment.

In 2020, some of the employees from MSM Perlis who transfered to MSM Prai have also become eligible for coverage. However, the increase in percentage of employees covered by the CBA is mainly due to the overall reduction in total number of employees due to the cessation of MSM Perlis' operations.



DELIVERING VALUE

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CORPORATE SOCIAL RESPONSIBILITY (CSR) GRI-413: Local Communities

MSM Berhad engages with local communities through steadfast commitment to aid the disadvantaged and underprivileged through contributions of sugar essentials, financial aid and volunteerism. In optimising our impact, we actively collaborate and support existing programmes with various government agencies, welfare institutions and Non-Governmental Organisations (NGOs).

In 2020, MSM contributed a total of 51,237 kg of sugar products to aid communities impacted by COVID-19 pandemic and through other corporate responsibility programmes. This amounted to over RM100,000 worth of contributions for the community.

COVID-19 Pandemic Aid

The impact of the global pandemic in the first quarter of 2020 had an unprecedented and startling effect to many segments of society globally, and in Malaysia. The disruptions caused by the Movement Control Order (MCO) have led to company closures and many people losing their jobs and source of income as a result.

During this time of uncertainty and loss, MSM participated in various social responsibility and humanitarian aid programmes in collaboration with Yayasan Foodbank Malaysia, NADMA, Felda and FGV in which we donated over 46,000 kg worth of sugar products as part of basic necessities care packages to help ease day to day living expenses. These programmes were held between March to April 2020 across Malaysia.

Other CSR Programmes

MSM also contributed over RM10,000 in cash and in-kind to various CSR programmes in collaboration with local government agencies and NGOs; providing support and assistance for the underprivileged segments such as senior citizens, *Orang Asli*, B40 families and people with disabilities (OKU).

Zakat & Alms Giving

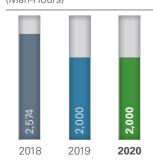
At MSM, we view our zakat contributions as a fundamental way in which we can contribute towards a more just and equitable society. Zakat or alms giving is based on the Islamic principle that Muslims should ease the economic burden of the less fortunate by sharing our earnings and wealth.

In 2020, MSM continued with our zakat contributions of more than RM1.0 million.

Assistance & Volunteerism

MSM encourages employees to engage in volunteer programmes and activities to help uplift marginalised groups and provide avenues of engagement on how our employees can assist communities. However, our progress on this front in 2020 has been quite restricted due to the lockdown/MCO. Despite that, MSM Prai employees continued to chalk up 2,000 man-hours performing volunteer services based on our ongoing Community Programme with Seberang Prai Municipal Council, which has been established since 2013. As per the previous year, activities included maintaining the cleanliness of the recreational public park, mowing the lawn, as well as cleaning the area and its facilities.





GRI-416: Customer Health & Safety

MSM's key competitive strength has always been our consistent delivery of the highest quality of sugar products to our customers, both locally and abroad. This has built our market leading position for our Gula Prai brand – the number one best-selling sugar brand in Malaysia.

Within our workplaces and plants, our Occupational Health and Safety Standards fulfil the requirements by the Occupational Health and Safety Advisory Services (OHSAS18001) and the Malaysian Occupational Health and Safety Management Systems (MS1722).

Our key suppliers are certified to supply quality materials as part of complying with rigorous quality inspection standards. In line with industry expectations for transparency and accountability, the certifications are clearly displayed on our sugar packaging and the MSM website for easy identification and reference.

Most importantly, we also have in place a comprehensive spectrum of product quality processes and controls by certified bodies which are audited on an annual basis. These are regularly monitored through performance indicators that drive continuous improvement and are in line with industry expectations for transparency and accountability.

Quality Assurance

Our refineries are constantly audited to ensure that our processes are in full compliance and certified with the following:

- Food Safety System Certification (FSSC 22000 Manufacturing)
- Food Safety Management System (ISO22000)
- Good Manufacturing Practice (GMP)
- Hazard Analysis and Critical Control Point (HACCP) Certification from the Ministry of Health, Malaysia

As a global exporter, MSM complies with international standards such as the Halal and Kosher certifications. All our products are:

- Halal-certified under MSM 1500:2009
- Kosher-certified by the London Beth Din Kashrut Division

OCCUPATIONAL HEALTH & SAFETY (OSH) GRI-403: Occupational Health & Safety

We view health and safety at our facilities as a crucial enabler to ensure the Group's long-term growth, as any hold-ups in operations due to a failure in health and safety requirements ultimately contributes negatively to our bottom line.

Our Occupational Health and Safety Standards adhere to international and local health and safety industry standards by fulfilling the requirements by the Occupational Health and Safety Advisory Services (OHSAS18001) and the Malaysian Occupational Health and Safety Management Systems (MS1722).

Safety and Health Committee (SHC)

Our occupational health and safety performance is managed by the Safety and Health Committee which maintains a continuous monitoring, measurement and reporting cycle of Health Safety and Environment (HSE) performance to create an ecosystem of health and safety awareness.

MSM

SUSTAINABILITY REPORT

Ro	les and responsibilities	Frequency of meeting
(a)	Assist in the development of safety and health rules and safe systems of work;	
(b)	Review the effectiveness of safety and health programmes;	
(C)	Carry out studies on the trends of accidents, near-miss incidents, dangerous occurrence, occupational poisoning or occupational disease which occurs at the workplace;	
(d)	Report any unsafe or unhealthy condition or practices at the workplace, together with recommendations for corrective actions, to the employer;	Quarterly
(e)	Review safety and health policies at the workplace and make recommendations to the employer for any revision of such policies;	
(f)	Inspection of the work sites;	
(g)	Conduct investigations into any accident or worrying incidents.	

Hazard identification, risk assessment and incident investigation

In MSM plants a structured framework of responsibility has been put in place to manage occupational health services' functions that contribute to the identification and elimination of hazards and minimisation of risks. MSM ensures the quality of these services and facilitates workers' access to them.

To register all chemicals used (Chemical Register) – SHE Department and area owner.				
Conduct Chemical Health Risk Assessment (CHRA) – conducted by DOSH registered assessor.				
Conduct Chemical Exposure Assessment – conducted by DOSH registered assessor.				
Conduct Medical Surveillance – conducted by Occupational Health Doctor (OHD).				
Noise Hazard Identification Checklist (Self-Assessment) – conducted by SHE Department.				
Noise Risk Assessment (NRA) – conducted by DOSH Registered NRA Competent Person.				
Audiometric Test – conducted by DOSH registered assessor.				
Ear Medical Examination – conducted by Occupational Health Doctor (OHD).				
Monthly general inspection – conducted by SHE team.				
Quarterly meetings – Conducted by Safety committee team.				
Near miss record keeping – by EAR card programme.				

Systemised processes are used to identify work-related hazards and assess risks on a routine and non-routine basis. A hierarchy of controls are then applied in order to eliminate hazards and minimise risks, including how the organisation ensures the quality of these processes as well as the competency of persons who carry them out:

Safety and Health Officer (SHO) Monthly Report – Head of Operation (HOO) will review the report before submitting to the top management.

Safety & Health Committee Workplace Inspection conducted bi-monthly – HOD of the related department to join the SHC Workplace Inspection.

Conduct Hazard Identification, Risk Assessment & Risk Control (HIRARC) - with HOD of the related process.

Hazard Hunt Form - to be submitted by staff when finding any unsafe act, unsafe condition or near miss accident.

Safety Toolbox Talk - one of the platforms to highlight any safety issues to staff by HOD.

The following lists the processes for workers to report work-related hazards and hazardous situations:

Submission of Hazard Hunt Form to SHE Department upon any finding of unsafe act, condition or near miss incident.

Highlight during Safety and Health Committee Meeting.

Directly or verbally reported to SHE Department.

During Safety and Health Committee Workplace Inspections.

HOD to highlight any new risks, new hazards or any safety issues during Safety Toolbox Session.

Worker can raise any issue regarding safety by using the EAR card. All the cards will be recorded and action taken will be channelled to the related department with details of issuer.

The results of these processes are used to evaluate and continually improve the occupational health and safety management system.

Submitted to the top management by Head of Operation (HOO) on monthly basis.

The inspection findings will be communicated verbally to the area owner and through share drive for the area owner to rectify the findings and the outcome will be discussed during Safety and Health Committee Meeting.

Conduct Hazard Identification, Risk Assessment & Risk Control (HIRARC) with area owner or process owner and HOD to brief to their staff.

All the PTW will be recorded and shared to all HOD and PIC for better monitoring.

SUSTAINABILITY REPORT

Workers are protected against reprisals by ACT 514 OCCUPATIONAL SAFETY AND HEALTH ACT 1994 Under PART VI – GENERAL DUTIES OF EMPLOYEES

Section 27. Discrimination against employee, etc.

No employer shall dismiss an employee, injure him in his employment, or alter his position to his detriment by reason only that the employee;

- (1) Makes a complaint about a matter which he considers is not safe or is a risk to health;
- (2) An employer who, or a trade union which, contravenes the provisions of this section shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding ten thousand ringgit or to a term of imprisonment not exceeding one year or to both.

Monitoring our Accident Statistics

As a whole, MSM Group had shown improvement in reducing accidents at the workplace. Cases due to accidents during work hours reduced 26% from 39 cases in 2018 to 29 cases in 2020. Unfortunately, we regret to report that there was a fatality case reported in MSM Prai in January 2020 due to contact with hot substance. The most common injury reported for 2020 mostly involved employees being hit by falling or moving objects and being caught in between objects. MSM's management takes a very serious view of all incidents and after each incident, immediate efforts were taken to improve the relevant standard operating procedure (SOP), policy and safeguards. Detailed investigations of every accident is conducted in close collaboration with the FGV Group Safety, Health & Environment Department and the Department of Safety and Health Malaysia (DOSH).

	2018	2019	2020				
Cases	39	36	29				
Days Lost to Injury	149	176	6,202				
Incident Rate	33.60%	29.46%	18.23%				
NO OF FATAL ACCIDENTS: 1							

The fatality recorded in 2020 was a critical call to action for heightened safety awareness and training within the refinery. MSM's management deeply regrets the loss of life of our employee and the incident was fully investigated internally and also by DOSH Penang, using Kelvin Top Set Analysis. Following the report, an additional SOP was registered as an immediate corrective action, and the following preventive actions have been identified:

- Training for all position levels
- Installation of a big digital thermometer
- Installation of a locking system at inspection
- Lock Out Tag Out (LOTO) system
- Safety signages
- Follow supervisor's instruction according to SOP

Activities, Awards & Recognition

Areas	of Training	Training Programmes			
@ ?	Emergency Preparedness Trainings	 Analysis of potential non conformity in scheduled waste management and its counter measures Authorised Entrants/Standby by Person for Confined Space Refresher (AESP) Authorised Gas Tester and Entry Supervisor for Confined Space Refresher (AGT) – Refresher 			
	HSE Awareness & Trainings	 12th NRG SHE OSH Conference & workshop OSH Conference – Northern Region (NRG) – Safety Chemical Awareness Training HSE Induction Kempen Keselamatan dan Kesihatan Pekerjaan 2020. "Keselamatan Jalan Raya" Bersama Jabatan Pengangkutan Jalan (JPJ) Malaysia 			
	Competency Trainings	 Electrical Safety & efficient Energy management of electrical & heating, ventilation, and air conditioning (HVAC) equipment in the workplace Forklift safety Handling Technique & Operation Analysis of Potential Non-Conformity – Environment Basic Chemical Handling Training Hazard Identification, Risk Assessment and Risk Control (HIRARC) OSH Coordinator 			
۲ ۲	Emergency Response Team (ERT)	Accident investigation – Root Cause Analysis (RCAT)			
	Noise Pollution Control • Noise Risk Assessment (NRA) Result Presentation				

Certification/Award/Recognition	Aspect	Evaluator/Provider
MSM Sg Buloh Warehouse: Level of Compliance – GRED B Level of Achievement – 89.33%	Workplace Inspection (PTK)	Department of Occupational Safety & Health (DOSH), Selangor

We Value Your Feedback

We aim to develop our sustainability goals and strategies further with the benefit from collaborative discussions and engagements with our stakeholders. Therefore, once our reports are published, we listen carefully to stakeholders' feedback where more clarifications and explanations are desired within our disclosure topics. We welcome all comments, suggestions and critiques on our sustainability practices and reporting. Please send us a message via email to **corpcomms@msmsugar.com**.