

Sustainability Report 2023



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COVER RATIONALE

SUSTAINABLE EXCELLENCE THROUGH INTEGRATION At the heart of MSM's purpose is our belief in the power of strategic integration to enhance operational efficiency, drive innovation, and foster resilient growth. Through aligning our sustainability goals with our business model, MSM is proving that excellence in performance is fully attainable alongside making a positive impact on society and the environment. The theme "Sustainable Excellence Through Integration" is not just a motto; it is MSM's blueprint for creating value that transcends financial gains, ensuring a legacy of prosperity and environmental integrity for years to come.

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Basis of

This Report

# **Basis** of **This Report**



#### MSM MALAYSIA HOLDINGS BERHAD

It is our pleasure to present MSM Group's latest Sustainability Report (SR), which communicates the Group's sustainability journey and impacts on the economy, environment and people. The purpose of this report is to offer clear and comprehensive information about our non-financial performance within the context of Environmental, Social and Governance (ESG).



MSM is guided by our vision of becoming a World Class and Cost-Efficient Organisation Driven by Sustainability with a Diversified Portfolio in Food-Related Business. We are committed to our sustainable promise of Sweet Sustenance in a Responsible, Sustainable and Mindful Way. To achieve this goal, we are dedicated to enhancing shareholder value, optimising growth and achieving a sustainable, balanced and integrated ESG performance. We plan to accomplish this by transforming our business model and capitalising on opportunities throughout the global food value chain.

This report demonstrates the significant enhancements we have made in our sustainability journey. This includes adopting the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in our climate risks and opportunities disclosure. This report also reflects our commitment to meeting the national reporting requirements and international ESG indices such as FTSE4Good Bursa Malaysia Index. We strive to improve our disclosures against the Global Reporting Initiative (GRI) Standards and incorporate the selected United Nations Sustainable Development Goals (UN SDGs) that are relevant to our business goals and strategy.

We remain dedicated to strengthening the sustainability of our business by regularly reviewing our ESG issues holistically across our operations. We will continue to enhance and refine our sustainability reporting to ensure transparency and enable stakeholders to make informed decisions.

#### **REPORTING SCOPE AND BOUNDARY**

The scope of this report is from 1 January 2023 to 31 December 2023. It includes all significant developments relating to MSM up until the approval of the annual financial statements. The contents in this report cover MSM Group and its operating subsidiaries:

- MSM Prai Berhad
- MSM Sugar Refinery (Johor) Sdn Bhd
- MSM Logistics Sdn Bhd

All data in this report relates to the principal activities of MSM Group and its subsidiaries unless stated otherwise.

#### REPORTING FRAMEWORKS

This report has been prepared with reference to:

- Bursa Malaysia's Main Market Listing Requirements
- Sustainability Reporting Requirements of the Securities Commission Malavsia
- Malaysian Code on Corporate Governance
- Bursa Malaysia Sustainability Reporting Guide (3rd Edition)
- GRI Universal Standards 2021

This report meets the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. It is accessible online on our corporate website at www.msmsugar.com

#### MATERIALITY

The information and data in this report have been prepared based on our identified ESG material matters determined in a materiality assessment in 2023. This report provides an overview of the material matters significant to MSM's business and stakeholders. The contents outline our management approach, initiatives and aspirations for each material matter aging forward.

#### REPORTING INTEGRITY AND ASSURANCE

This report has been externally and independently assured by SIRIM QAS International Sdn Bhd, verifying that the policies, initiatives and data disclosed here are accurate and acceptable. It has also undergone review by MSM's Executive Committee and Audit Committee before submission.

#### **ENDORSEMENT**

The contents of this report have been endorsed by the Board of Directors and Senior Management of MSM, in accordance with the requirements of Bursa Malaysia's Main Market Listing Requirements and Sustainability Guidelines.

#### **FORWARD-LOOKING STATEMENTS**

Our forward-looking statements reflect our current views with respect to future events and are subject to various risks, uncertainties and other factors, including international, national and local economic conditions and government policies, interest rate movements and changes in the credit markets and other risks outside of our control that may cause actual results to differ materially from those contemplated.

These statements can be recognised by keywords such as "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "plans", "outlook", and other similar expressions used in the context of discussing future operating or financial performance. These statements are based on multiple assumptions and are exposed to various risks, uncertainties and contingencies, many of which MSM has no control over. Unexpected events and actual future developments may significantly deviate from current expectations due to new business opportunities, changes in the Group's priorities and other factors.

#### **FEEDBACK**

We welcome feedback and suggestions to improve our sustainability reporting. Please forward your comments and opinions to esg@msmsugar.com

#### NAVIGATE OUR REPORT

In this report, the following navigation icons are designed to connect our six capitals, key stakeholders, strategic themes and enablers to material matters, risks and performance.

#### **NAVIGATION ICONS**

Find relevant information in this report

Find relevant information on our corporate website

#### MATERIALITY MATTERS

Climate Action

Waste Management

Water Management

Renewable Energy and Energy Management

Upholding Human Rights and Labour Standards

Diversity, Equity and Inclusion

Occupational Health and Safety

Employee Engagement and Talent Management

Community Engagement and Development

Governance, Ethics and Integrity

Traceability, Responsible Sourcing and Supply Chain Management

Operational Performance

Data Security and Protection

Business Development and Product Quality

**OUR VALUE** 

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE ON SUSTAINABILITY

OUR BUSINESS

DELIVERING SUSTAINABLE

UPHOLDING GOOD GOVERNANCE AND ECONOMIC SUSTAINABILITY

PUTTING OUR PEOPLE FIRST

OPTIMISING ENVIRONMENTAL PERFORMANCE

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# Our **Value Impact**

Our Value Impact



#### **BUSINESS HIGHLIGHTS**

Group Utilisation Factor

48.4%

Group Yield Performance

94.6%

Rating improved from 2.4 star to

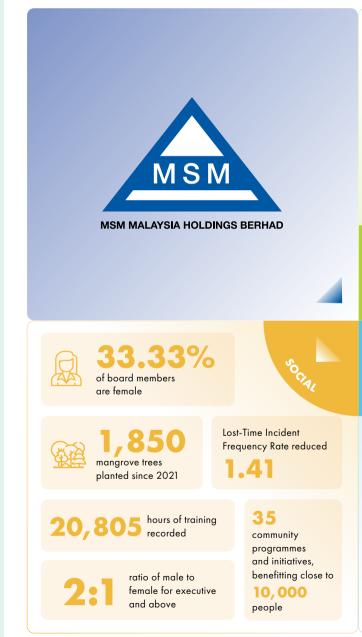
on Bursa Malaysia's FTSE4Good ESG Rating

Total revenue increased to

RM3.09 billion

in FY2022 from RM2.6 billion in FY2022

#### **SUSTAINABILITY HIGHLIGHTS**





OUR VALUE

**GROUP CHIEF EXECUTIVE OFFICER'S** MESSAGE ON SUSTAINABILITY

DELIVERING SUSTAINABLE

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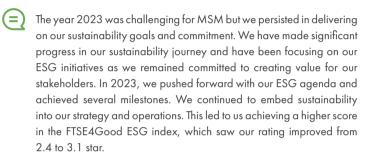
OPTIMISING ENVIRONMENTAL PERFORMANCE

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# Group Chief Executive Officer's Message on Sustainability



#### CAN YOU SHARE AN OVERVIEW OF MSM'S SUSTAINABILITY JOURNEY IN 2023?



Our sustainability initiatives were holistic and covered all the various aspects of sustainable value creation. We focused on sustainability in leadership before cascading it to our working level. Driving sustainability across our operations is supported by our Group Sustainability Policy (GSP) and a robust sustainability framework that is premised on environmental, social and governance.

We continued to step up our climate action with initiatives that were targeted at reducing our environmental impact and carbon footprint in the long term, such as circular economy and biodiversity preservation. To amplify the impact of our efforts, we reached out to non-governmental organisation (NGOs) and the local communities where we operate. Working closely with strategic partners and the communities did not only boost our reputation but also enables us to give back to society and advocate for sustainable practices.

Certainly, we would not have been able to deliver on our commitment without our dedicated employees. We acknowledge that our employees are our backbone and have continuously invested in their development and well-being. This includes providing a safe, healthy and conducive work environment that also promotes diversity and inclusion.

Good governance and sound business practices are fundamental to the sustainability of our organisation. In 2023, we continued to prioritise good governance across our operations and ensured that integrity and business ethics were upheld in all our business activities. Furthermore, MSM's leadership and employees were communicated and equipped with integrity training. We will continue to strive to embed sustainability in our business strategy and operations, as we seek to achieve our sustainability commitment and goals. We acknowledge that sustainability is a journey and the valuable lessons learnt at each step will enrich our progress and enable us to create more sustainable value for our stakeholders in the long term.



#### HOW DOES MSM CASCADE SUSTAINABILITY STRATEGY AND PRACTICES TO ITS WORKING LEVEL?



We emphasise on the tone from the top to cascade sustainability to the working level. The Board has ultimate oversight of sustainabilityrelated matters including climate risks and opportunities. It is mainly supported by the Audit, Governance and Risk Committee (AGRC), which is responsible for sustainability strategy development and MSM's annual Sustainability Report.

The Management Steering Committee (MSC), personally chaired by me to support the Board in overseeing sustainability, ensures the success of MSM's sustainability agenda. We even appointed MSM personnel as ESG Catalysts to effectively execute the Group's ESG agenda.

The strenathening of our sustainability governance has bolstered our climate strategy. In this context, the Board ensures that climate considerations are integrated into MSM's overall strategic planning. Members of the Board are consistently kept up to date with the latest sustainability developments and knowledge through training. In 2023, the Board attended a series of training related to sustainability development, which topics included climate change, responsible investment, effective climate governance an ESG thought leadership. The training also covered the latest sustainability reporting requirements, which are crucial for MSM's regulatory compliance. We will continue to review and enhance our sustainability governance to ensure continuous robust leadership in driving sustainability at MSM.



Group Chief Executive Officer's

Message on Sustainability

# Group Chief Executive Officer's Message on Sustainability



CAN YOU SHARE THE PROGRESS OF MSM'S CLIMATE ACTION IN 2023?



Our climate action in 2023 was a continuation of our efforts from the previous year. In 2022, MSM became the second foodbased company in Malaysia to commit to the Science-Based Targets initiative (SBTi), a collaborative effort involving the United Nations Global Compact (UNGC) Malaysia & Brunei and the Net Zero Ambition initiative. We always strive to be at the forefront of climate action and in this regard, we aim to achieve carbon neutrality within our operations by 2030.

This could be achieved by closing the gaps identified in our efforts, and by doing so, we could potentially become one of the first few companies in Malaysia to achieve carbon neutrality within our operations. We will continue to strive to be ahead of the curve through a consistent and disciplined approach that will result in incremental improvements.

Improving our waste management through promoting a **circular economy** is also part of our agenda to reduce greenhouse gas (GHG) emissions. Testament to this ambition is our mudcake product, which is repurposed into animal feed and fertiliser. We aim to achieve zero landfill target by 2024 to minimise our environmental impact. We have also established our biodiversity conservation plan, started to look at how our byproducts can contribute to the circular economy and enhanced nature-based solutions. We are also progressing in improving the sustainability of our supply chain with Scope 3 identification programmes and ensuring 100% traceability and No Deforestation and No People Exploitation (NDPE) compliance of our raw sugar.

In our effort to support the government's climate agenda, our endeavours extend beyond our operational scope. I am honoured to share that MSM representative was part of the strong Malaysian delegation of about 200 delegates to the UN Framework Convention on Climate Change (UNFCCC) Conference of Parties (COP28) at Dubai in December 2023. Led by the Ministry of Natural Resources, Environmental and Climate Change (NRECC). I believe MSM's participation in the international event will further enhance our sustainability journey and contribute to the organisation's climate strategy development.



HOW DOES MSM LEVERAGE ON COLLABORATIONS AND PARTNERSHIPS TO ADVANCE ITS ESG AGENDA?



ESG is already part of our DNA but embedding sustainability into our operations cannot be done on our own. We acknowledge that it requires a collective effort with all our stakeholders, whether internal or external. We have been actively establishing partnerships with strategic partners to advance our ESG agenda and deliver on our sustainability commitment.

Our collaboration with Wilmar Sugar in 2021 is a testament to a successful partnership. I am pleased to report that as of 2023, MSM's 94% raw sugar of the Gula Prai brand are sourced from Wilmar Sugar's NDPE initiative. The initiative aims to make sugarcane production environmentally sustainable and improve the livelihoods of the people involved. We will continue to work together with Wilmar Sugar to promote a sustainable supply chain of raw sugar.

Collaborating on nature-based solutions with both government and non-governmental organisations also advance our sustainability journey and enable us to contribute to the nation's transition towards a low-carbon economy. For instance, we work closely with WWF Malaysia to help conserve the Malayan Tigers which are on the brink of extinction. Our partnership with the Perak Fishery Department enables us to support the preservation of two highly endangered turtle species. In Penang, MSM Prai has been collaborating with the state Department of Environment to plant mangrove saplings and mangrove trees. We have planted 1,850 mangroves as of 2023 since the implementation of the initiative in 2021. We will continue to enhance our collaborations to better optimise the effectiveness of our initiatives and programmes.





#### WHAT MEASURES WERE IMPLEMENTED FOR THE WELL-BEING OF YOUR EMPLOYEES?



MSM is committed to fostering a culture of diversity ad inclusion. Our multi-cultural and diverse workforce reflects our approach in harnessing the diverse opinions and perspectives of our employees who are from wide ranging backgrounds. In 2023, we further pushed for diversity by championing gender equality at MSM and adopting the UN's Women Empowerment Principles in 2023. This puts MSM among the 100 signatories of Malaysian companies committed to providing a safe and inclusive workplace that embraces and promotes women empowerment, diversity and equal opportunity.

As of 31 December 2023, women's representation in senior management and the Board was 33.33% and 36% respectively. We target to achieve at least 30 percent in both categories by 2026.

We have continuously invested in the learning and development of our people to ensure that they stay relevant and agile to change. In 2023, our employees attained a total of 20,805 training hours, reflecting our commitment to supporting career development growth. Among the initiatives implemented were supervisory and leadership programmes, which aimed at nurturing employees with refined leadership qualities. We acknowledge that providing learning and development will contribute to sustainable business growth, and we aim to continue enhancing our programmes to develop a future-ready workforce.



#### WHAT DO YOU FORESEE IN MSM'S SUSTAINABILITY JOURNEY AHEAD?



We anticipate challenges along the journey to a sustainable future. Hence, we will continue to review and refine our sustainability strategy to align with current trends and the latest requirements and frameworks. This will include enhancing our sustainability and climate-related strategies and policies periodically to enable us to overcome challenges as we transition to a low-carbon economy. We will also intensify our collaborations and partnerships to further advance our sustainability commitment.

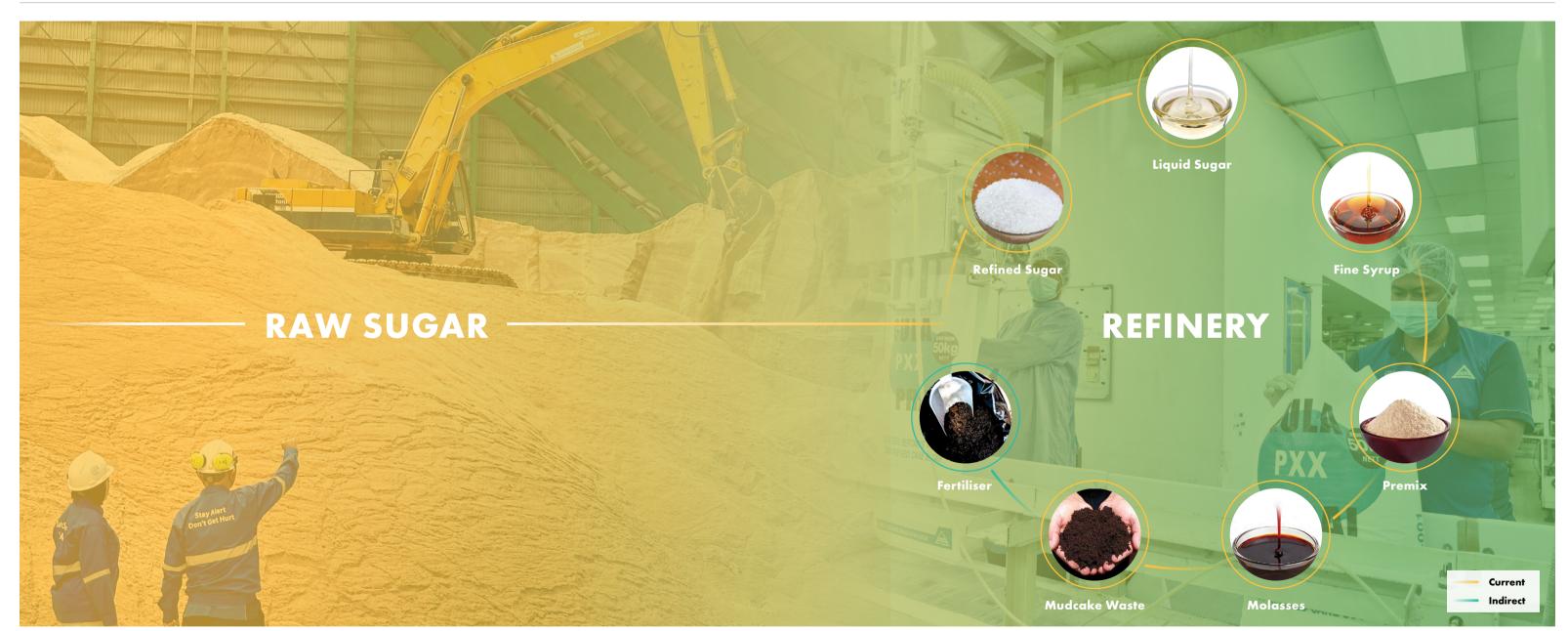
As we strive to embed sustainability into our operations and activities, we will continue building sustainability capability within MSM by providing the relevant training and exposure to our leaders and employees. This will ensure that the Board, management and working level remain updated with sustainability development.

We have set ambitious milestones to achieve carbon neutrality within our operations by 2030 and Net Zero ahead of 2050. We remain committed to supporting our country's Nationally Determined Contribution (NDC) to reduce the GHG emissions intensity of GDP by 45% by 2030 against the emissions intensity of GDP in 2005.



# Our **Value Chain**





# **PRODUCING HIGH QUALITY PRODUCTS**

The Group focuses on the midstream activities of the sugar value chain - namely sourcing, processing, marketing and distribution of refined sugar products, value added sugar products and sugar manufacturing by-products.

Through two established refineries situated in Prai, Penang and Tanjung Langsat, Johor, MSM is known for its premium quality sugar with a high sucrose content which is the predominant choice of food and beverage industry consumers, both domestically and regionally.

MSM has ventured into producing value added sugar products such as liquid sugar, fine syrup and premixes by leveraging its expanded production capacities. MSM is currently exploring the recycling of sugar refining by-products such as converting waste, mudcake, into fertilisers or other products from linear to circular economy and molasses into high value products.

OUR VALUE

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE ON SUSTAINABILITY

**OUR BUSINESS** 

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OPTIMISING ENVIRONMENTAL PERFORMANCE

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# **Our Corporate Profile** A Member of **FCV** SWEETENING LIVES SINCE 1964







# **Premium Quality Sugar**

Polarisation of | ICUMSA 99.6%

45



most chosen FMCG brand in Malaysia for three consecutive years Source: Kantar data insights survey

# LARGEST STANDALONE **SUGAR REFINERY IN MALAYSIA**

One of the largest sugar refiners in the global sugar industry

Listed on the Main Market of Bursa Malaysia with a market capitalisation of

RM2.24 billion (as at 22 April 2024)

MSM Malaysia Holdings Berhad (MSM) is Malaysia's leading refined sugar producer, listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Malaysia) on 28 June 2011. It is one of the top 50 prominent companies on Bursa Malaysia with a market capitalisation of RM2.24 billion as at 22 April 2024. It consists of two operating subsidiaries, MSM Prai Berhad (MSM Prai) and MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor), which were established in 1959 and 2018, respectively.

Incorporated on 10 March 2011, MSM is listed on the Main Market of Bursa Malaysia with a market capitalisation of RM2.24 billion as at 22 April 2024. MSM's continued success as a 59-year-old iconic home-grown business is a testament that its repute and brand values are being passed down from one generation of Malaysians to the next.

The current annual refining capacity for MSM Group is 2.05 million tonnes via its two refineries, MSM Prai and MSM Johor. To further maximise the Group's utilisation factor, the Group continues to optimise MSM Johor's capacity via a ramp-up programme to improve the Group's economies of scale to reduce the production cost per unit. The Group also plans to embark on a Rejuvenation Plan for MSM Prai to extend the life of the plant for another 30 years and ensure its operational reliability.

MSM produces, markets and sells refined sugar products under the flagship Gula Prai brand that lives up to its slogan, "Sweetening Lives Since 1964". Apart from household consumers, MSM also sells to a wide range of customers in Malaysia and in other countries, directly to small and medium industries (SMIs) and major industries, as well as indirectly through traders, wholesalers and distributors regionally.

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FMCG ranking stated was referring to 2020-2022.

Approach

OUR VALUE

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Our Sustainability

# Our Sustainability Approach

Sustainability remains central to our decision-making and business management, ensuring resilient growth and longevity. Guided by FGV Holdings Berhad's sustainability strategy and framework, our approach focuses on integrating sustainable practices into operations while creating value for stakeholders and minimising adverse impacts on society and the environment.

Anchored on three key pillars—Environmental, Social, and Governance (ESG)—our sustainability framework covers five focus areas that address essential elements of sustainability. These include topics related to economic growth, good governance, social and human rights, environmental impacts and sustainable production, alongside innovation and transformation.



#### **Economic**

- Prioritising operational efficiency, sustainability and climate resilience in the supply chain
- Improving operational efficiency through the Kaizen approach to optimise costs while maintaining product quality
- Engaging suppliers and partners ethically and promoting sustainable practices
- Attracting eco-conscious investors and consumers through our commitment to sustainability

#### Social

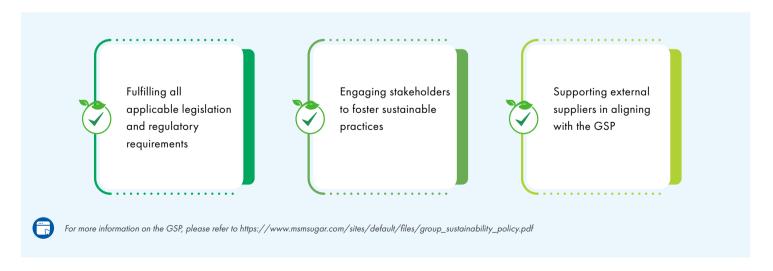
- Upholding human rights standards, principles and conventions including the UDHR, alongside fair labour practices
- Prioritising employee health and safety by providing comprehensive training
- Engaging with local communities to foster positive relationships through dialogue and participation

#### **Environmental**

- Improving resource utilisation by implementing measures to conserve water, energy and raw materials throughout our refinery operations
- Enhancing waste management practices and collaborating on biodiversity conservation efforts

#### **Group Sustainability Policy**

MSM adheres to the principles outlined in its Group Sustainability Policy (GSP), which serves as the cornerstone of our dedication to balancing economic endeavours with positive environmental and social impacts, all while upholding stringent standards of governance and ethics. Established in 2018, the GSP undergoes biennial reviews and updates to ensure alignment with the dynamic ESG landscape, stakeholder expectations and ESG indices. Encompassing 18 key areas, the GSP reflects MSM's commitment to:





# Stakeholder Engagement

# Stakeholder Engagement

Building and maintaining robust relationships with stakeholders has been pivotal to our turnaround success. Despite facing challenges, we leveraged alternative channels to sustain engagement and gather feedback when face-to-face interactions were limited. By attentively listening to our stakeholders, we gained invaluable insights that informed our risk management and decision-making processes.

The table below illustrates our diverse engagement platforms for stakeholders and links raised issues to the pertinent material matters of the year, with consumers and customers prioritised at the forefront.

# Stakeholder Highlights

**CONSUMERS AND CUSTOMERS** 



Zero product recall, reflecting stringent quality and production safety measures by MSM

**EMPLOYEES** 



senior management, underscoring MSM's commitment to DEI

**SHAREHOLDERS AND INVESTMENT COMMUNITY** 



Improved FTSE4Good ESG rating from 2.4 star to

**3.** 1 star

**REGULATORY AGENCIES AND STATUTORY BODIES** 



Yearly engagement

with Department of Environment and Department of Occupational Safety and Health in MSM Prai and MSM Johor

**VENDORS, SUPPLIERS AND INDUSTRY PARTNERS** 



Engaged more than

in our effort to contribute to local economic growth

MEDIA, NON-GOVERNMENTAL **ORGANISATIONS AND COMMUNITIES** 



Conducted

positive impacts in the local communities where we operate

#### **CONSUMERS AND CUSTOMERS**

Customer centric to boost our revenue generation and growth.

#### **Stakeholder Expectations**

- Quality product
- Competitive price
- Accessibility & consistent supply
- Excellent customer service
- Attractive credit term

#### **Response to These Expectations**

- Compliance with food standard
- Household brand
- Creation of a strong distribution network
- Optimisation of inventory management system
- Order fulfilment process

#### **Engagement Platforms**

- Online communications (emails, corporate website, social media)
- Sales representatives
- Branding campaigns
- Customer complaint response form
- Event and engagement sessions



#### **EMPLOYEES**

Employees are our vital assets and the key to drive performance forward.

#### Stakeholder Expectations

- Occupational safety, health & wellbeing
- Career development opportunities
- Vertical and horizontal growth opportunities
- · Competitive benefit, remuneration and welfare packages
- Conducive working
- Protecting human right
- Promoting Diversity, Equity and Inclusion

#### **Response to These Expectations**

- Prioritised health and safety programmes
- Robust talent management process
- Employee engagement and feedback mechanisms
- Investment in employees' training and development
- · Benchmarking pay structures against industry standards
- Talent attraction, development and retention
- Frequent management conversations with employees
- Team building and recreational events
- Psychological safety and mental health awareness initiatives

#### **Engagement Platforms**

- MSM's internal portal and emails
- Social and recreational activities
- Regular employee meetings, engagement events and programmes
- Onboarding programmes

#### **Relevant Material Matters**













**Impact to Capitals** 



#### **Relevant Material Matters**











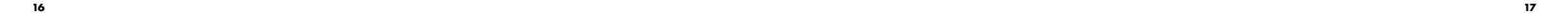
Impact to Capitals











# Stakeholder Engagement





#### SHAREHOLDERS AND **INVESTMENT COMMUNITY**

Provide constant communication and a platform for investors and the public to receive a balanced view of MSM Group's performance and the challenges faced.

#### **Stakeholder Expectations**

- Sustainable financial performance and return to shareholders
- Future growth for business
- Strategic engagement on value-added initiatives
- Providing comprehensive understanding on company performance, strategy and future prospect
- Transparent communication and timely financial report and sustainability disclosure
- Ethical and responsible business conduct
- Embedding ESG in business strategy and decision-making

#### **Response to These Expectations**

- Implementation of MSM BP26 to sustain long-term plans and growth
- Ensured transparency in corporate reporting and disclosures through various platforms
- Profit sustainability plan & revenue expansion initiatives
- Sustainable manufacturing performance efforts
- Strengthening reliability programmes and MSM Prai rejuvenation plan
- Inculcate ESG mindset and practices
- Upholding a strong governance, compliance and transparency framework

#### **Engagement Platforms**

- Annual reports
- Sustainability statements
- Quarterly financial announcements
- Annual meetings
- Annual roadshows (non-deal road shows/investor conferences/ corporate days)
- Quarterly analyst briefings
- Online communication (email, corporate website, social media)



#### **REGULATORY AGENCIES** AND STATUTORY BODIES

#### **Description**

The government's regulatory framework allows us to operate within a supportive environment and infrastructure in addition to providing other means of support to sustain our growth.

#### **Stakeholder Expectations**

- Compliance with all legal and regulatory requirements
- Strong corporate governance
- Environmental emissions and discharge management
- Employee safety and health
- Fulfillment of domestic market sugar supply
- Effective internal control measures

#### **Response to These Expectations**

- Ensure good control environment
- Perform periodical risk assessments & monitoring
- Establish internal governance of halal practices & policies
- Conduct annual consultation sessions
- Hold annual stakeholder consultations

#### **Engagement Platforms**

- Regular updates, disclosures and reporting to regulators
- Regulatory forums, briefings, meetings, conferences and consultation papers



#### **VENDORS, SUPPLIERS** AND INDUSTRY PARTNERS

Vendors, suppliers and industry partners provide the materials to produce the products and services needed for MSM's sustainable growth.

#### **Stakeholder Expectations**

- Convenient access to procurement systems
- Fair and Equal evaluation of vendors and their proposals
- Communicate fair conditions that satisfy both suppliers and MSM's
- Communicate of new policies, guidelines or strategies

#### **Response to These Expectations**

- Establishment of honest and open contract/tender negotiations
- Support for local vendors
- · Actively engagement with vendors to improve their understanding on procedures, guidelines, expectations of deliverables and quality standards
- Conduct integrity assessments

#### **Engagement Platforms**

- Online communications (emails, corporate website, social media)
- Vendor site visits
- Vendor evaluation form
- E-Procurement system
- Formal and informal engagements

#### MEDIA, NON-GOVERNMENTAL **ORGANISATIONS AND COMMUNITIES**

Building and nurturing existing relationships with the communities where we operate allow us to contribute to the transformation of these communities through development and various corporate responsibility programmes.

#### **Stakeholder Expectations**

- Socia-economic operational impact and initiatives
- Support key community developments and activities
- Sponsorship and donations
- Responsive and viable contribution

#### **Response to These Expectations**

- Community empowerment
- Regular channeling of value information to media
- Media engagement and outreach
- Provision of opportunities for volunteerism through community activities
- Provision of financial aid and charitable donations

#### **Engagement Platforms**

- Community engagement activities
- Online communications (emails, corporate website, social media)

#### **Relevant Material Matters**















#### **Impact to Capitals**

#### **Relevant Material Matters**



















**Impact to Capitals** 







#### **Relevant Material Matters**









#### **Relevant Material Matters**





**Impact to Capitals** 





# Sustainability Governance

Sustainability Governance

From leadership to the frontline, MSM is committed to sustainability. Sustainability leadership at MSM sets the tone for all levels of the organisation, ensuring that strategies, initiatives and programmes are effectively executed to deliver on our **ESG** commitments.

**Our Sustainability Governing Body** 



Audit, Governance and Risk Committee (AGRC)



GCEO, GCOO and Management Steering Committee (MSC)





**Head of Operations at Subsidiaries** 



**Department Heads at Subsidiaries** 

BOARD

**BOARD OF DIRECTORS** 

BOARD

AUDIT,

GOVERNANCE

**AND RISK** 

COMMITTEE

(AGRC)

The MSM Board of Directors has oversight of the Group's sustainability matters, including the Group's sustainability strategy and climate change risks and opportunities. Climate change is included in the Group's risk management framework and is managed the same way other risks are addressed and mitigated.

#### Main responsibilities and key roles:

- Reviews, approves and embeds ESG considerations into the strategic plans of the Group, guided by the MSM's Board Charter.
- Reviews and approves MSM's sustainability
- Develops MSM's sustainability policy and ensures material matters impacting the Group's business goals are considered.
- Reviews the Group's sustainability practices.

The Board is supported by the AGRC, which oversees the formulation of the Group's sustainability policy and strategies.

#### Main responsibilities and key roles:

- Meets quarterly to discuss all enterprise risks including matters related to climate change and
- Reviews the Sustainability Report and other sustainability-related matters, which can impact the Group's financial performance and
- Receives periodic updates on plans and actions to be taken, status updates on significant ESG initiatives and information on ESG risks and challenges from the Group Chief Executive Officer (GCEO), Group Chief Operating Officer (GCOO) and Management Steering Committee.

We adopt a tone-from-the-top in sustainability governance, whereby MSM's Board of Directors has oversight of sustainability-related matters including climate change. It is supported by the Audit, Governance and Risk Committee (AGRC) and MSM's GCEO in driving sustainability within the organisation.

Additionally, our Board consistently attends training related to sustainability development. For more information about sustainability training for the Board, please refer to the Task Force on Climate-Related Financial Disclosures (TCFD) on pages 64 to 71 and MSM's Corporate Governance Overview Statement in the IAR 2023.

MANAGEMENT

GCEO, GCOO AND MANAGEMENT STEERING COMMITTEE (MSC)

The GCEO and GCOO serve as the point of contact between the Board, including the AGRC, and MSM's operational units on corporate governance and sustainability matters.

#### Main responsibilities and key roles:

- Members of the Management Steering Committee are responsible for ESG-related discussions particularly on GHG emissions and reduction, identification of ESG opportunities and mitigation of ESG risks.
- Both GCEO and GCOO provide leadership and guidance for sustainability projects and initiatives across the Group.
- The GCEO receives reports directly from the ESG Department.

In 2023, selected personnel in MSM are designated as ESG catalysts, who are assigned with MSM's seven identified workstreams (Circular Economy, Nature-based Solutions, Zero Carbon Pathway, Creating Shared Value, Sustainable Sourcing, Water and Sustainable Packaging). The ESG Catalysts are responsible for:

- · Representing their respective departments in advocating ESG ideas and providing input during discussions.
- Driving and implementing sustainability and ESG activities, programmes and partnerships the workstreams. This is to inculcate ESG culture and inspire our employees to make impactful change.
- · Serving as ESG ambassadors, disseminating ESG messages from the MSC and facilitating communication between departments and the broader MSM community regarding any ESG initiatives.
- Seeking endorsement from the MSC for any desired or planned ESG programmes before presenting them to the appropriate approving authority for implementation.

WORKING

ESG DEPARTMENT

Our ESG Department provides advice to all Heads of Operations and Department Heads at subsidiaries on matters pertaining to the Group's sustainability strategy. The ESG Department also works closely with MSM's Health, Safety, Environment, Security & Quality (HSES&Q) Department and other departments in charge of the implementing the Group's sustainability-led strategies and programmes.

What Matters to You (and Us)

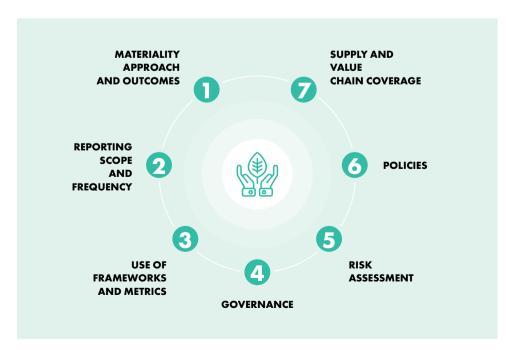
# **What Matters** to You (and Us)

Our commitment to sustainability is demonstrated through a rigorous process aimed at identifying and understanding our most significant material sustainability priorities. Through our robust approach, we continuously evolve our Sustainability Agenda to align with emerging priorities and stakeholder expectations.

In 2023, we embarked on a substantial enhancement of our materiality approach by engaging an external consultancy for our inaugural Double Materiality Assessment. This initiative has yielded invaluable insights, sharpening our focus on sustainability and ESG matters that bear significance in two crucial aspects: MSM's impact on society and the environment, and the potential risks and opportunities affecting MSM's financial value.

While integrating global standards such as Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS) into our Double Materiality Assessments, we acknowledge the dynamic nature of this field and commit to regular reviews of our methodologies. Our Double Materiality Process encompassed topic identification, inventory, and benchmarking, which included a comprehensive review of applicable sustainability standards, frameworks, and principles.

We benchmarked MSM against leading companies both within and outside our industry, evaluating sustainability maturity across seven dimensions:

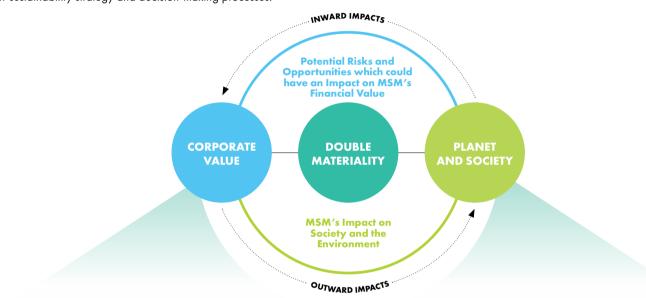


The risk assessment compiled a catalogue of sustainability-related risks pertinent to MSM, which were subsequently evaluated based on their potential impact and likelihood to construct a risk matrix. Materiality thresholds were established by considering potential occurrences across the value chain, risk types, geographical implications, industry dynamics, stakeholder interests, public scrutiny, and emerging trends.

The Impact Assessment prioritised MSM's societal and environmental impacts by amalgamating insights from the risk assessment, stakeholder engagements, and benchmarking exercises. This involved a comprehensive evaluation of MSM's actual and potential negative impacts on human rights, the environment, and the economy.

Financial Materiality analysis focused on identifying risks and opportunities with significant implications for MSM's financial value. Each issue underwent scrutiny to ascertain its potential effects on assets/liabilities, enterprise value, resource accessibility, and business relationships

Upon completion of these assessments, the relative importance of outward and inward impacts was determined, yielding actionable insights to inform our sustainability strategy and decision-making processes.





and Integrity

Governance, Ethics

# Governance, Ethics and Integrity

Sound governance with good business ethics and integrity is fundamental for the sustainability of any business organisation. At MSM, the foundation of our business lies in strong governance, underpinned by robust policies and the implementation of best practices and a culture of integrity. We acknowledge that instilling good governance, integrity and ethical practices across our operations and activities will maintain stakeholder trust. We will continue to uphold ethical business practices with good governance to ensure continuous value creation for the organisation and our stakeholders.



#### **Our Approach**

We comply with MSM's Sustainability Policy, which guides us in minimising the negative Environmental, Social and Governance impacts of all our business operations and activities. We remain guided by the Malaysian Code on Corporate Governance 2021 (MCCG 2021), in compliance with Bursa Malaysia's provisions of sustainability disclosures and reporting.

We implement various programmes and initiatives to inculcate good governance across our operations, including our vendors and suppliers. These include roadshows and townhalls, integrity talks and workshops. We also communicate our anti-corruption commitment to all the members of the Board, employees and business partners.

In upholding good corporate governance, we are guided by our Constitution, MSM Governance Framework, Code of Business Conduct and Ethics for Employees (CoBCE) and our corporate SWIIT Core Values. Our Board of Directors comply with the Board Charter. The Corporate Governance and Risk Management (CGRM) division oversees the ethics and integrity function in MSM, driving a positive work culture that instils ethical business conduct.

#### **Policies and Procedures**

We develop and review our policies and procedures based on the MSM Governance of Policies and Procedures Policy. This framework ensures a comprehensive review of documents by the relevant stakeholders, in alignment with the relevant laws and regulations. The framework has also been approved by the Board. The Board has oversight of approving all policies, which are stored in a central depository system (CDS) managed by the CGRM division, ensuring an appropriate internal control system.

#### MSM's Policies and Frameworks in Upholding Good Governance, Ethics and Integrity

## Governance of Policies and Procedures Policy

This is the principal policy to govern the development of MSM Group's policies and related standard operating procedures which aims to ensure:

- The proper process of the formulation of the policies and procedures.
- Standardisation of the policies and procedures through the format/ template, standard clauses, standard definitions and acronyms used.
- Management of the policies and procedures, to keep them current and relevant.
- Centralised depository mechanisms for making available and providing awareness of the policies and procedures

#### **Anti-Bribery Policy Statement**

Promoting transparent and ethical conduct, maintaining a positive image of integrity, transparency and accountability across all aspects of its business. Encompassing seven policies, the Anti-Bribery Policy Statement, which was revised and approved since 4 October 2021, is published on our corporate website.

The Anti-Bribery and Policy Statement consists of seven policies:

- CoBC
- Asset/Personal Interest Declaration Policy (APID)
- Whistleblowing Policy
- Referral Policy
- Conflict of Interest Policy
- Sponsorships and Donations Policy
- External Gift, Entertainment and Hospitality Policy (GEH)

This policy statement is available on MSM's corporate website

## (CoBCE) Policy for Employees Guiding employees in embracing the Gr

**Code of Business Conduct and Ethics** 

Guiding employees in embracing the Group's values and complying with applicable laws and regulations through honest, transparent and ethical business practices. The MSM CoBCE Policy encompasses various areas, including compliance, integrity, workplace conduct, business practices and conflicts of interest. This policy has been updated and approved by the Board.

# **Asset/Personal Interest Declaration (APID)**Establishing the rules and principles in handling

Establishing the rules and principles in handling APID by Directors and Employees of MSM Group.

In managing asset/personal interest, declaration is to ensure that the assets and personal interests are acquired through reasonable legal means within their financial ability and free from conflict of interest situation.

#### **MSM Whistleblowing Policy**

Establishing the rules and principles that govern the process of complaint management, investigation and protection for whistleblowing within MSM Group. The policy ensures clear oversight and defines the responsibilities in the whistleblowing reporting process, with provisions for the protection and confidentiality of whistleblowers within the MSM Group. This policy has been revised on 21 March 2022 and was approved by the Board.

This policy statement is available on MSM's corporate website.

#### MSM Referral Policy

Putting in place the rules and principles to govern referrals related to criminal cases, such as fraud, bribery and abuse of power to Enforcement Agencies. It establishes clear parameters to ensure compliance to referral protocols concerning the receipt of information, investigation outcomes and other related matters. The MSM Referral Policy has been approved by the Board.

#### Conflict of Interest Policy

Ensuring all individuals including employees and third parties associated with MSM Group are obligated to act in the best interests of MSM Group, and not in their personal interests. Employees are prohibited from engaging in activities that could result in personal gain for themselves, their 'relative', 'associate', third parties or any activities conflicting with the interests of MSM Group. The MSM Conflict of Interest Policy has received approval from the Board.

#### **Sponsorships and Donations Policy**

Establishing the objectives and guidelines for MSM Group with regards to sponsorships and donations.

This policy establishes the framework by which corporate sponsorships and donations shall be evaluated and the procedures by which decisions regarding corporate sponsorships and donations shall be made.

#### External Gift Entertainment and Hospitality Policy

Upholding high standards of integrity, preventing improper motives behind the offering or accepting of gifts, entertainment and hospitality to avoid undue influence on the recipient. This policy has been approved by the Board.

For more details on the revisions and establishment of MSM policies in FY2023, please refer to the Corporate Governance Overview Statement (CGOS) and Statement on Risk Management and Internal Control (SORMIC) in MSM's Annual Integrated Report 2023.

Governance, Ethics

and Integrity

## Governance, Ethics and Integrity

#### **Our Initiatives**

#### **Demonstrating Good Governance**

Our Board of Directors are responsible for driving good corporate governance to support the execution of our strategies and operations. This enables us to maintain the loyalty and trust we have gained from our stakeholders, especially investors. The Board is supported by the Audit Governance and Risk Committee (AGRC) in ensuring that we fulfil our statutory and fiduciary responsibilities, particularly in areas of financial reporting, governance, risk management and sustainability practices.

For more information on our corporate governance, please refer to the CGOS in MSM's Annual Integrated Report 2023.

#### Whistleblowing

Our Whistleblowing Policy safeguards the culture of good business ethics and integrity in all our operations and activities. It encourages and facilitates internal and external stakeholders to report any suspicions of wrongdoing including corruption, fraud or improper conduct without fear of reprisal or mistreatment. The policy, which is available on MSM's corporate website, serves as a confidential outlet for both employees and members of the public. It protects the anonymity of whistleblowers and helps prevent them from being exposed to risks of harassment or retaliation.

The whistleblowing channel is governed and managed by the Whistleblowing Secretariat, which receives all complaints that are reported through whistleblowing channels. All complaints received are presented to the Whistleblowing Committee (WBC) consisting of seven members from the management. Details of the members are available in MSM's Corporate Governance Report 2023.



# WHO

- Employees
  - Board of Directors Shareholders
  - Members of the public
  - Any party involved in a business relationship with MSM Group



- Email your concerns to MSMWB@msmsugar.com • Fill in the e-form:
- https://msmwhistleblowinge-form.msmsugar.com
- Call the hotline at 03-21816827 secured voice recording
- Send a letter to: MSM WB Secretariat Level 44, Menara Felda, Platinum Park, No. 11 Persiaran KLCC 50088, Kuala Lumpur, Malaysia

Whistleblower may file a complaint in person with the MSM Whistleblowing Secretariat

**WHAT** whistleblow?

- Breach of Company's policies or code of conduct
- Improper conduct
- Unethical behaviour Actual/suspected fraud
- Abuse of power

## **MSM** WHISTLEBLOWING **KEY HIGHLIGHTS**



WBC assigns any of the following appointed parties to conduct an investigation:

- a) CGRM on matters related to fraud, bribery and abuse of power
- b) Group People & Culture (GPC) on matters related to misconduct issues
- c) Group Internal Audit (GIA) on any matter as directed by the Board/Group Chief Executive Officer



Upon completion of an investigation, a written report with findings and recommendations is submitted to the



WBC deliberates over the investigation report for allegations against employees at the Senior Management level and below to determine next appropriate course of action.



WBC's Chairman refers any investigation report for allegations against Vice President(s) and above, Members of the Board and Government Appointed Director(s) to the AGRC to determine the next course of action.



The Authorised Officer receiving the report of Detrimental Action commences investigation and submits the report to AGRC.



The whistleblower will be notified of the outcome of the investigation of Detrimental Action.



#### **Driving a Positive Compliance and Integrity Culture**

We continued implementing initiatives comprising programmes and activities to instil high standards of ethics, integrity and accountability:

#### **Corruption Risk Management Review**

#### Governance, Integrity & Risk Periodic Communication

#### **Vendor Integrity Pledge**

Raised awareness on whistleblowing via various platforms such as roadshows and email blasts

**MSM** Integrity Pledge for employees including newly onboarded staff

#### **MSM** Integrity Talk

- Integrity Talk (1): 1 session
- Integrity Talk (2): 1 session
- Integrity Talk (3): 1 session

#### Corporate Governance & **Risk Management Policy** Roadshow (key highlights:

Adequate Procedure) MSM Prai: 9 sessions

- MSM Johor: 18 sessions
- MSM Sg Buloh & MSM Logistics: 6 sessions

Establishment of new and revised policies

Q

## Governance, Ethics and Integrity

## Governance, Ethics and Integrity

#### **Anti-Bribery and Corruption**

We remain guided by MSM's Anti-Bribery Policy Statement, which is available on the Company's corporate website. It aligns with Paragraph 15.29 (1) and (2) of the Listing Requirements, guided by the Guidelines on Adequate Procedures and Section 17A (5) of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018). The statement is in place to tackle three primary areas related to bribery and corruption: Corruption, Fraud and Abuse of Power.

We adopt the principles of T.R.U.S.T to ensure adequate procedures in combatting bribery and corruption:

**T**OP LEVEL Board, Executive Leadership & Management COMMITMENT **R**ISK Corruption Risk Management (CRM) MANAGEMENT **U**NDERTAKE Establishment and review of **CONTROL** policies and procedures **MEASURES** Regular review on **S**YSTEMATIC performances, efficiency REVIEW, and effectiveness of the anti-MONITORING AND corruption programme and **ENFORCEMENT** ensure the enforcement Governance, Integrity & Risk **T**RAINING AND education, awareness and COMMUNICATION periodic communication

Our commitment to anti-bribery and corruption practices is demonstrated through our ongoing Corruption Risk Management workshops, ensuring MSM's readiness for the Organisational Anti-Corruption Plan (OACP). We also conduct corruption risk assessment across our operations to manage and mitigate risks related to bribery and corruption. In the year under review, 100% of our operations were assessed for corruption-related risks through MSM's Corruption Risk Management. The assessment found that in-bound bribery, out-bound bribery, false claims and abuse of power are the main risks to corruption. We will develop better internal controls and preventive measures to mitigate and manage the risks identified in the assessment.

Additionally, we communicate and conduct training on our anti-corruption initiatives and related policies and governance practices to our employees through email blasts, MSM Integrity Talks for both employees and vendors and an MSM Roadshow on Adequate Procedures.

In 2023, we maintained

zero

#### confirmed incidents of corruption and action,

achieved through stringent policies and procedures against bribery and corruption. This outcome followed a thorough investigation of eight reported incidents, six of which are not related to bribery and corruption, while two are still under investigation.

#### Board of Directors' and Business Partners' Communication of MSM's Anti-Corruption Policies and Procedures

	Headcount	Percentage
Board of Directors	9	100%
Business Partners	742	88%

#### Employees' Communication of MSM's Anti-Corruption Policies and Procedures

Initiatives	Number of Employees	Percentage	
Governance & Integrity Periodic Communication via email blast	Employee with MSM email		100%
Integrity Talk Series 1, 2, and 3	600 (2023)		53%
Roadshows (MSM Johor, MSM Prai, MSM Sungai Buloh)	746 (2023)		<b>67</b> %
Contest Governance & Integrity 2023	Employee with MSM email		100%

#### Board of Directors' Training on MSM's Anti-Corruption Policies and Procedures

No. of Board of Directors who received training on anti-corruption	Percentage
3 out of 9 Directors	33.33%

#### Employees' Training on MSM's Anti-Corruption Policies and Procedures

Initiatives	Number of Employees	Percentage
Governance & Integrity Periodic Communication via email blast	Employee with MSM email	100%
Integrity Talk Series 1,2 and 3	600 (2023)	53%
Roadshows (MSM Johor, MSM Prai, MSM Sungai Buloh)	746 (2023)	67%

MSM will continue to persist in its efforts to comply with regulatory requirements and uphold good corporate governance principles in integrity and ethical business conduct. We will look into developing initiatives to combat corruption within our organisation by adopting preventive measures to mitigate potential corruption and optimise our internal controls.

For more details, please refers to Corporate Governance Overview Statement (CGOS) in MSM Annual Report 2023.

# Traceability, Responsible Sourcing and Supply Chain Management



Monitoring and tracing the sources of our raw materials, particularly raw sugar, is critical for MSM Group's sustainability efforts. Raw sugar is essential for our sugar products, making its sourcing pivotal for our supply chain. We recognise the critical role sugar plays within our community, understanding that any disruptions to its supply chain could have far-reaching consequences across various industries. Therefore, we are dedicated to safeguarding the sustainability of our raw sugar sources through enhanced visibility and traceability practices.

By meticulously identifying the origins of our raw sugar, we not only gain insight into our supply chain but also empower ourselves to proactively address potential risks that could impact our operations and financial outcomes in the future. Our commitment to transparent raw sugar sourcing fosters collaborative partnerships, strengthening supply chain resilience and promoting sustainable practices. By prioritising responsibility and transparency, we not only meet community demands but also contribute to a more sustainable and resilient future for all stakeholders.

#### Our Approach

Our commitment to ethical procurement and a sustainable supply chain ensures that we continue enhancing traceability of how our raw materials are sourced, utilised and distributed. In cultivating a sustainable supply chain, we stand guided by our Group Procurement Policy, which outlines the principles of productivity, competency, transparency, and responsibility. These principles prioritise factors such as value creation, quality delivery by vendors, fair competition, and strategic partnerships, reinforcing our dedication to responsible business practices.

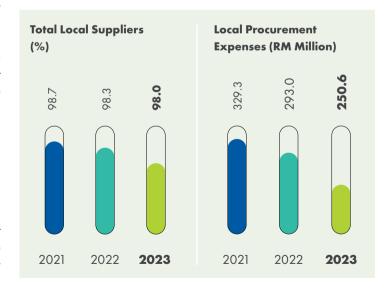
Our adherence to responsible sourcing is guided by the MSM Group Trading Policy and SOP Raw Sugar Frame Supply Contract. FGV, our parent company's Group Procurement, has oversight of our vendors through the central system and manages them based on responsible practices, which include ESG considerations such as employment rights, safety, quality and sustainability. We monitor and assess our suppliers and vendors by conducting a standardised vendor evaluation process, which incorporates ESG elements, ensuring the retention of a robust vendor base with competitive pricing and high-quality services.

However, it is important to note that the evaluation process does not encompass the procurement process of raw materials or commodities for the production of goods sold, such as raw sugar, which falls under the purview of FGV. In addition, our procurement practices are entrenched with good governance practices and a zero-tolerance approach towards bribery and corruption. We practise fair and equal treatment for all suppliers and business partners, with clear recognition for technical and commercial assessments. Additionally, we advocate transparency by communicating any changes in our procurement guidelines before officiating our partnerships.

#### **Our Initiatives**

#### **Supporting the Local Supply Chain Network**

We continue prioritising local vendors and suppliers, whose businesses are in Malaysia and able to provide their goods or services to MSM operations in Prai, Johor and Sungai Buloh. In FY2023, the spend for local vendors and suppliers was RM250.6 million or 98% of our total procurement spend.



The reduction in supplier expenditure was due to MSM's overall performance over the past two years, during which the company incurred losses. Consequently, one of the measures taken to mitigate this challenge was to temporarily halt new project spending (Capex) and optimise the existing inventory at our refineries.

#### No Deforestation, No People Exploitation (NDPE) Policy

As part of our continuous advocacy for a sustainable supply chain, we have renewed our commitment to the No Deforestation, No People Exploitation (NDPE) Policy with Wilmar Sugar Ptd Ltd. The extension, which is valid for another two-year term, underscores our ongoing dedication to this practice initiated in 2021.



- A sugar policy promoting transparency by ensuring that sourcina is mapped out to all mills and refineries with specific information readily available
- Upholds the full extent of supply chain visibility, enabling traceability of the origin of sugar sources

#### Sustainability for Our Operations:

- Enabling sustainable raw sugar sourcing within the MSM and Wilmar joint supply chain
- Enhancing MSM Group's presence as an integrated sustainable
- Achieving operational efficiencies and best practices
- Providing better transparency into our upstream supply chain

#### NDPE's Impact to Human Rights:

• Respect and support internationally recognised human rights

Traceability, Responsible Sourcing

and Supply Chain Management

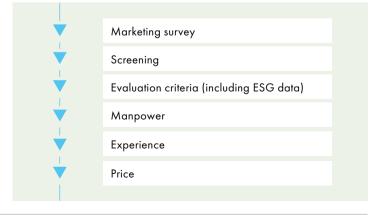
- Respect and recognise the rights of workers
- Respect the rights of indigenous and local communities to give or withhold their free, prior and informed consent (FPIC) to operations on lands to which they hold proven legal, communal or customary
- Respect land tenure rights
- Respect and protect the rights of children and their welfare
- Identify measures to provide remediation where the company has caused or contributed to negative human rights impacts

#### Reflecting Our Commitment through Wilmar's Achievement



- The Farm Sustainability Assessment (FSA) 3.0 by the Sustainable Agriculture Initiative Platform (SAI Platform) has recognised the alignment of Wilmar's NDPE policy with the FSA Gold Level
- The FSA enables food and drink businesses to assess, improve and validate on-farm sustainability in their supply chains and the FSA Gold Level is the highest level for outstanding sustainable farming practices

#### **Supplier Selection Process**



## Traceability, Responsible Sourcina and Supply Chain Management

With our suppliers, we have started implementing a set of basic ESG checklist and criteria. This checklist evaluates the readiness of our upstream vendors on ESG, with questions surrounding their commitment and policies, governance, standards and reporting, products and services and priorities and plans.

In FY2023, we have reached out to our vendors via an email questionnaire:

Entities	No. of Vendors	Vendors Who Responded	% of Response
Headquarters	28	9	32
MSM Logistics	30	9	30
Prai	287	58	20

#### **Contracting Process**



#### **Sustainable Packaging**

Sugar packaging often contributes to excessive packaging waste. The following reflects our annual packaging consumption:

	MSM Johor	MSM Prai
PP Bags (tonnes)	691	408
Paper Bags (tonnes)	25	80
PE Film (tonnes)	1, 298	2,083

We mitigate this issue of packaging waste by setting our target in sustainable plastic packaging in line with the National Plastic Roadmap. Our approaches in realising sustainable packaging include, but not limited to:

- Converting plastic packaging to light weight polymers, through green plastic technology with better resin performance which uses
- Utilising stretch film as our first footprint.

In moving towards sustainable packaging, we will be exploring alternative materials by partnering strategic stakeholders. Once established, our cost benefit analysis and product costing will be conducted and embedded into our budget.

#### **Goina Forward**

MSM is constantly looking to improve our procurement initiatives and maintain a sustainable supply chain. In 2024, we will continue to enhance our collaboration with local suppliers, strategically upholding stringent product quality and sustainability standards. We remain dedicated to the meticulous process of traceability reporting for our sugar supplies by diligently monitoring sustainability performance in alignment with the NDPE Sugar policy. This commitment ensures transparency and accountability in our supply chain practices, reinforcing our ongoing efforts towards sustainable and responsible business operations.

Due to the global sugar shortage and the decline in sugar production during FY2023, we will continue to exercise prudence in managing our raw sugar supply as we recognise the consistent impact of the NY11' costs on our profitability. To navigate this issue, we will work towards ensuring that the raw sugar price for MSM remains below the market average through the hedging strategy. Additionally, we are looking at upgrading our raw sugar vessel from 44,000MT to 50,000MT as part of MSM Refineries Feasibility study. The bigger vessel can reduce carbon footprint, lower the cost, and freight premium pay, which leads to better margin for the Group.

# **Operational** Performance

## **WHY IT MATTERS**

Operational performance is vital for MSM, the foremost sugar producer in Malaysia, as it directly influences the efficiency and effectiveness of our core refining business. We remain steadfast in our commitment to delivering the highest quality products and services both domestically and internationally, ensuring a strong foothold in the market. Our dedication to sustainable economic prosperity is evident through the safe conduct of our operations, environmental stewardship, and unwavering adherence to ethical business practices amidst an ever-evolving industry landscape.

A well-optimised operational performance is essential for enhancing our competitiveness, enabling us to meet consumer demands and maintain a robust market position. Furthermore, efficient operations contribute to cost-effectiveness, positively impacting the company's overall financial health and sustainability. This enables us to contribute positively to local economic development and enhance the well-being of the local communities. Through our continued focus on operational excellence, we aim to further strengthen our position as a leader in the sugar industry.

#### **Our Approach**

At MSM, we prioritise efficient maintenance processes through the implementation of planned shutdowns, preventive maintenance, and other maintenance principles. This focus ensures the availability and reliability of our refineries, which are essential for supporting our large-scale production. By maintaining an efficient and reliable refinery, we can consistently uphold uniform quality standards and optimise plant utilisation.

Our emphasis on reliability, safety, and quality output underscores our commitment to delivering excellence in every aspect of our operations. Simultaneously, we integrate precise management, control mechanisms, and digitalisation into our plant efficiencies. This strategic approach not only enhances operational performance but also aligns with our sustainability goals.

Our commitment to efficient processes and operational excellence directly contributes to the economic prosperity of the regions where we operate. By ensuring the continuous operation of our refineries, we sustain employment opportunities and support local businesses that rely on our supply chain. Moreover, our adherence to high-quality standards enables us to maintain market competitiveness, driving revenue generation and fostering economic growth within the communities we serve.

#### Direct Economic Value Generated

Sales Revenue

RM3.09 billion

#### **Economic Value Distributed**

Operating Costs

(e.g. materials, product components, facilities purchased)

RM2, 928, 275 thousand

Community Investments

(e.g. donations and investment of funds)

RM256 thousand

Payments to Providers of

RM47, 760

Payments to Employee Wages and Benefits

RM103,594

Payments to Governments by Country

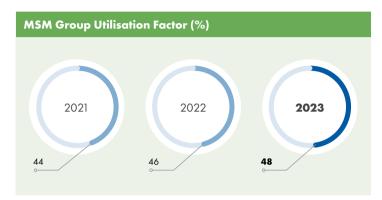
RM21,871 thousand

#### **Economic Value Retained**

Economic Value Distribution In Excess of Economic Value Generated

**RM10,533** thousand

# Operational Performance



#### Our Initiatives

We have also continued the C2R initiative, focusing on cost savings, cashflow conservation, and revenue generation to improve financial performance and sustainability. This comprehensive approach involves identifying areas for cost reduction, efficient cashflow management, and innovative revenue-generating strategies, such as transforming waste into revenue and expanding exports into new markets. We have also commenced seeking for expansion opportunities in other countries in the APAC and Africa. Additionally, we have accomplished stabilisation of MSM Johor, the completion of the packing and refined sugar warehouse and our Industrial Effluent Treatment system (IETs).

In 2023, we transitioned into the Integration phase of our strategic plan, culminating in the final year of BP23. Throughout this period, the Group generated significant economic value through strategic initiatives and market expansion efforts, underscoring our dedication to sustainable progress and excellence. It reinforced our commitment to creating tangible economic value within our operational sphere.

#### **Enhancing Operational Efficiency to Maximise Performance**

Our year-round efficiencies are measured via the plants' Utilisation Factor (UF), which can be impacted by scheduled maintenance for improved operational efficiency or unanticipated interruptions from equipment malfunctions or plant closures. To mitigate these issues and boost plant reliability, we prioritise timely execution of scheduled maintenance and conduct the necessary interventions throughout the year.

During the year under review, MSM Johor has proceeded with our ramp-up programme and MSM Prai has commenced with its rejuvenation life extension programme which is expected to extend the plant's lifespan for an additional 20-30 years. The yield performance indicates the process effectiveness of extracting as much refined sugar product from the source material of raw sugar. This includes the removal effectiveness of foreign



material to ensure good quality product. The yield also includes components to measure the effectiveness of our recovery side of the process thus reducing wastages to a minimum with any given quality of raw sugar.

#### **Upgrading of Technical Equipment**

In addition, MSM Johor has completed its technical turnaround, gearing up for increased production, a wider range of products, and a focus on green energy. In May 2023, MSM Johor successfully completed the rectification programme for critical equipment, specifically the two steam boilers. This rectification has essentially resolved the recurring problem in steam supply, increasing reliability and ensuring continuous availability of the refinery throughout 2023. This achievement enables the refinery to concentrate on optimising its processes and identifying other bottlenecks to gradually ramp up to its design capacity of 1 million tonnes per annum. By enhancing plant reliability, we can increase the refinery's utilisation factor, thereby reducing overall costs and emissions per unit of product. All work and procedures have received certification for full compliance with industry standards, emphasising safety and quality.

#### **Going Forward**

Our strategic initiatives to enhance manufacturing efficiency and achieve a higher UF target at the MSM Johor plant have significant economic implications. By reducing production costs, improving productivity, and responding effectively to market dynamics, we bolster our domestic and regional presence while optimising asset potential. The adoption of advanced technologies drives innovation and competitiveness, contributing to revenue growth and job creation. Additionally, the improvement of the MSM Johor plant not only boosts local supply chains but also fosters economic growth in the region. Overall, our focus on operational excellence generates positive economic impacts by fostering growth, innovation, and competitiveness in the

# Data Security and Protection



There is a growing emphasis on digitalisation in businesses and as we continue to increase our data creation and storage, there is a crucial need to safeguard information through data protection. MSM prioritises the enforcement of a robust data security and protection system to continuously establish trust with our stakeholders and uphold strong ethical business practices. We also ensure that we implement a structure that is capable of recovering and restoring data with minimal disruptions should a corruption occur in the system as safeguarding data privacy is integral to our business.

#### **Our Approach**

The Group adheres to the Personal Data Protection Act (PDPA) 2010 which guides us in managing our data collection, processing, storage and disposal, securely and responsibly. We also adopt practices to prevent unauthorised access, use, disclosure, modification, or destruction of our data and implement stringent controls to manage the integrity and confidentiality of available data, thereby reducing our legal and reputational risks.

#### **Our Initiatives**

In FY2023, we have accomplished the following:



Strengthened the security function by implementing a state-of-the-art Next-Generation Firewall to mitigate cyber threats and activated IPS (Intrusion Prevention Service), firewall antivirus and web filtering



Regularly reviewed employee access on the access matrix with the business owner and ensured that roles assigned is befitting to their current job destination



Monitored the threat pattern on daily basis specifically to Ransomware, Phishing, Spam, Web Filtering (External & Internal)



Conducted monthly cyberattack awareness programmes for our employees

In 2023, there were **zero**substantiated complaints
concerning breaches of our
customers' privacy and zero
losses of customer data in the

year under review.



35



#### **Going Forward**

In further advancing our data security and protection, we will be strengthening our Incident Response Plan. We are also working towards improving the IT Policies and Procedures for our cybersecurity system and developing Information Security Management System to achieve the ISO Certification ISO27001:2022. For our workforce to be familiarised with our systems, we are developing a Cyber Drill Exercise as part of IT Business Continuity Management (BCM), aimed at reducing disruptions to our operations.

Business Development

and Product Quality

# **Business Development** and Product Quality



Business development is imperative for MSM as it enables the Group to explore new markets, secure partnerships, and expand its reach, ultimately driving growth and revenue. Ensuring product quality is equally vital as it directly impacts customer satisfaction, brand reputation, and compliance with industry standards, contributing to sustained success. Together, effective business development strategies and a commitment to high product quality position MSM to thrive in the market and efficiently meet the evolving needs of consumers.



#### **Our Approach**

MSM's market competitiveness thrives on consistent delivery of the highest-quality sugar products to both domestic and international customers. Upholding stringent food safety and Halal standards, we strictly comply with policies and regulations, periodically reviewing and assessing them for adequacy and improvement. Our commitment to business development and quality control has made Gula Prai the market leader, recognised among Malaysia's top FMCG products by Kantar's Brand Footprint 2021. Our network of certified suppliers and transparent certification displays on consumer touchpoints highlight our dedication to quality and accountability.

#### **Our Initiatives**

Our product quality processes and controls undergo annual audits by relevant bodies, with continuous monitoring through performance indicators for ongoing improvements.

MSM's refineries are consistently audited to ensure full compliance, holding certifications in the following areas:



Good Manufacturing Practice(GMP)



**Hazard Analysis and Critical Control Point** (HACCP) Certification from the Ministry of Health, Malaysia



**Quality Management** System (ISO 9001:2015)



**Food Safety Management System** (ISO 22000)



**Food Safety System** Certification (FSSC 22000-Manufacturina)

In fulfilling our international markets, our products hold halal certification from Jabatan Kemajuan Islam Malaysia (JAKIM) and Kosher certification from the London Beth Din Kashrut Division.

Our full list of certifications can be referred to on pages 109 to 114.

For FY2023, our audits, aligned with relevant certifications, revealed zero non-compliances with health and safety regulations for our products. We encourage stakeholders to provide feedback through our corporate website, official phone line, email, and social media channels. Furthermore, our sales representatives actively engage with consumers using customer survey forms to collect valuable feedback based on:

Stock Availability After Sales Services, **Ease of Doin Benchmarked Against** 

MSM is dedicated to addressing and acting upon all customer feedback, whether related to products or services. When complaints are received, we conduct thorough investigations, considering details like batch code, sugar grade, and quantity affected. Our commitment to product quality is exemplified by visiting key customers to gather feedback, fostering strong consumer relationships.

Our records reflect that complaints mainly concern packaging or processrelated issues and are promptly addressed. In 2023, we received 0.17% of returned goods, closed to 0.16% recorded in 2022.

**Number of Customer Complaints** 

2023 103 2022

**Total Returned Products** 

2023

**Goina Forward** 

In the coming years, management has identified a few strategic initiatives in reducing the customer complaints. These initiatives focus on strengthening customer engagement to get better understanding of customers' requirements and benchmarking. In addition, management is committed to cultivating a positive food safety & quality culture among all employees to address and resolve quality issues more effectively & efficiently. This approach is also extended to continual operational improvements.

and Safety

Occupational Health

# **Occupational Health** and Safety



Prioritising occupational health and safety (OSH) will keep our employees safe and prevent injuries and workrelated illnesses. This will boost the morale of our workforce and increase productivity, thereby propel MSM's reputation as a caring employer. We recognise that inadequate workplace safety management could lead to adverse reputational and financial consequences for the Group. Putting in place robust OSH policies, practices and procedures will enable us to ensure stringent OSH measures are implemented throughout our operations and adhere to all the relevant laws and regulatory rules.

#### **Our Approach**

MSM is committed to ensuring a safe and healthy work environment to prevent incidents, work-related injuries and illnesses throughout our operations. Our focus is on instilling a culture of health and safety to elevate our operational efficiencies. We are committed to adopting optimal OHS practices to facilitate seamless daily operations. This commitment aligns with regulatory frameworks, minimising the potential risks of harm or injury to our workforce, suppliers, vendors, service providers and migrant workers.

We continue to be guided by our Occupational Health and Safety Policy, adhering to international and local health and safety industry standards and regulations, including the Occupational Safety and Health Act 1994 and Factory and Machinery Act 1967. Regular safety audits are conducted to identify and enhance safety management across our operations. Currently, MSM Prai, MSM Johor and SBW operations are ISO 45001:2018 certified, and we continue to ensure that all HSE legal requirements are identified and addressed.

Besides that, we conduct daily monitoring of safety indicators and implement initiatives to prevent risks, accidents and injuries. We acknowledge our responsibility as an employer to identify, manage and mitigate risks, by actively encouraging reporting of any observed unsafe conditions or acts by our workers. As safety is a personal responsibility, we reinforce this through formal committees who disseminate information on health, accident prevention and emergency preparedness. Compliance with safety practices is outlined in our HSE Policy and the use of personal protective equipment (PPE) is strictly enforced throughout our operations.

Additionally, we employ risk management tools to identify, eliminate and mitigate occupational risks. Numerous training programmes are conducted to support health and safety, aiming to strengthen our existing procedures, practices and safe behaviours, thereby fostering a robust health and safety culture.

#### **Our Initiatives**

In our commitment to embedding a culture of safety throughout our operations, we also implemented initiatives such as conducting regular safety training sessions, Better Together (BETO) programme, HSES Award programmes, hazard identification and reporting programmes, Safety Gemba walks, U See U Act (UCUA), ergonomic assessments, emergency evacuation drills and establishing open communication channels. We also participated in various OSH Awards, such as those from the National Council for Occupational Safety and Health (NCOSH), where MSM SBW managed to be listed as a finalist. Additionally, all three MSM sites have successfully received awards from the Malaysian Society for Occupational Safety and Health (MSOSH).

#### Health, Safety, Environment and Security & Quality (HSES&Q)

At MSM, our HSES&Q Department oversees health and safety across all locations. Each site has a dedicated HSES Lead, ensuring adherence to procedures, accident prevention and health and safety action plans. Reporting directly to the Head of Group HSES&Q, they manage OHS strategies, support and performance. The Group HSES&Q ensures standardised health and safety awareness through ongoing monitoring, measuring and reporting. This strengthens our safety culture, encouraging employees and contractors to prioritise incident prevention. Knowledge-sharing on incidents and preventive actions is also conducted across the Group, enhancing risk mitigation.

Each subsidiary has a dedicated HSE and Safety & Health Committee (SHC), chaired by the Head of Operation (HOO). The SHC serves as a platform for implementing the internal responsibility system. Comprising representatives from both employees and the management, the committee convenes regularly to address health and safety concerns. A notable advantage of the SHC is the improvement of collaboration across all segments of our workforce in addressing health and safety issues.

Trade union representatives and contractors are also encouraged to participate in Safety and Health Committee meetings at the operational level. Besides that, monthly safety performance reports are submitted through the HSES dashboard to the Group HSES&Q for presentation during EXCO meetings, providing them with an overall view of the Group HSES performance.



We strive to cultivate a safety-conscious workforce through continuous initiatives and programmes on safety awareness. This includes initiatives such as monthly newsletters, HSES flash, safety inductions, daily toolbox talks by operations, safety campaigns, one-point lessons, Health and Safety Week, HSE meetings, townhall events and various WhatsApp platforms. Additionally, we organise safety briefings and BETO programmes with contract workers, while our GEMBA walks are led by HODs to enhance HSES awareness among employees.

#### Reporting, Identifying and Eliminating Hazards

Our HSE-related risks are identified, assessed, and monitored through an OHS-implemented management system. MSM strives to manage its risks and opportunities to ensure that organisational capabilities and resources are utilised efficiently and effectively. To achieve this goal, the top management is responsible for embedding risk-based thinking in the organisational culture.

The scope of MSM's risk and opportunity management process encompasses the assessment of internal and external issues, and the needs and expectations of interested parties. Within MSM, the related procedures and documentation required for risks and opportunities include:

- Job Safety Analysis (JSA)
- Risk & Opportunities
- Environmental Aspect & Impact Assessment
- Register Hazard Identification, Risk Assessment and Risk Control (HIRARC)
- Permit To Work (PTW)

Aside from that, our Occupational Health & Safety Management System (OHS MS) encompasses our plant services, including core activities such as the manufacturing of refined sugar and related products, and cargo and vessel handling activities. It covers all 1,851 of our workers and contractors and has undergone internal and external audits. Our OHS MS scope extends to the primary activities within each Division and Department, aligning with the requirements of ISO 45001:2018.

Our OHS Review team, comprising Occupational Health and Safety Management Representative (OH&S MR), Safety and Health Officer and OHS area representatives, are responsible for identifying OHS-related hazards. These identified hazards shall be considered along with the objectives and targets set and are reviewed at least annually, if there are changes to any processes, usage of raw materials, new equipment, products or service.

In the event of a hazardous situation at work, it is the duty of the respective Department or Section Head to ensure that all employees receive appropriate training to enhance awareness of risks and enable them to promptly remove themselves from dangerous situations. The investigation, management and report of work-related incidents and hazards in MSM adhere to Occupational Safety and Health Act and its regulations, ISO 45001 requirements and OSH NADOOPOD 2004 Regulations. Essential procedures and documentations required in the process include Incident, Accident, Non-Conformity & Corrective Action and Accident/Incident Investigation Report.

and Safety

Occupational Health

## Occupational Health and Safety

MSM has a comprehensive framework for the management of occupational health services, aimed at identifying and eliminating hazards while minimising risks at our refineries. Workers have direct access to these high-quality services. The following provides an overview of the measures we have instituted to reduce work-related hazards and risks in our operations:

- Workplace conditions We strive to diligently monitor and enhance workplace conditions by reducing noise, dust, and chemical exposure, while optimising ergonomics and temperature for the health and comfort of all our workers. Our new investments comply with the strict standards for improved working conditions.
- Management of chemicals Special attention is given to the safe handling and storage of chemicals across our operations. while ensuring compliance to OSH USECHH Regulations 2000. Our database records the chemicals used in our plants, where we enforce strict adherence to health and safety guidelines. Annual medical assessments are conducted for employees exposed to potentially hazardous materials. We also have processes and controls in place to potentially reduce reliance on hazardous chemicals, reinforcing our commitment to health and safety.
- Environmental compliance MSM is guided by a Groupwide process for life cycle management through our Reuse, Reduce & Recycle (3R) programme, aligning with ISO 14001 requirements and complying with the Environmental Quality Act 1974. This process identifies significant environmental impacts throughout the supply chain and addresses all stages of our product lifecycles. 3R bins are available at all operational sites, and to minimise environmental impacts, customers return plastic or wooden pallets to us after receiving their products.



Additionally, we depend on systematic processes to identify work-related hazards and facilitate routine and non-routine risk assessment. We achieve this through a hierarchy of controls to eliminate hazards and minimise risks. This includes measures to ensure the effectiveness of these processes and the competence of those responsible for their execution:



#### Safety and Health Officer's (SHO) Monthly Report

Documents on-site activities to enable safety teams, engineers and the management to monitor progress and make informed decisions on areas for improvement.



#### Safety & Health Committee Workplace Inspection

A workplace inspection conducted by the committee to identify potential hazards.



#### Conducting HIRARC

A procedure to determine potential hazards in MSM and evaluate the likelihood of an accident or financial loss.



#### Safety Toolbox Talk

An informal safety meeting that is part of MSM's comprehensive safety programme.



#### Management Review Meeting for ISO 45001 and ISO 14001

Conducted periodically to assess the adequacy and effectiveness of the safety and environmental management



#### **Annual External Audits**

Audits on our OHS and Environmental management system are conducted by SIRIM to ensure that our management systems are well maintained and practiced in accordance to established standards.

We also have in place a procedure for employees to report work-related hazards and unsafe situations:

- 1. After identifying unsafe acts, conditions or nearmiss accidents, submit 'U SEE U ACT' to the HSES&Q **Department**
- 2. Raise concerns during Gemba Walks or Safety and **Health Committee Meetings**
- 3. Highlight any new risks, hazards or safety issues during Safety Toolbox Sessions

Employees may raise HSES concerns directly or verbally to the Health & Safety Committee, UCUA, GEMBA Walk, Customer Service Counter (MSM Prail, or at monthly contractor safety and security meetings. After these measures are employed, the findings and results will be used to assess and continuously enhance OHS management practices through these methods:

- Share and deliberate the outcomes with the Group Chief Operating Officer (GCOO) at weekly meetings and Leadership Team Meetings biweekly
- Perform HIRARC to identify potential hazards and evaluate the likelihood of accidents or financial losses
- Email the identified findings to the person in charge for corrective measures to mitigate risks
- Record all Permits to Work (PTWs) and share them with persons in charge for improved monitoring
- Conduct regular meetings to follow up on the progress of implemented corrective or mitigative actions

MSM will consistently measure and monitor OHS performance related to identified hazards and opportunities with higher OHS risks, including accidents, ill health, incidents, spillage and leakage. We will also monitor employee health, implementing programmes to protect and promote their overall health and safety.

#### Preparing and Responding to Emergencies

MSM is committed to ensuring that employees and contractors are wellprepared to handle emergencies and crises. We continue to implement the following measures:

- Establish strong collaborative ties with local agencies, such as the fire department and adjacent hospital facilities.
- Provide an Automated External Defibrillator (AED) on-site to offer emergency aid to workers experiencing cardiac arrest.
- Offer consistent training for the ERP team to ensure their certification in
- Task the Shift Team Leader (STL) with adhering to responsibilities related to emergency situations during operational hours, supported by HSES personnel.
- Implement weekly swab tests to prevent the spread of COVID-19 on our
- Provide an on-site clinic with a full-time doctor at MSM Prai.
- Establish a First Aid room at MSM Prai to provide initial medical assistance to injured or ill workers while awaiting professional emergency medical services, especially after working hours.
- Maintain an internal medical support facility with available medical assistance during regular operating hours at MSM Johor.

#### **Building Employee Safety Awareness**

Our employees possess firsthand knowledge of matters related to practices, procedures and challenges concerning machinery or the design and layout of work equipment. They offer valuable insights into the frequency and severity of incidents, near misses and the impact of our OHS management programmes.

To effectively communicate the significance of OHS, we have established diverse channels for our workers to provide feedback and offer solutions. These platforms encompass HSE Committee meetings, Toolbox Talks, HSE induction sessions, HSE briefings, the Employee Satisfaction Survey, HSE Week and World Day for Safety and Health. We also communicate the importance of safety via HSES Flash and LED board displays in the cafeteria. MSM employees are actively encouraged to participate in and contribute to joint OHS Committee meetings, including the quarterly HSE SC meetings. Employees are encouraged to share ideas to enhance safety and risk mitigation measures. Additionally, MSM recognises and rewards employees who demonstrate a commendable HSES mindset.

and Safety

Occupational Health

# Occupational Health and Safety

#### Advocating Environmental Sustainability Awareness

In our commitment to environmental sustainability, we strive to inform, educate and raise awareness about environmental sustainability issues. To this end, MSM supports initiatives like Communication, Education and Public Awareness (CEPA), spearheaded by the Department of Environment. CEPA serves as a tool to help stakeholders understand how to use natural resources sustainably through diverse educational and training activities to ingrain positive habits. This includes collaborating with government agencies, the private sector, NGOs and related agencies in impactful local and global initiatives, such as talks, training programmes and environmental activities like plogging and beach cleaning. CEPA also educates through media platforms, educational programmes in schools and disseminates information through reports and publications. At MSM, we believe that knowledge and awareness are key to creating sustainable change.



For more details on CEPA and its activities, visit https://www.doe.gov.my/en/educational-communication-and-public-awareness-ecpa/





# Cultivating HSE Excellence Through Training & Awareness

We engage our employees and contractors in structured training programmes to enable them to safely execute their duties. This is in line with our commitment to provide training for personnel whose work impacts the performance and efficacy of our OHS management system. In 2023, we provided comprehensive in-house HSES training programmes, comprising internal HSES training conducted by our HSES Lead, who is a recognised HRDC accredited trainer.

The following are employee safety training programmes conducted during the year:

#### **HSE Awareness & Training**

- Working at Height (WAH)
- Permit to Work Awareness
- Hazard Identification Risk Assessment Risk Control (HIRARC) Workshop
- Chemical Handling & Spillage Management
- Effective Safety & Health Committee
- Accident Investigation & Reporting
- Urine and Drug Testing Seminar
- HSES Weeks
- Gemba Walk Briefing
- Scheduled Waste Management
- Industrial Effluent Treatment System (IETS) Operational
- Safe Entry to Confined Spaces
- First Aider Training
- Safety Committee Training
- Machinery Safety Training
- Lock Out Tag Out (LOTO)

#### **Competency Training**

- Authorised Entrance Standby Person (AESP)
- Authorised Gas Tester Entry Supervisor (AGTES)
- Certificate Professional Schedule Waste Manager (CePSWAM)
- Certificate Professional Sewage Treatment Plant Operation (CePSTPO)
- Certificate Environmental Professional in Bag Filter Operation (CePBFO)
- Certificate Scrubber Competent Person (CePSO)
- Certified Environmental Professionals in the Operation of Industrial Effluent Treatment Systems (Biological Processes & Physical Chemical Processes) (CePIETSO-BP&PCP)

#### **Emergency Preparedness Training**

- Fire Squad Training
- Emergency Response & Preparedness
- Evacuation/Mock Fire Drills
- Chemical Spillage Training and Drill

#### **Emergency Response Training**

- Basic Occupational First Aid, CPR and AED for First Aider
- First Aid Box Inspection Workshop

# Total Number of HSE Training Hours 2021 7,041 2022 17,697 2023 27,446

#### **Empowering Employee Health**



As we value our employees, we strive to improve their physical and mental health through various initiatives.

- MSM offers medical services to employees and contractors through its internal clinic
- Comprehensive medical insurance coverage is provided to all employees for both inpatient and outpatient treatments
- MSM organised mental health talks on topics such as Stress Management
- Audiometric tests and medical surveillance are available for both contractors and employees
- Stress Relief Tips are featured in HSES&Q newsletters to advocate mental health and overall well-being
- Conducted wellness programmes including health screenings by PERKESO
- Organised sports and recreational activities such as bowling, badminton and table tennis tournaments
- Conducted Ergonomic Risk Assessment (ERA), annual medical surveillance tests and periodic drug tests
- Conducted stress level test survey

## Occupational Health and Safety

## Occupational Health and Safety

#### **Our Health & Safety Performance**

We continue to prioritise the safety of all involved in our operations by conducting audiometric tests and health screenings. While we diligently work to prevent hazards and reduce injuries across our operations, the occurrence of unforeseen accidents or incidents resulting in injuries or fatalities cannot be entirely ruled out. In such cases, prompt measures such as investigations and measures to prevent future recurrence of the incidents are taken.

During the year, we also received recognition by the MSOSH for our commitment and outstanding performance in HSES.

#### MSOSH OSH PRACTITIONERS AWARD

These employees were honoured in the 'ACE PERFORMANCE' category at the OSH Practitioner Seminar and Award Ceremony organised by The Malaysian Society for Occupational Safety and Health (MSOSH):

- MSM Prai HSES Lead Mr Vignes A/L Chellamuthu
- MSM Johor HSES Lead Encik Shukur Bin Ahmad
- · MSM SBW HSES Lead En. Mohamad Anas Bin Hussien

#### 41<sup>st</sup> MSOSH OCCUPATIONAL SAFETY & HEALTH AWARDS

MSM Johor, MSM SBW and MSM Prai were also awarded in the Manufacturing & Chemical Sectors category.

- MSM Johor Gold Class I
- MSM SBW Gold Class I
- MSM Prai Gold Class II.



In the year under review, we continued to demonstrate enhancements in our safety performance. In FY2023, our Lost-Time Incident Frequency Rate (LTIFR) decreased significantly from 1.55 to 1.41. Additionally, we have maintained zero fatalities for two years in a row. The highest contributors to our LTIF are related to rotating parts, slips, trips and falls at stairs and burns from hot water. To reduce these occurrences and protect our workers and employees, we will implement various measures in the coming year.

Additionally we have conducted security checks for non-compliance which includes smuggling of prohibited item.

We will continue to strengthen our security aspects and improve security control measures at our respective operational sites.

#### **Work-related Injuries**

Employees	2021 <sup>1</sup>	20221	2023
Fatalities as a result of work-related injury	0	0	0
High-consequence work-related injuries <sup>2</sup>	10	6	7
Recordable work-related injuries <sup>3</sup>	15	8	7

Contractors	2021 <sup>1</sup>	20221	2023
Fatalities as a result of work-related injury	1	0	0
High-consequence work-related injuries <sup>2</sup>	4	1	2
Recordable work-related injuries <sup>3</sup>	6	1	2

- Data for 2021 and 2022 have been reinstated to address the revised definition for work-related injuries
- <sup>2</sup> High-consequence work-related injuries has been classified with more than 4 days of medical certificate (MC).
- <sup>3</sup> Recordable work-related injuries has been classified as accident with more than 1 day MC.

#### Total working hours for all employees and contractors (hours)

5,810,583

6,371,536

### **Total working hours for Lost Time Incident** Rate (LTIR)

2021 3.93

2022

1.55

#### **GOING FORWARD**

We aim to achieve zero LTIs and work towards reducing our LTI for FY2024. As such, we have put in place a three-pronged strategy aimed at addressing unsafe conditions, introducing initiatives to enhance employee engagement and strengthening safety enforcement. This will include the existing weekly Gemba Walks and increasing the frequency of the U See U Act, regular engagement with employees through toolbox talks and briefings, conducting a Health and Safety Week and rewarding staff for meeting safety goals. To strengthen our safety enforcement, we will administer disciplinary actions to those who fail to meet HSES requirements or have violated MSM's standard operating procedures.

Additionally, we aim to reduce security non-conformance in FY2024 and maintain zero security breaches on our premises. We will implement control measures through administrative and engineering controls, such as installing Al cameras and contraband signage on prohibited items and actions at key areas, conducting periodic drug tests, providing security briefings and creating awareness among staff and contract workers. Besides that, we will enforce management consequences for non-conformance, including disciplinary action on those found in violation of guidelines.

Upholding Human Rights

and Labour Standards

# Upholding Human Rights and Labour Standards

We are dedicated to ensuring that human rights and high labour standards are integrated into every aspect of our decision-making processes and operations.



We prioritise human rights across all of MSM's operations for ethical, legal and reputational reasons. Upholding these principles fosters a positive work environment, enhances our brand and aligns with societal expectations. It serves as a catalyst for employee engagement and contributes to the sustainable development of our organisation as a whole. Moreover, it attracts consumers and investors who share our commitment to ethical behaviour. Ultimately, integrating human rights into our business practices ensures compliance, mitigates risks and cultivates a competitive advantage.

#### **Our Approach**

The integration of human rights into our organisation's practices is guided by international human rights frameworks including but not limited to the Universal Declaration of Human Rights (UDHR), the United Nations Guiding Principles on Business and Human Rights (UNGPs), the International Labour Organisation (ILO) as well as local labour laws and employment agreements. This underscores our dedication to transparency and accountability, affirming our commitment to human rights and labour standards.

#### Our Initiative

MSM prioritises stakeholders' input and collaborates with authorities to safeguard employee rights through two main initiatives:

#### Labour Standards and Best Practices

- Integrated human rights concerns into manuals, policies, and practices
- Adhered to Malaysian employment laws, including fair minimum wages and working hours
- Monitored recruitment processes to prevent forced labour and child labour

#### Trade Unions

- Supported employees' rights to form independent associations
- Established In-house union since 1973 at MSM Prai and formed national union in 2021 for MSM Johor
- Negotiated Collective Agreements (CAs) covering wages, working hours and conditions
- Planned to periodically evaluate CAs
- Ensured fair working conditions for employees not covered by CAs



#### Percentage of Our Employees Who are Union Members

	Total	Union	Percentage
Company	H/C	Members	(%)
MSM Prai	635	341	54
MSM Johor	345	211	61
Total	980	552	56

Employees covered under CAs for 2023



341 employees



211 employees

#### Percentage of Employees that are Contractors or Temporary Staff

		Contract or		
	Total	temporary	Percentage	
Year	employees	staff	(%)	
2021	1,033	33	3.2	
2022	1,038	15	1.4	
2023	1,132	22	1.9	

#### Number of Substantiated Complaints Concerning Human Rights

There have been zero substantiated complaints regarding human rights violations or breaches reported within our organisation throughout 2023.

#### **GOING FORWARD**

Looking ahead, continuing our journey towards promoting human rights, we remain steadfast in our commitment to upholding dignity, health and safety for all employees. We will persist in prioritising fairness, providing a secure environment, and adhering to legal standards. This ongoing dedication will further strengthen a culture of respect, inclusion and social responsibility within our organisation.

OUR VALUE

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE ON SUSTAINABILITY

OUR BUSINESS

DELIVERING SUSTAINABLE

UPHOLDING GOOD GOVERNANCE AND ECONOMIC SUSTAINABILITY

**PUTTING OUR PEOPLE FIRST** 

OPTIMISING ENVIRONMENTAL PERFORMANCE

APPENDICES

Employee Engagement and Talent Management

# **Employee Engagement** and Talent Management

#### **EMPLOYMENT ENGAGEMENT**



Engaging with employees enable us listen to our employees and provide conducive work environment that prioritises employees' overall well-being. This is crucial for enhancing overall productivity, safety, and the sustained growth of the Company. When employees are genuinely engaged, it not only cultivates a positive work culture but also significantly reduces turnover rates, amplifies productivity levels, and encourages a safer workplace. This, in turn, establishes a solid foundation for fostering strong internal and external relationships, both within the team and with the company.

#### **Our Approach**

MSM remains steadfast in its commitment to fostering a supportive and enriching work environment for every member of our team. This dedication is in accordance with our guiding framework, a set of principles and values that form the foundation of our organisational culture:

People Happiness Index

MSM Employment-related policies and **Standard Operating Procedures (SOPs)**  Bursa Malaysia's ESG Compliance **Rating For Public Listed Company** 

#### **Our Initiatives**

We enhance our value proposition for Sustainable People and Culture Management by incorporating ESG principles and values, demonstrating our commitment to prioritising employee well-being and satisfaction. To achieve this, we have implemented the following initiatives which were aimed at fostering an environment where individuals can thrive both personally and professionally.

#### **Employee Engagement Events and Activities**

In our ongoing commitment to reinforce a connected and engaged workforce, we actively involve our employees through the following events and activities:

#### **WAKALLAH & WELFARE PROGRAMMES**

#### **Financial Assistance for Employees** Affected by Flash Flood

Total financial assistance = RM5,000 (RM1,000 for MSMJ, RM4,000 for others)

#### **Financial Assistance for Employees Affected by Health Issues**

- Late employee's wife cancer treatment cost (RM7, 146.55)
- MSM Prai's employee stage 4 cancer (RM5,541.55)
- Pension assistance for permanently disable former employee (RM30,000.00)
- Welfare visit ex-staff MSM Perlis & MSM Prai (2 houses in Perlis, 6 houses in Prai)

#### **Financial Assistance for Education**

- Higher education assistance for employees' children pursuing study in tertiary education (RM19,000.00)
- School Education Financial Assistance (SCOFINA) 2023 (RM 115, 450.00 - Wakallah fund, RM9,550 - Welfare fund)
- Iftar & Duit Raya at Buku Jalanan Chow Kit (RM2,000.00 - Duit Raya)

#### QUARTERLY TOWNHALL

16 March 2023 MSM Townhall Q4 2022

3 July 2023 MSM Townhall Q1 2023

8 December 2023 MSM Townhall 2H 2023

#### **EMPLOYEE ENGAGEMENT SESSION**



March 2023 **Employee Engagement** MSMJ

June 2023 **Employee Engagement** MSMJ

July 2023 **Employee Engagement MSMP** 

November 2023 **Employee Engagement MSMP** 

#### **FESTIVAL CELEBRATION**

- MSM Group Hari Raya Celebration
- Cookies for Warga MSM (CNY 2023)
- Kurma for Warga MSM (Raya Gift 2023)



#### PERIODIC MUSLIM EMPLOYEE RELIGIOUS SESSIONS



Bacaan Yasin Weekly

Korban collaboration

## Employee Engagement and Talent Management

## **Employee Engagement** and Talent Management

#### **Employee Welfare and Benefits**

We prioritise employee welfare and benefits, ensuring they received comprehensive support across dimensions, including:







Conducive work **Hybrid work arrangements** 



Complimentary sugar allocation every two months

#### Benefits provided to full-time employees that are not provided to temporary or part-time employees

Group Hospital and Surgical	Group Term Life Takaful	Group Personal Accident	Outpatient	Additional Employer EPF Contribution	Housing Loan Interest Subsidy Programme
Maternity and Paternity Leave	Back-to-School	Financial Assistance	Emergency Relief Aid	Provision for Work-Life Balance	Employee Further Education Assistance

#### Number of Employees Returning to Work After Maternity/ Paternity Leave In 2023

	Men	Women	Total
Number of employees entitled to parental leave	708	113	821
Number of employees who took parental leave	53	13	66
Number of employees who returned to work after parental leave ended	53	13	66
Number of employees who returned to work after parental leave ended and were still employees 12 months after their return to work	53	13	66
Return to work rate	100%	100%	100%
Retention rate	100%	100%	100%

#### **People Happiness Index Survey**

We celebrate employee happiness while remain focus on areas for improvement. Our ongoing initiatives are designed to these needs through continuous employee engagement, enhancing job happiness, and retain key talent to foster a workplace that drives sustainable productivity. In 2023, we had 72% respondents in 2023 People Happiness Index Survey.

#### **GOING FORWARD**

environment

We focus on employee centric benefits and reward programme and aim to prioritise equitable access benefits for all employees. In future, we aim to integrate seamless comprehensive healthcare management. This integration underscores our dedication to nurture productive workforce in the times ahead.

Other future initiatives and target include:

- Achieve 74% total score in 2024 People Happiness Index reflecting 2% increase from 2023's score
- Update and enhance People policies, guidelines and practices to align with the United Nations Sustainable Development Goals (UN SDGs)
- Incorporate 2024 18th MSM Prai Collective Agreement to adopt the spirit of International Labour Organization (ILO) conventions
- Expand existing wakallah and welfare programmes such as Wakallah Pension, Wakallah Gharimin, Wakallah Riqab and Fisabillilah to all employees
- Organise 2024 All MSM Sports Carnival
- Conduct more 'Rapat Mesra' sessions to improve people engagement across all categories with a particular focus on Trade Unions and Non-Executive staff

#### **TALENT MANAGEMENT**



Talent management is vital for our sustained growth and continuity. A strong talent pool and succession pipeline ensure smooth transitions, while career development opportunities align individuals with organisational success. This helps to strengthen the foundation for the Group's long-term prosperity. We also believe that effectively managing people and talent is pivotal for the Group's success, fostering business growth, continuity, and sustainability in a dynamic business environment.

#### **Our Approach**

The company ensures a resilient and adaptable workforce by cultivating innovation, aligning individual goals with organisational objectives, guided by the following framework and policies:



#### **Recruitment Policy**

Streamlines our talent acquisition process, from rigorous manpower planning to candidate selection, to attract and assign the best fit for all roles, whether permanent or senior positions, whether full-time or contractual.



#### **Learning and Development Policy**

Aims to equip employees with the requisite skills, knowledge and competencies needed to perform effectively within the Company.



#### **Talent Mangement Framework**

Succession planning and management is an essential component of managing people and talent in a business organisation which entails a systematic and process driven approach in identifying, developing, motivating and retaining capable and skilled talent. The pipeline of potential successors are critical for business growth, continuity and sustainability in ensuring business success of MSM Group.

#### **Our Initiatives**

We continue to implement a series of innovative talent management initiatives designed to nurture, empower and strategically align our workforce for sustained arowth and continuity:

#### In 2023, we...



Welcomed 11 Prodigy Programme Talents and 18 Interns into our MSM team

**Extended our** studies assistance programme to a staff

member from MSM Prai

Participated in 17 career fairs, which included:





**PERKESO-sponsored** career fairs

USM **Career Carnival** 



**FGV** career expos

**MARA Southern Chapter Career Crafting** 

51

OUR VALUE

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE ON SUSTAINABILITY

OUR BUSINESS

DELIVERING SUSTAINABLE

UPHOLDING GOOD GOVERNANCE AND ECONOMIC SUSTAINABILITY

**PUTTING OUR** PEOPLE FIRST

OPTIMISING ENVIRONMENTAL PERFORMANCE

APPENDICES

**Employee Engagement** 

and Talent Management

# **Employee Engagement**

# and Talent Management



Critical for new-employee orientation, covering organisation overview, philosophy, vision, culture, policies, and safety focus.

Employee Training, Skill Identification and **Development Programmes** 

- Maintains the existing programmes such as the Staff Mobility Programme and the Prodigy Programme for employee training and development efficacy
- Recruits local graduates and provides on-the-job training in fields like engineering and management
- Enables quick skill acquisition for a clear and well-planned career path
- Utilises diverse training opportunities for skill identification and development
- Ongoing offering of technical courses and platforms known as Viva Learning for individualised learning



#### Programmes for upgrading employee skills

We foster our people's growth with the following strategic skill development programmes during the year under review:

#### No. of Participants for the following programmes

36

**MSM Johor** 

Supervisory

**Development** 

**Programme** 

30

**MSM Prai** 

Leadership

**Programme** 

26

and Technical

Certification

**Professional** 

Soft Skills **Development** Training such as Career Conversation, Negotiation and

**Business Writing** 

103

# TOTAL TRAINING HOURS: 20,805 hours

#### **Average Hours of Training Per Year Per Employee**

	Training Hours/	20211		2022		2023	
	Gender	Male	Female	Male	Female	Male	Female
ER .	Total No. of						
GENDER	Employees	870	163	868	170	943	189
5	Total No. of Training						
BY	Hours	9,16	4.00	13,965	4,313	15,601	5, 204
	Average Training						
	Hours Per Employee		8.87	16.09	25.37	16.54	27.53

	20	21¹	20	)22	20	023
Employee	Total No. of	Average Training Hours	Total No. of	Average Training Hours	Total No. of	Average Training Hours
Category	Training Hours	Per Employee	<b>Training Hours</b>	Per Employee	<b>Training Hours</b>	Per Employee
Top & Senior						
Management		0.07	852	34.08	<i>7</i> 51	30.04
Managerial	0.1/400		4,321	39.64	5,669	44.63
Executive	9,164.00	8.87	5,829	27.24	7,966	33.33
Non-Executive			7,276	10.54	6,420	8.66

#### **Total Investment in Training and Development**

2021

RM493,435.92

2022

RM604,077.50

# **Performance Management**

Focuses on increasing productivity and

efficiency in job tasks to foster organisational

**Productivity and Efficiency** 

efficacy

Conducts regular performance reviews for employees to identify areas for improvement and necessary training for personal development

2023

RM792, 535.56

52



<sup>&</sup>lt;sup>1</sup> Training hours not tracked by gender in 2021

## **Employee Engagement** and Talent Management

#### **Employees' Performance Review**

	Total Number of Employees	Number of Employees Who Completed Performance Reviews (in %) <sup>1</sup>	Male Employees* Who Completed Performance Reviews (in %)	Female Employees* Who Completed Performance Reviews (in %)
Top & Senior Management	25	100%	100%	100%
Managerial	118	92%	93%	90%
Executive	224	93%	94%	91%
Non-Executive	728	99%	99%	92%

- \* Excluding interns and protégés
- Data as of 16 February 2024

#### **Policy and Compliance**

Regularly evaluates recruitment, promotion, and compensation guidelines to ensure consistency with industry norms, local laws, and regulations.

#### **Going Forward**

Moving ahead, our emphasis will be on talent management through investments in employee development programmes and the cultivation of a positive, inclusive workplace culture. We aim to identify and attract top talent, promoting a learning environment that supports continuous growth. Regular assessments of our talent management strategies will ensure alignment with both business goals and employee needs. This focus on talent management is integral to building a robust and diverse workforce that propels the success and growth of our company.

Some initiatives set to be launched include:



#### **Training and development programmes**

- Enhance the company's Onboarding Experience Programme for a more seamless integration of new employees
- Establish the MSM College of Experts by bringing together retired MSM professionals to serve as MSM Professors
- · Conduct a monthly one-hour session called 'Sweet Time' for knowledge-sharing by internal subject matter experts (SMEs) on various topics
- Implement a training strategy that includes Performance Linked Learning, MSM Virtual Academy, overseas sugar institute training and integration of training programmes with an ESG
- Organise joint collaboration programmes between FELDA-MSM namely Kadet Foklif 2.0 and Kadet Safety 1.0



#### **Performance Management**

- Modify the weightage of the Performance Management System (PMS) to promote equitable reporting of the company's performance results
- Facilitate and manage the execution of roadshows throughout the entire MSM Group
- Adopt a pay-for-performance model with a focus on internal equity for fair and consistent compensation across roles



- Participate in Human Resources (HR) Excellence or Employer Award 2024
- Penetrate Employer Branding presence by leveraging social media branding like Instagram and LinkedIn and bridging at local private
- Sustain Employer Branding efforts through partnerships with stakeholders like PERKESO and Felda Global Ventures (FGV) Group

# **Diversity, Equity** and Inclusion



Diversity is integral to our organisation, fostering creativity and innovation through varied perspectives, experiences and skills. A diverse workforce reflects the community we serve, enhancing our understanding of customer needs and preferences for improved service and relationships. Our commitment to inclusion boosts employee morale, satisfaction and retention, ensuring our organisation's success. We value the unique contributions of our diverse workforce, enhancing our ability to meet customer needs effectively.



#### **Our Approach**

At MSM, our dedication to cultivating a secure and welcoming workplace that values and celebrates diversity is reflected in a comprehensive set of guidelines and policies:

- Our Employee Handbook provides a comprehensive outline of our Human Resources' policies, emphasising a commitment to creating an environment devoid of discrimination and sexual harassment. It also outlines a structured grievance mechanism
- MSM's Diversity, Equity & Inclusion (DEI) Policy underscores our commitment to fostering diversity, promoting equity and ensuring inclusivity within our organisation. We regularly assess the policy's effectiveness through reporting and analysis. Our measurable objectives are consistently updated and integrated into all people practices, including the C-Suite and Top Management. The DEI Policy is approved by our Board of Directors
- The Group's Whistleblowing Policy serves as a crucial component, offering a framework for individuals to report concerns, ensuring transparency and accountability within our workplace

In demonstrating a progressive workplace, the Group strives to:

Comply with all relevant legislation regarding discrimination and equality, as well as other applicable laws

Establish and uphold a working environment that ensures equal and fair treatment for all employees, both current and prospective

Implement mechanisms to address and respond to employee complaints of discrimination

Regularly review our internal policies related to DEI to ensure ongoing relevance and applicability

Diversity, Equity

and Inclusion

### Diversity, Equity and Inclusion



Moreover, we are dedicated to fair and respectful treatment of employees, rejecting any form of discrimination towards our people based on gender, age, race, religion, cultural background, ethnicity or disability. Our commitment aligns with the UN Guiding Principles on Business and Human Rights. In addition, we actively support gender equality through adherence to the UN Sustainable Development Goal and the UN Women's Empowerment Principles (WEP).

#### **Our Initiatives**

We are dedicated to promoting gender diversity throughout our organisation, starting from executive roles and permeating every level. Our commitment goes beyond representation, focusing on creating an inclusive culture where all employees, irrespective of gender, feel valued and empowered. We have instituted various initiatives aimed at promoting DEI within MSM, including:

- Establishing communication channels to enable our employees to offer feedback, voice concerns, suggest solutions, and report instances where they perceive any violation, disrespect or unfair
- Using the same communication channels as a robust grievance mechanism in the event of perceived violations, disrespect or unfair treatment and seamlessly integrate this mechanism into our Employee Handbook

- Introducing a well-defined framework for employees to report potential violations without fear of retaliation, as outlined in our Whistleblowing Policy
- Adopting the WEP to emphasise its commitment to fostering a culture

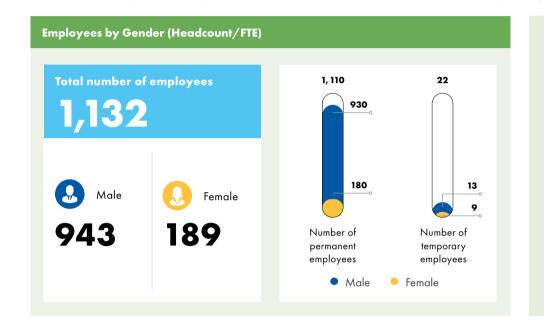


In 2023, MSM became a member of the 30% Club Malaysia. reflecting the Group's commitment to DEI. The club is a global business-led campaign founded in the United Kingdom to advocate for gender parity in boardrooms and senior leadership. Launched in May 2015, the Malaysian Chapter works to catalyse real transformation in Corporate Malaysia through a culture of DEI. Its focus has been to facilitate at least 30% women representation on the boards of companies listed on Bursa Malaysia, and also welcomes non-listed entities and global multi-national companies to join as a Corporate Advocate.

We are committed to maintaining a work environment that is free from sexual harassment and we will take prompt action to investigate and address any reported incidents. In the year under review, there were zero cases reported with regards to sexual harassment in the organisation.

#### MSM's Workforce Profile

We are committed to gender diversity from the executive level onwards as part of our commitment to promoting diversity and inclusivity in our workforce.





**Percentage** of employees that are contract or temporary staff

#### Employees by Entity (Headcount/FTE)

	MSM Malaysia Holdings Berhad	MSM Prai Berhad	MSM Sugar Refinery (Johor) Sdn Bhd	MSM Logistics Sdn Bhd	Total
Total number of employees	98	635	345	54	1, 132
Number of permanent employees	94	623	340	53	1, 110
Number of temporary employees	4	12	5	1	22

#### **Diversity of Governance Bodies and Employees**



# Diversity, Equity and Inclusion

# Diversity, Equity and Inclusion

<b>Employee Category</b>
--------------------------

		Top & Senior Management	Managerial	Executive	Non-Executive
Gender	Male	16	88	148	691
Gender	Female	9	39	91	50
	Chinese	5	34	24	30
=.1 · ·.	Malay	19	85	194	659
Ethnicity	Indian	1	5	19	48
	Others	0	3	2	4
	< 30 years	0	1	75	228
Age Group	30 - 50 years	14	107	137	453
	> 51 years	11	19	27	60

**Proportion of Senior Management Hired from Local Community** 

100%

of senior management at significant locations of operation that are hired from the local community.

**New Employee Hires and Employee Turnover** 

	New	Emp	loyee	Hires
--	-----	-----	-------	-------

	2021	2021			2023	
	Number	Rate	Number	Rate	Number	Rate
Gender	139	13	156	15	169	15
Male	92	9	110	11	133	12
Female	47	5	46	4	36	3
Age Group	139	13	156	15	169	15
<30 years	57	6	89	9	90	8
30-50 years	72	7	64	6	67	6
>51 years	10	1	3	0	12	1
Entity	139	13	156	15	169	15
MSM Malaysia Holdings Berhad	45	4	13	1	16	1
MSM Prai Berhad	52	5	78	8	77	7
MSM Sugar Refinery (Johor) Sdn Bhd	37	4	55	5	70	6
MSM Logistics Sdn Bhd	5	0	10	1	6	1

#### **Employee Turnover**

	2021		2022		2023	
	Number	Rate	Number	Rate	Number	Rat
Gender	164	16	122	12	101	
Male	120	12	90	9	70	
Female	44	4	32	3	31	
Age Group	164	16	122	12	101	
<30 years	31	3	43	4	37	
30-50 years	81	8	20	2	48	
>51 years	52	5	59	6	16	
Entity	164	16	122	12	101	
MSM Malaysia Holdings Berhad	7	1	7	1	11	
MSM Prai Berhad	35	3	52	5	47	
MSM Sugar Refinery (Johor) Sdn Bhd	43	4	55	5	41	
MSM Logistics Sdn Bhd	5	0	8	1	2	
Employee Category	164	16	122	12	101	
Top & Senior Management	0	0	2	0	2	
Managerial	20	2	16	2	18	
Executive	27	3	50	5	33	
Non-Executive	117	11	54	5	48	

#### GOING FORWARD

We acknowledge the significance of a diverse team and aim to attract and retain talent from various backgrounds. In shaping our future workforce, we actively seek representation from underrepresented communities in Malaysia, including natives, Malaysian aborigines and differently-abled individuals possessing valuable skills for MSM's business. We also strive to incorporate targeted initiatives focused on promoting diversity and implementing specific measures to better comprehend and address the unique needs of diverse individuals. Going forward, we aim to organise DEI-related training and development programmes for all MSM employees. We also aspire to provide equal opportunities for people with disabilities including those with neurodiverse conditions such as mild autism.

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APPENDICES

and Development

Community Engagement

# **Community Engagement** and Development

**WHY IT MATTERS**  As we strive towards sustainable and responsible business practices, community investment and development are pivotal in contributing to social well-being, economic growth and improved living standards. Thriving communities provide a stable and skilled workforce, while our investments in education and healthcare programmes enhance societal resilience, strengthening our reputation and stakeholder relationships.



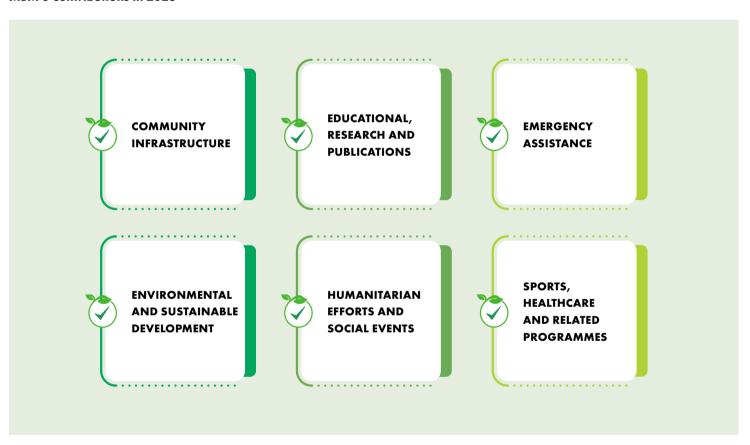
Our contributions to the community are a fundamental part of our business, as we are driven by a commitment to make a positive impact on individuals, communities and the environment. By engaging and investing in the communities in areas where we operate, we aim to enhance our brand, build trust and establish strong relationships with the people around us. This allows us to understand their needs better and generate long-term value, including creating job opportunities and empowering underprivileged and underserved communities.

Our community development initiatives are aimed at uplifting the underprivileged, particularly those in the B40 group. We also actively collaborate with partners to promote environmental preservation as we recognise the importance of the natural ecosystems and biodiversity protection in climate change mitigation. Additionally, our employees volunteer in various programmes and initiatives, such as supplying essential items like sugar and providing cash and in-kind contributions to support local communities.

Our community initiatives adhere to MSM's Sponsorship and Donations Policy, which focuses on humanity, the economy, the environment and people. In line with this policy, MSM supports initiatives in the following six categories:

#### **Our Initiatives**

#### MSM's Contributions in 2023



Total Sponsorships and Donations RM256, 380.54

MSM Holdings RM65, 136.28 RM182, 096.26

MSM Prai

MSM Johor RM9, 148.00

MSM Holdings RM86,749.00 MSM Prai

Total Zakat and Wakalah Contributions

RM210,465.55

RM123,716.55

and Development

Community Engagement

## Community Engagement and Development

In 2023, a diverse range of environmental and community initiatives were executed by MSM Holdings, MSM Prai, MSM Johor and MSM SBW.

#### **ENVIRONMENT**







#### Beach Clean-up

Beach clean-ups were conducted at several locations in collaboration with related government agencies.

- Pulau Aur
- Pulau Tinggi
- Pantai Teluk Bayu



#### **Mangrove Planting**

A total of 150 mangrove trees were planted at Sungai Prai, near MSM Prai refinery in conjunction with Malaysia Environmental Week 2023.

#### **Gotong-Royong**

MSM conducted various gotong-royong activities with local communities in several locations, such as Maahad Tahfiz Aminul Hawa, Kuala Nerang, Kedah and Charity Organisation Kriyalakhmi Mandir Shree Sai Gurukul (KMSSG), Kuala Lumpur.

#### **Plogging**

Plagging activities were organised at Sungai Prai to clear the river, enhance environmental awareness and promote health and fitness simultaneously.

#### Wildlife Conservation

MSM donated RM50,000 to WWF-Malaysia's Harimau Malaya's conservation efforts in 2023. The donation, which reflected MSM's direction towards nature-based solutions, went to the Al-Sultan Abdullah Royal Tiger Reserve in Pahang.



Besides tiger conservation, MSM reached out to the Segari Turtle Conservation & Information Center, Pasir Panjang, Segari area in Perak, whereby 50 MSM employees volunteered to clean 30 turtles. These turtles, consisting of the Green Turtle and Hawkbills, are both classified as highly endangered. The volunteers also collected 45kg of plastic waste near the Pasir Panjang shores, which were sent for recycling.



#### **SOCIAL**



#### **Distribution of CGS**

We distributed 1kg packs of CGS to local communities, staff, contract workers and auxiliary police in Kampung Tanjung Langsat and Kampung Perigi Acheh.

#### **Sugar Sponsorship to Local Community**

Distributed 400 packs of 1kg sugar to 200 individuals residing in Jalan Ipoh, Kuala Lumpur and Kapar, Klang in conjunction with Deepavali celebration.

#### Pertubuhan Rumah Amal Cahaya Tengku Ampuan Rahimah (RACTAR)

Celebrated the 20 children of RACTAR by sponsoring and and educate them with ESG issue through musical theatre, "The Secret Gardens of the Sea -Seruan Setu" that connecting environmental issues with the arts, features original gamelan compositions interwoven with compelling stories of seagrass and the community that depend on them.

#### **Blood Donation Campaign**

11 donors actively participated in the blood donation campaign at Pusat Darah Negara, contributing to the cause of saving lives.

#### **Sugar Distribution**

Distribution of 6,000kg of sugar through Food Aid Foundation to 75 welfare organisations.

#### **GOING FORWARD**

MSM remains dedicated to contributing to communities in the areas where we operate through a range of CSR and ESG initiatives. We will continue to collaborate closely with local communities to identify and support their needs. We will also continue expanding our partnerships and collaborations with stakeholders to restore forest habitat and grow our mangrove footprint. This will include maintaining our support for turtle conservation and WWF Malaysia's tiger conservation. Furthermore, we will intensify our efforts to protect and create new habitats for tigers, invest in turtle conservation initiatives and organise 10 coastal clean-up activities to underscore our commitment as environmental stewards.

Task Force on Climate-Related

Financial Disclosures (TCFD)

# Task Force on Climate-Related Financial Disclosures (TCFD)



This emphasises our dedication to transparency and commitment to enabling our stakeholders to make informed decisions. In 2023, we continued to advance our TCFD disclosures by identifying the physical and transition risks that are relevant to our business in the short, medium and long term. We will continue to enhance our disclosures going forward, as we seek to fully adopt the TCFD recommendations in the future.



#### **Oversight on Climate Risks & Opportunities**

The Board's oversight of climate-related risks and opportunities is thorough and ingrained within the organisation's governance structure. The Board holds ultimate responsibility for executing the organisational strategy and supervising climate-related matters, including the progress towards climate change goals and targets. This demonstrates that climate-related issues rest with the highest authority of decision-making within the Company. Additionally, the Board is supported by both the Audit, Governance and Risk Committee (AGRC) and the Management Steering Committee (MSC), which is headed by the Group CEO and comprises key executives such as the Group CEO and Group COO.

#### **Role in Climate Risk Management**

The management's role in assessing and managing climate-related risks and opportunities encompasses several key facets. At the operations level, the ESG department is tasked with driving the implementation and execution of strategies to support the Company's sustainability commitments. This department collaborates with a cross-functional ESG catalyst team to ensure a comprehensive approach to address climate-related issues. Additionally, the ESG department works closely with the Health, Safety, Environment, Security and Quality (HSES&Q) department to lead the implementation of sustainability-led strategies and programmes within the Group, demonstrating the integration of sustainability across our operations. Furthermore, the disclosure of prescribed sustainability matters and indicators, including climate-related disclosure, aligns with recommendations of the TCFD, underscoring our commitment to transparency and accountability in managing climate-related risks and opportunities.

For more information, please refer to Sustainability Governance on pages 20 to 21 in this report.

#### **2023 MSM BOARD'S TRAINING**

Training Dates	Training Programme	Organisers	Directors
2 November 2023	A Delicate Balance – Board & Management Relationship	Institute Corporate Directors Malaysia	Dato' Mohd Nazrul Izam Mansor
6 November 2023	Directors' In-House Training: Cyber Security	Kenanga Investment Bank Berhad Directors' In-House Training	Choy Khai Choon
7 - 9 November 2023	PIPOC 2023 - MPOB International Palm Oil Congress & Exhibition	Malaysian Palm Oil Board	Fakhrunniam Othman
15 - 16 November 2023	Singapore Fintech Festival 2023	Monetary Authority of Singapore, Elevandi and Constellar	Choy Khai Choon
6 - 7 December 2023	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute Corporate Directors Malaysia	<ul> <li>Pn. Raja Faridah Raja Ahmad</li> <li>Dato' Rosini Abd Samad</li> <li>Pn. Nik Fazila Nik Mohamed Shihabuddin</li> </ul>
13 - 14 December 2023	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute Corporate Directors Malaysia	Datuk Dr Abd Hapiz Abdullah

#### On ESG and Climate-Related Risks and Opportunities

Training Dates	Training Programme	Organisers	Diı	rectors
16 May 2023	Sustainability Reporting and Climate Change Series – Workshop 2: Tackling Climate Change and Climate Action	Malaysian Institute of Accountants	•	Datuk Syed Hisham Syed Wazir
9 March 2023	Board's Oversight Role on Bursa Malaysia's Enhanced Sustainability Reporting Framework	Institute of Corporate Directors Malaysia	•	Datuk Dr Abd Hapiz Abdullah
31 May 2023	Workshop 3: MIA Webinar Series - Net Zero and Science-Based Targets	Malaysian Institute of Accountants	•	Datuk Syed Hisham Syed Wazir
12 June 2023	Modernising Data Governance – What Boards Should Focus On Now	Institute Corporate Directors Malaysia	•	Pn. Nik Fazila Nik Mohamed Shihabuddin
7 July 2023	ESG: Principles of Responsible Investment and Carbon Market	AGV Sustainability & ESG Services Sdn Bhd	•	Choy Khai Choon
12 July 2023	ESG Thought Leadership Seminar	MBM Resources Berhad	•	Pn. Nik Fazila Nik Mohamed Shihabuddin
13 July 2023	Breakfast Talk - Stepping Up To The Role: Objective Assurance & Advisory On ESG	Malaysian Institute of Corporate Governance & Sime Darby Plantation Berhad	•	Dato' Mohd Nazrul Izam Mansor
20 July 2023	Sustainability Reporting Requirements for Listed Companies	Boardroom Group	•	Datuk Dr Abd Hapiz Abdullah
15 August 2023	Bursa: Conflict of Interest and Governance of Conflict of Interest	Asia School of Business	•	Datuk Syed Hisham Syed Wazir
30 October 2023	Board of Director Leadership – Effective Climate Governance	Malaysia Institute of Accountants	•	Datuk Syed Hisham Syed Wazir

## Task Force on Climate-Related Financial Disclosures (TCFD)

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#### **Identified Climate-Related Risks and Opportunities**

As a leading sugar refiner, we are aware that our upstream supply chain, especially the procurement of raw sugar, is exposed to climate-related risks and opportunities. Sugar mills around the world can be impacted by climate change effects such as floods and droughts. This implies that our business is influenced by climate-related opportunities despite a guarantee of supply from our main raw sugar supplier.

We have identified short-term climate-related risks such as extreme weather events that disrupt supply chains, medium-term risks like regulatory changes impacting operations, and long-term risks such as shifting consumer preferences towards sustainable products. In terms of opportunities, short-term gains include increased demand for renewable

energy solutions, while medium to long-term opportunities involve investing in carbon-neutral technologies and sustainable business practices.

We remain committed to the Science-Based Targets initiative (SBTi) and we will continue to step up our climate action, with the aim to be carbon neutral by 2030.

#### Impact of Climate-Related Risks and Opportunities

Climate-related risks necessitate adaptation strategies such as diversifying our suppliers and investing in resilient infrastructure. Opportunities like transitioning to renewable energy sources align with the organisation's sustainability goals and may enhance its competitive positioning, thus influencing its strategic direction and financial planning positively.



Our business is exposed to both Transition Risks and Physical Risks.



#### TRANSITION RISKS

Potential risks associated with changes in policy, technology, social dynamics, and economic conditions during the transition to a low carbon economy:

#### Definition





Technology





#### PHYSICAL RISKS

Potential risks stemming from the physical impacts of climate change include acute event-driven extreme weather such as heatwaves, freeze events, droughts, water stress, storms, extreme rainfall, and flooding. Additionally, there are chronic longer-term climate shifts, such as sustained higher temperatures and sea level rise, which also pose significant challenges.

#### Potential \_ **Impacts**

Depending on the nature and pace of the transition, different levels of financial and reputational risks may arise, including:

- Decreased revenues due to shifts in consumer demands and preferences
- Higher operational costs
- Effects on asset values
- Obsolescence of tangible and intangible

- Direct damage to assets
- Indirect impacts, such as operations. For example, storm surges affect production, supply chain, and health and safety
- Extended value chain, like water availability impacting the sourcing and quality of raw materials

#### Timina



The timing and speed of the transition are uncertain, with a higher probability of occurring in the short to medium term. Postponing the transition raises the chances of a disorderly, disruptive, and abrupt shift.

- Presently, acute risks are already evident, and we anticipate their severity and frequency to
- Chronic risks are anticipated to emerge more prominently over the long term, predominantly weighted toward mid-century and beyond.

**OUR VALUE** 

mean temperature and sea levels

Established milestones to achieve

Net Zero ahead of 2050

# Task Force on Climate-Related Financial Disclosures (TCFD)

# Task Force on Climate-Related Financial Disclosures (TCFD)

#### **CLIMATE SCENARIOS**



We have evaluated a range of climate scenarios encompassing diverse outcomes to offer insight into potential risks and opportunities.



Until roughly the middle of this century, warming trends are not expected to significantly diverge. The assumption is that physical risks remain fairly consistent across all climate scenarios until about 2050. However, a notable escalation in acute physical impacts during this time is expected, driven by an increase in the frequency and severity of extreme weather events such as extreme temperatures, water stress, storms, and flooding.

Looking beyond 2050, projecting how the climate may evolve becomes more challenging. Nevertheless, the working assumption is that chronic longer-term shifts in climate patterns, potentially irreversible, will amplify over time. This includes phenomena like sea level rise and the melting of ice caps and glaciers. Notably, these impacts are expected to be significantly more pronounced under a 'no mitigation' scenario compared to pathways with lower temperature rises.



Risks		Impact	+2°C/ +3°C	+1.5°C	Net Zero Mitigation Strategy
	Policy and Legal  - Carbon pricing and enhanced emission reporting obligation - Exposure to litigation	<ul> <li>Increase operating costs due to rising energy costs and import costs</li> <li>Increase electricity tariffs</li> </ul>	MEDIUM	HIGH	- Explore potential possible scenario on alternative supply via joint venture into plantation & alternative sources
ON RISKS	Technology  Unsuccessful investment in new technologies  Replacement of existing products with lower emission options  Cost related to decarbonisation of the value chain, including substitution of emission-intensive assets or material	<ul> <li>Investment in low emission technology in meeting market regulation</li> <li>Old asset write off</li> </ul>	LOW	LOW	Use of recycled materials     Reduce water usage and consumption     Shift to more energy efficient buildings     Use of efficient modes of transport and production and distribution processes such as electric vehicle (EV)
TRANSITION RISKS	Reputation - Increased in stakeholder concern/negative feedback - Shift in customer preferences - Stigmatisation of sector	<ul> <li>Loss of revenue of product and service</li> <li>Decline in brand name</li> </ul>	LOW	MEDIUM	<ul> <li>Access to new market</li> <li>Use of public-sector incentives</li> <li>Access to new assets and locations needing insurance coverage</li> </ul>
	Market     Change of customer behaviour     towards more sustainable product     Increased cost of raw material     and energy	<ul> <li>Loss of revenue of product &amp; service</li> <li>Increase cost of decarbonisation due to high carbon credit market demand</li> </ul>	LOW	MEDIUM	<ul> <li>Development of new products/ services through R&amp;D innovation</li> <li>Development of climate adaption and insurance risk solutions</li> <li>Development and or expansion of low emissions goods and services</li> </ul>
ISKS	Acute Extreme weather events such as floods and heavy rainfall	<ul> <li>Loss of revenue due to disruption of supply chains and operations and impacted property asset</li> <li>Higher insurance premiums</li> </ul>	LOW	MEDIUM	<ul> <li>Participation in renewal energy programme and adoption of energy-efficiency measures</li> <li>Alternative resource substitute such as generating own electricity</li> </ul>
ICAL RISKS	Chronic Changing weather patterns and rising	<ul> <li>Higher operational cost</li> <li>Higher insurance premiums</li> </ul>			<ul> <li>Incorporated climate risk into the risk management framework</li> </ul>

LOW

MEDIUM

Source: https://www.ipcc.ch/

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GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE ON SUSTAINABILITY

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Task Force on Climate-Related

Financial Disclosures (TCFD)

# Task Force on Climate-Related Financial Disclosures (TCFD)

We have determined the time horizon for the identified risks and this includes short, medium and long term.



			Time Horizon			Financial Impact
Transition Risk	Impact	Short-Term	Mid-Term	Long-Term	Category	Impact
Carbon Risk	Carbon pricing mechanism				Operation Cost	Increase cost due to carbon tax
Efficiency	Efficiency fuel substitution, energy efficiency, process optimisation, conserve resources				Operation Cost	Increase cost
Policy	Increase in raw material costs Increase in energy costs				Operation Cost	Increase cost
		<ul><li>Low risk</li></ul>	<ul><li>Medium risk</li></ul>	<ul><li>High risk</li></ul>		

# PHYSICAL RISKS

			Time Horizor			Financial Impact
Physical Risk	Impact	Short-Term	Mid-Term	Long-Term	Category	Impact
Flood	Increase frequency of storms and flooding				Operation Cost	Disruption of supply of raw materials
Extreme weather	A direct effect for raw sugar price fluctuations due to extreme temperature, & diseases				COGS	Increase price volatility due raw material scarcity
Drought	Affecting raw material quality & crop yield				Operation Cost	Lower crop yield
Water Stress	Rising demand as the climate gets warmer				Operation Cost	Water tariff lead to increase price

Low risk
 Medium risk
 High risk

#### **Processes For Identifying and Assessing Climate Related Risks**

Our processes for identifying and assessing climate-related risks involve conducting comprehensive risk assessments that consider both physical and transition risks. This includes analysing vulnerabilities in supply chains, assessing regulatory landscapes and evaluating the potential financial impacts of climate-related events. Additionally, we engage with stakeholders, including regulators, to stay informed about emerging risks and opportunities in the rapidly evolving climate landscape.

We have identified the following key workstreams:

<b>2050 Net-Zero</b> – Climate Change and GHG Emission N	Nanagement		Economy Management	Sustainable Sourcing
Water Management	Sustai	nable Packaging	Creating Shared (ESG culture, communication	Biodiversity & Nature-based Solutions



# **RISK MANAGEMENT**

The effects of climate change can potentially impact our entire value chain and as such, we have incorporated climate risk into our risk management framework. Climate risk undergoes the same management and assessment process as other risks. This entails conducting a comprehensive top-down and bottom-up assessment to best understand the key emerging risks and opportunities. The key outcomes of the potential business impact are aligned with the Group's strategic planning. The assessment process helps with informed decision making, especially in the aspect of capital fundings, strategy planning and workforce planning. The Group's significant risks are reviewed by the relevant operational teams, which will then establish the appropriate mitigation plans.



For more information on MSM's risk management, please refer to the Statement on Risk Management and Internal Control in MSM's Integrated Annual Report 2023.

#### **Integrating Climate Risk Management**

We are refining our approach to managing climate-related risks by integrating them seamlessly into our organisation's broader risk management framework. This involves enhancing how we identify, assess and manage these risks, recognising their diverse and nuanced nature. Our objective is to embed the identification of climate-related risks into our regular risk assessment processes, ensuring they are understood and addressed in line with our overall risk management strategy.



## **METRICS & TARGETS**

In 2023, we continued to disclose our Scopes 1, 2 and 3 GHG emissions. To further monitor our carbon footprint, we have also tracked other sustainability indicators including water reduction and plastic usage. The following tables disclose our key performance indicators, targets and progress against targets.



Refer to Climate Action on page 75 and pages 77 to 78 for our GHG emissions and Water

Climate Action

# **Climate** Action

# **WHY IT MATTERS**

Climate action is vital to mitigate the impacts of climate change. The effects of global warming, including rising temperatures, extreme weather events and rising sea levels pose significant risks to global ecosystems, communities and economies. Taking proactive measures such as reducing GHG emissions, transitioning to renewable energy sources and embracing sustainability practices. is essential to build a resilient and sustainable future. Moreover, these actions align with global endeavours to collectively meet climate targets through global collaboration. Prioritising climate action not only ensures the well-being of current and future generations, but also preserves biodiversity and protects planetary health.

#### **Our Approach**

Climate change impacts the global economy and diverse industries. As a leading corporation in Malaysia, MSM is committed to supporting the global initiative to limit the rise in global temperatures to 1.5°C. Due to the nature of our business and supply chain, we are vulnerable to climate risks as we source raw sugar internationally. The potential impact on sugarcane poses risks to our operations and productivity. To this end, we are taking steps to minimise the impacts of climate change on our activities.

We are committed to achieving Net Zero by 2050, guided by sciencebased emission reduction targets. We remain dedicated to reducing our greenhouse gas (GHG) emissions in line with our Group Sustainability Policy. Our overall year-on-year reduction target for Scope 1 and Scope 2 emissions for the year is a 1.5% reduction in emission intensity (tCO<sub>2</sub>e/ production), and we have achieved a 4.4% reduction for FY2023. Our water conservation targets include a reduction of 2% in 2024 and 6% by 2025. Simultaneously, we aim to cut costs and reduce our carbon footprint by incorporating alternative energy sources into our energy management plans, improving the overall efficiency of our operations.

Additionally, MSM fully supports the government's efforts in fostering a sustainable approach to address climate change impacts, promoting a competitive circular economy and ensuring the adoption of responsible practices for sustainable development. Our initiatives emphasise recycling and reducing GHG emissions collectively with the community. We also promote the transition to renewable energy and low-carbon technologies, while raising awareness on how recycling combats climate change.

#### **Our Initiatives**

#### Science-Based Targets initiatives (SBTi) and Net Zero





Since 2022, we achieved the distinction of being the second food-based company in Malaysia to join the SBTi, a collaborative initiative facilitated by the United Nations Global Compact (UNGC) Malaysia and Brunei along with the Net Zero Ambition initiative.

#### Task Force on Climate-related Financial Disclosures (TCFD)



We continue to adopt the recommendations outlined by the TCFD to systematically identify climate-related risks and opportunities. The Board has oversight on all climate-related matters. In 2023, the Group established a Management Steering Committee to diligently monitor sustainability and climate-related matters, ensuring the success of MSM's sustainability agenda. Several MSM personnel were also appointed as ESG Catalysts within the Group's seven identified workstreams.

For more details, refer to the Sustainability Governance section on pages 20 to 21 and the Task Force on Climate-Related Financial Disclosures (TCFD) section on pages 64 to 71.

We have built partnerships with various stakeholders including both governmental and non-governmental organisations. Our partnership with Wilmar Sugar Pte Ltd ensures that our production aligns with the No Deforestation and No People Exploitation (NDPE) principles. We also collaborated with the Department of Environment (DOE) in Penang and the Penang Inshore Fishermen Welfare Association (PIFWA) to raise awareness about sustainability, particularly on mangrove tree planting.

We have also established partnerships with esteemed organisations such as the United Nations Global Compact Network Malaysia and Brunei and Climate Governance Malaysia. These collaborations involve advocacy for climate change-related initiatives, reflecting our shared commitment to mitigating climate-related risks. In addition, our Group CEO is a key member of the CEO Action Network (CAN), providing us with the opportunity to engage with CAN's climate change agenda. This involvement allows us to contribute to the global goals outlined in Sustainable Development Goal 13 on Climate Action. CAN serves as a coalition of leaders dedicated to shaping policies, gaining stakeholder support and fostering a conducive ecosystem for sustainable businesses and development in Malaysia.

By leveraging networking and knowledge-sharing opportunities, we aim to develop an efficient climate transition strategy, considering aspects such as financial stability, increased resilience and long-term sustainability.



#### COP28

In 2023, MSM participated in COP28 held in Dubai, in support of the Ministry of Natural Resources, Environment and Climate Change (NRECC). Aligned with the Paris Agreement, Malaysia has pledged a 45% reduction in economy-wide carbon intensity by 2030, relative to the 2005 levels. The goal is to achieve net-zero GHG emissions by 2050, depending on the outcomes of NRECC's Long-Term Low Emissions Development Strategies (LT-LEDS). As we spearheaded our sustainability journey to meet the objectives of the national ESG agenda from 2021 to 2030, we aim to continue to maximise our ESG initiatives. Our participation in COP28 will accelerate our ongoing sustainability journey towards creating a sustainable tomorrow.

#### **Asia Pacific Climate Week 2023**

MSM also participated in the Asia Pacific Climate Week 2023 exhibition organised by United Nations Climate Change and hosted by the Johor State Government in November 2023. With a global gathering of over 2,000 participants from 150 countries, we made a commitment to sharing our comprehensive approach to integrating ESG principles into each of





Climate

Action

**7**5

# Climate Action

#### **Climate Change Mitigation Initiatives**

In the year under review, we implemented various measures to mitigate climate change. We utilised raw materials to reduce waste and promote recycling, analysed waste and developed action plans to minimise our waste generation. One of our successful methods we have employed is through our mudcake product, which is repurposed into other products such as fertiliser and animal feed. By 2024, we aim to meet our zero landfill target to minimise our negative environmental impact, along with reducing GHG emissions and water consumption as part of our sustainability commitment.

As part of our climate action mitigation initiatives, we also initiated the planting of 150 mangrove saplings at Sungai Prai, adjacent to the MSM Prai refinery in Penang. This initiative was in addition to the 1,700 mangrove saplings planted in previous years. To date, MSM Prai has planted a total of 1,850 mangrove trees since the programme's inception in 2021.

Additionally, an assessment of the 2022 planting revealed a 94% survival rate, with saplings primarily damaged by wildlife such as wild boars and monkeys. Despite challenges, mangroves play a crucial role in absorbing and storing carbon dioxide, making them essential contributors to the fight against global warming.



Furthermore, in support of the New Industrial Master Plan (NIMP) 2030 and the National Energy Transition Roadmap, we are working on solar panel and biomass projects in several locations. We have identified ways to improve energy efficiency through energy audits in 2024. Additionally, we have upgraded our fleet by using lower-emission fuels and introduced electric vehicle to cut carbon emissions over the next five years.



#### **Adaptina to Climate Change**

MSM is committed to integrating biodiversity into our business to tackle climate change and ensure food security. For instance, our collaboration with WWF's Save the Malayan Tiger initiative and the Cheratina Turtle Sanctuary, prioritises conservation efforts for turtles and tigers. These initiatives are endorsed by the Reaent of the state of Pahana. HRH Tenaku Hasanal Ibrahim Alam Shah. As part of our climate resilience efforts, we also provided sponsorship for the Asia Pacific Climate Week (APCW) to discuss solutions prior to COP28. This event saw the gathering of diverse stakeholders to address a wide range of climate-related issues. In addition, we focused on water stewardship by defining our water footprint and developing an action plan to achieve our goals, including setting reduction targets. Currently, we are exploring rainwater harvesting with industry partners to identify opportunities for effective water reuse.

#### **Our GHG Emissions**

With regards to our GHG emissions, the Group remains committed to enhancing its GHG inventory and crafting a comprehensive climate change framework. This involves a meticulous evaluation of our GHG disclosures to ensure that our data is measured consistently and accurately.

- Scope 1 encompasses direct GHG emissions from sources owned or controlled by MSM, such as diesel used in production, the logistics fleet, natural gas consumption, and fugitive emissions.
- Scope 2 pertains to indirect GHG emissions resulting from purchased electricity.
- Scope 3 involves indirect GHG emissions which covers business air travel (Category 6) for 2021 and 2022. In 2023, we added the following categories under Scope 3 emissions:
- Category 1 Raw Sugar Purchased
- Category 4 Upstream Transportation (only partial data collected from MSM Prail
- Category 6 Business travel by land and air
- Category 7 Employee Commute
- Category 9 Downstream Transportation (all land and sea transport from MSM Prai only)

In 2023, our Scope 1 emissions recorded a slight decrease of 3.5% per tonne of sugar product produced in comparison to 2022, while Scope 2 emissions reduced by 9.5% per tonne of sugar products produced compared the previous year. The following details our GHG emissions from FY2021 to FY2023:

#### Scope 1

Scope 1 Emissions (tCO₂eq)	2021	2022	2023
Gross direct (Scope 1) GHG emissions	216,513.40	211,277.00	213,704.34

#### Scope 2

Scope 2 Emissions (tCO₂eq)	2021	2022	2023
Gross location-based energy indirect (Scope 2) GHG emissions	37,720.70	39,660.11	37,604.03

#### Scope 3

Scope 3 Emissions (tCO <sub>2</sub> eq)	2021	2022	2023
Gross other indirect (Scope 3) GHG emissions	1.511	7.20 <sup>1</sup>	1, 496, 229.49

- Business travel by air included for 2021 and 2022 only
- Scope 1 comprises of consumption of natural gas, diesel consumption from heavy machinery and owned lorries, and fugitive emissions.
- Scope 2 comprises of purchased electricity from MSM Holdings, MSM Prai, MSM Johor and MSM Prai (SBW)/ Logistics, Calculation method is based on MEIH Suruhanjaya Tenaga. Emissions for 2021 and 2022 has been reinstated to reflect the 2021 emission factors.
- Scope 3 comprises of Category 1 (Purchased raw sugar), Category 4 (Upstream transportation or partial data collected from MSM Prai), Category 6 (Business travel for MSM Holdings, MSM Prai, MSM Johor and MSM Prai (SBW)/ Logistics), Category 7 (Employee commute for MSM Holdings, MSM Prai, MSM Johor and MSM Prai (SBW)/ Logistics), and Category 9 (Downstream transportation of sugar products by land and MSM Prai's export by sea).
- Calculation method is based on the GHG protocol calculator (https://ghaprotocol.org/gha-emissions-calculation-tool).

#### **GOING FORWARD**

To expedite our transition towards a low-carbon footprint, we are committed to exploring alternative approaches to reduce our GHG emissions throughout our operations. This involves assessing the structural viability for our rooftop solar projects at MSM Prai and MSM SBW and exploring a biomass energy project at MSM Johor in 2026. Additionally, we will enhance our management of plastic waste in alignment with the Malaysian Plastics Sustainability Roadmap 2021-2030. We will also elevate employees' awareness and understanding on climate change through various environmental programmes.

We are committed to biodiversity conservation through nature-based solutions, as outlined in our initiatives by aligning with the National Policy on Biological Diversity 2022-2030. We aim to plant 3,150 mangrove saplings to meet our target of 5,000 mangrove saplings and 3,000 trees, aligning with the Malaysia Greening Programme's goal of planting 100 million trees by 2025.

Our proactive approach ensures that our conservation efforts are seamlessly integrated into broader climate policies, emphasising the crucial link between biodiversity conservation and effective climate action for a sustainable future.

Apart from these initiatives, we will implement our Measure, Reduce, Offset (MRO) strategy to accurately measure our carbon emissions, identify reduction measures and explore carbon offset mechanism. We plan to develop a GHG reduction roadmap for Scope 1 and 2 emissions to achieve carbon neutrality and Scope 3 to meet our Net Zero target. Furthermore, we will conduct energy audit in MSM Johor, monitoring and reporting to evaluate the energy efficiency within our operations. We also aim to submit our SBTi and Net Zero commitment by Q4 2024.

Water

Management

# Water Management



At MSM, we strive to optimise our water management to operate sustainably and minimise risks such as water shortages and pollution. By utilising our water responsibly and employing solutions to conserve water, we can save costs and utilise our resources more effectively. In addition, water management protects the environment, supporting ecosystems and ensuring that our operations do not negatively impact the communities surrounding us. To this end, our water management is crucial for our environmental stewardship, licence to operate, regulatory compliance and meeting stakeholder expectations.

#### **Our Approach**

Despite being a renewable resource, water is limited during droughts and periods of water scarcity such as water cuts. Therefore, we have established various measures to effectively manage our water consumption, as it vital for our refinery operations. We remain committed to implementing sustainable water management practices to ensure that this important resource is utilised efficiently. MSM took an initiative to monitor our water consumption and amount of effluent discharged with quarterly reporting to MSM headquarters. In order to achieve the Group Sustainability Policy and Environmental Policy, we remain committed to reducing our water consumption and enhancing how we manage our wastewater.

#### **Our Initiatives**

#### MSM Johor

MSM Johor utilises water from Ranhill SAJ pipelines for the operations of the processing plant and boiler. The water for our fire hydrant tank is also supplied by the SAJ pipeline, with a separate meter used to track usage.

In addition, all wastewater from the operational plant and boiler will be directed to the Industrial Effluent System (IETS), which has the capacity to treat 240 m³ of wastewater daily. The treated wastewater will then be discharged directly into the monsoon drain, in compliance with Standard A of the Industrial Effluent Regulations 2009. Boiler blowdown water is also collected and stored in a buffer tank before being sent to the IETS for treatment.

Since July 2022, our IETS system has been upgraded and as of December 2023, the progress stands at 98%. All stakeholders within MSM Johor are required to comply with the Environmental Regulatory Compliance Monitoring Committee (ERCMC), including the leaks buster team established by the Operations department. CCTV cameras and spotlights have been installed at all five water gates. Daily monitoring on all water gates is also conducted, along with walk downs by the IETS Supervisor at key areas every six hours to report any environmental incidents.

Weekly meetings are held with stakeholders, consultants and subject matter experts to share updates and discuss issues related to IETS. Periodic cleaning is also carried out to ensure compliance with regulations.

To identify our water-related impacts, we engaged a third-party laboratory to collect and analyse wastewater on a weekly basis. These results are submitted on the Online Environmental Reporting (OER) system on the DOE's system. Additionally, MSM conducts daily monitoring and sampling. Any operational issues will be rectified on site.

#### MSM Sungai Buloh Warehouse (SBW)

MSM SBW obtains water from Air Selangor for domestic use such as for toilets and pallet washing to eliminate dirt and debris. As their water is only utilised for domestic purposes, no additional containment or treatment is carried out prior to consumption, and it is discharged directly into the monsoon drain.

#### MSM Prai

The usage of water at MSM Prai Berhad is essential whether in operational and non-operational activities. MSM Prai utilises water supplied by PBA Penang for various purposes including office use, canteen operations and factory activities such as boiler and production processes. The majority of MSM Prai's water consumption is attributed to factory operations. The performance of operations and the output of products may be impacted by water runoff. To identify water-related impacts, pressure and flow rate monitoring systems are installed to monitor water supply in our factory operations. We will promptly notify PBA Penang in the event of a water supply shortage due to low pressure or flow rate.

Additionally, as part of our water conservation efforts, MSM Prai is exploring a rainwater harvesting system for potential use in non-operational activities such as housekeeping, cleaning and landscaping activities which can save a large amount of treated water. This system incorporates several essential features, including components tailored to spatial constraints, a self-cleaning filter and separator to remove debris, first flush traps for capturing clean rainwater and a backup mechanism to ensure continuous water supply. Furthermore, the rainwater harvesting system offers various benefits such as durability, cost-effectiveness, low maintenance and scalability.

In relation to wastewater treatment, MSM Prai regularly engages with the Penang DOE, as we are planning to install IETS by 2026. We will continue to provide DOE updates on the progress of our plans to reassure the DOE of our commitment to enhancing our processes.

#### **Water Performance**

All our operations monitor their water consumption independently. In FY2023, there was an increase in MSM Johor's and MSM SBW's water usage due to the production increase in MSM and increase of pallets washing activities in MSM SBW due to the higher volume of sales distributed from MSM SBW, while MSM Prai's water consumption decreased by 6.7% due to implementation of water management programmes such as water from condensate recycled into the water service tank for usage in operational activities, improvement on leaking issues and instrumentation control (less water overflow). The goal is to save 2% of water in 2024 and 6%, or 300 m³, in 2025. The total water consumption for MSM Group dropped from 2,272,817 m³ in FY2022 to 2,213,040 m³ in FY2023 due to the significant decrease of water consumption in MSM Prai.





**OUR VALUE** 

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE ON SUSTAINABILITY

OUR BUSINESS IN RRIFE

DELIVERING SUSTAINABLE VALLE

UPHOLDING GOOD GOVERNANCE AND ECONOMIC SUSTAINABILITY

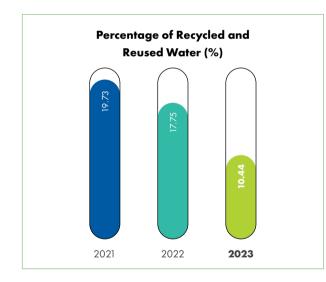
PUTTING OUR PEOPLE FIRST

**OPTIMISING ENVIRONMENTAL** DEDECIDANCE

APPENDICES

# Water Management





#### **Going Forward**

To further enhance our water conservation efforts, we have identified several areas as potential projects for rainwater harvesting, which can be utilised for general cleaning purposes and other applications. Additionally, the MSM Johor plant targets to achieve a 2% reduction in water consumption by FY2024, once the IETS is fully operational and in compliance with the Standard A local regulation. Additionally, MSM Prai is working towards establishing targets to monitor the quantity of water consumed and an estimate reduction of 2% in 2024 and 6% in 2025

# Waste Management



Effective waste management is important for MSM, given its significant impact on the environment, our operations, and the local communities where we operate. Lack of waste management will not only cause adverse environmental impacts but also affect the health of the local communities. Proper waste management reduces pollution and minimises our ecological footprint while promoting sustainability, mitigating regulatory risks and ensuring regulatory compliance. Apart from protecting the environment, optimising our waste management streamlines our operations, strengthens our reputation and contributes to the overall sustainability and success of our organisation.

#### **Our Approach**

MSM remains steadfast in its commitment to effective waste management. prioritising environmental and community well-being, while mitigating the adverse impacts of hazardous waste generated by our operations. Our commitment is evident through initiatives aimed at waste reduction and efforts to regulate our input, activities and output processes. We adhere to the principles outlined in the Group Sustainability Policy, the Environmental Policy and specific waste management practices which are implemented across all MSM's operations. These practices ensure compliance with the Environmental Quality (Scheduled Wastes) Regulations 2005, reinforcing our commitment to responsible waste management practices.

We persistently explore ways to minimise waste, optimising our use of resources and promoting sustainability by prioritising the continuous use and recycling of materials. Our objective is to embrace the key principles of a circular economy, where our resources can be reused, refurbished, and recycled. We believe that this approach will mitigate the environmental impacts of waste. preserve valuable resources and contribute to a more sustainable and resilient future. We complied with the Environmental Quality (Scheduled Wastes) Regulations 2005 and received zero compounds for non-compliance related to waste management in 2023.

#### **Our Initiatives**

MSM believes that sustainable development goes beyond corporate responsibility, representing a commitment to ethical practices. We are committed to embracing the circular economy approach. MSM undergoes detailed and thorough classification of waste through waste profiling. Wastes are segregated and managed using proper disposal methodologies. We emphasise the essential need to overcome industry challenges and barriers through harmonised actions and tactical, pragmatic solutions for circular economy implementation beyond net-zero.

#### **Managing Hazardous Waste**

MSM's waste includes hazardous waste and non-hazardous waste. This determines the storage, management and disposal procedures for waste, covering the entire life cycle from production to packaging and distribution.

The hazardous waste generated in our operational activities consists of materials such as containers, bags and equipment contaminated with

Our scheduled waste undergoes rigorous oversight across our operations, managed and monitored by Competent Persons who are Certified Environmental Professional in Scheduled Waste Management (CePSWAM). They are tasked with recording their observations and details into our database and in the DOE's eSWIS system, in compliance with the Environment Quality (Scheduled Wastes) Regulations 2005. To manage our waste responsibly, we collaborate with licensed vendors or collectors licensed by the DOE. These suppliers are engaged to collect, transport, process and dispose waste responsibly in accordance with local regulations and standards.

#### Managing Non-Hazardous Waste through Circular Economy

Our non-hazardous waste encompasses general by-product (mudcake) and office waste, including materials such as plastic and paper boxes. We continue to actively explore efficient ways to reduce waste generation and divert nonscheduled waste away from landfills, including advancing circular economy. One of our circular economic initiatives is the production of mudcake, which was introduced in 2022. We will continue exploring recycling, refining and reselling various waste, such as the following:



Waste

OUR VALUE IMPACT GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE ON SUSTAINABILITY

OUR BUSINESS IN BRIEF DELIVERING SUSTAINABLE VALUE UPHOLDING GOOD GOVERNANCE AND ECONOMIC SUSTAINABILITY

PUTTING OUR PEOPLE FIRST

OPTIMISING ENVIRONMENTAL PERFORMANCE

APPENDICES

Management

# Waste Management

#### Mudcake: Repurposing for a Greener Tomorrow



Achievement by Dr Maheera binti Mohamad, Mohd Rizal bin Razalli and Chong Khai Lin, School of Technology Management and Logistics, UUM







Mudcake is a compacted by-product of sugar refining waste produced in MSM refineries. The DOE categorises mudcake from refineries as a by-product of waste. Our foray into mudcake resulted from extensive research on MSM's mudcake waste in 2021, revealing acid-reducing properties in soil, rendering it an excellent fertiliser. This discovery led to a collaboration between MSM Johor and FGV Fertiliser in October 2021 to assess the viability of utilising mudcake from MSM Prai and MSM Johor, offering mutual benefits. We aim to capitalise on this opportunity by exploring further collaborations with other industries and environmental authorities. MSM is also actively pursuing partnerships with higher educational institutions to conduct additional research on the potential uses and benefits of mudcake.

#### MSM Prai's 3R Campaign

#### **Prai River Cleaning**

Reflecting our steadfast commitment to embracing ESG (Environment, Social & Governance) practices at MSM, initiatives have been meticulously planned at MSM Prai. In alignment with the recent Earth Day, several activities were undertaken to instill a sense of environmental responsibility among our employees. For the year 2023, we initiated the 3R (Reuse, Reduce, Recycle) Campaign and organised a river cleaning event near Sungai Prai.

The primary aim of these programmes is to raise awareness among our staff about the significance of environmental sustainability. With concerns over escalating pollution in the air, soil, and sea, effective waste management has become imperative. Our focus is to address this issue by involving staff in beach cleaning activities and encouraging the segregation of recyclable waste.

#### Waste Exchanger

The 3R campaign, exhibition, and beach cleaning activities took place from 16-21 March 2023 in tandem with the Waste Exchanger Programme was organised at MSM Prai Berhad. Staff were encouraged to bring 1kg of recycled waste, which they could exchange for a tote bag. A total of 517.25kg of waste was collected during the campaign, with participation from 331 staff members.

#### Training

Awareness training sessions were conducted for 45 staff members to emphasise the importance of practicing 3R principles. These sessions aimed to empower individuals to initiate these activities at home, thereby indirectly facilitating the implementation of 3R practices within the factory premises.

#### 3R Campaign Highlights

331 employees
participated, contributing to a waste collection of
517.25kg

#### Exhibition on 3R and Composting by MBSP and GRRSB

An exhibition on 3R and composting was also organised. In addition to raising awareness about 3R practices, composting was highlighted as a natural method of recycling organic matter. This biodegradable process involves the decomposition of organic matter by microorganisms in the presence of oxygen. The outcome serves as a natural fertiliser for gardening and agriculture, benefiting the environment in the process.

#### **Promoting Waste Reduction at MSM's Plants**

In 2023, MSM Johor maintained its collaboration with research and development entities to explore options to transform waste into valuable byproducts. The plant has initiated a project with a vendor to repurpose mudcake into animal feed, making it suitable for aquatic life such as fish and shrimp. The MSMJ plant will continue to collaborate with FGV Fertiliser to gain technical support from FGV R&D, to conduct a small-scale trial mixing mudcake with ground magnesium limestone (GML) for plantation fertiliser. This demonstrates the plant's commitment to innovating waste management solutions.

At MSM Prai, the HSES team collaborated with two recycling companies to recycle the plant's used paper cores, which were initially sent to landfills as general waste. This enabled the plant to reduce their waste to landfill and adopt a waste to green initiative. In October 2023, the plant organised an Environmental Week to raise awareness on sustainability and environmental protection with talks on topics such as 'Awareness on Pollution and Impacts on the Environment', 'The Importance of Recycling', and 'The Management and Disposal of Oil, Chemical and Mercury, along with activities including an e-waste recycling programme and a workshop on upcycling.

#### **Raising Awareness**

Additionally, MSM and Universiti Sains Malaysia (USM) hosted an inaugural ESG Talk themed 'Waste to Green Initiatives' on 4 July 2023. Attended by 130 undergraduates and postgraduate students from USM's Faculty of Industrial Science Technology, the event touched on subject matters such as waste to sustainable raw materials, innovative medical devices, waste management and effluent regulations.

#### **Waste Performance**

Our hazardous (scheduled) waste is disposed through the following methods:

Landfill Incineration Recycling chemical Recovery treament

In the year under review, MSM Group generated a total of 23,912.6 metric tonnes of hazardous and non-hazardous waste. From this total, our operations generated 472.57 tonnes of hazardous waste, which was an increase of 136.7% against 2022, due to the ramp up of production volume. Our non-hazardous waste, specifically the disposal of mudcakes, saw a slight 4% decrease compared to the previous year. During the year, we also utilised 7,271 kg of paper, equivalent to 1,550,348 sheets.

# Waste Management

# Waste Management

#### Hazardous Waste & Non-Hazardous Waste (Tonnes)

Amount of Hazardous (Scheduled) Waste collected by licensed			
contractor (MT)	2021	2022	2023
MSM Holdings	0	0	0
MSM Prai	167.27	132.955	162.70
MSM Johor	133.66	66.668	308.603
Sungai Buloh Warehouse	0	0	1.2670
Total	300.93	199.62	472.57
Non-hazardous Waste to Landfill	2021	2022	2023
MSM Holdings	0	0	0
MSM Prai	478.28	491.52	530.9
MSM Johor	90.21	219.71	191 <i>.77</i>
Sungai Buloh Warehouse/MSM Logistics	86.8	172.74	100.11
Total	655.29	883.97	822.78
Non-hazardous Waste Recycled	2021	2022	2023
MSM Holdings	0	0	0
MSM Prai	158.83	169.6	226.66
MSM Johor	117.48	88.94	140.58
Sungai Buloh Warehouse/MSM Logistics	0	0	33.29
Total	276.31	258.54	400.53
Non-hazardous Waste Sold	2021	2022	2023
MSM Holdings	0	0	0
MSM Prai	79.45	107.23	103.562
MSM Johor	52.9	22.35	31.88
Sungai Buloh Warehouse/MSM Logistics	0	0	0
Total	132.35	129.58	135.44

Non-hazardous Waste sent for			
Recovery (Mudcake) (MT)	2021	2022	2023
MSM Holdings	0	0	0
MSM Prai	13,779.26	14, 199.51	15,071.37
MSM Johor	6,119.37	4, 153.11	7,009.91
Sungai Buloh Warehouse/MSM Logistics	0	0	0
Total	19, 898.63	18,352.62	22,081.28
Per MT of Sugar Products			
Produced	0.0066	0.0203	0.0223

#### **MSM Group Paper Usage for Printing**

		Total
	Paper (pc)	286,289
SM Prai SM Johor	Weight (kg)	1,343
M3M Holdings	Emissions (tCO <sub>2</sub> e)	1.83
	Trees	32
	Paper (pc)	349,559
MSM Holdings  MSM Prai  MSM Johor  MSM Sungai Buloh Warehouse	Weight (kg)	1,639
	Emissions (tCO <sub>2</sub> e)	2.24
	Trees	39
MSM Johor	Paper (pc)	622,893
	Weight (kg)	2,921
MSM Johor	Emissions (tCO <sub>2</sub> e)	3.98
SM Johor	Trees	70
	Paper (pc)	291,607
AACAA C	Weight (kg)	1,368
MSM Sungai Bulon vvarenouse	Emissions (tCO <sub>2</sub> e)	1.87
	Trees	33
	Paper (pc)	1,550,348
	Weight (kg)	7,271
Overali Group	Emissions (tCO <sub>2</sub> e)	9.92
	Trees	174

#### **Going Forward**

We aim to explore more disposal options to reduce waste management cost at all operation sites by 2024. This will involve implementing circular practices in waste management, such as adopting waste to green initiatives and enhancing the 3R to 4R (Reduce, Reuse, Recycle and Recover) principles. Additionally, we plan to collaborate with academia on research and development, exclusively engaging vendors or off-takers in circular economy activities. We will explore biofriendly packaging materials, provide training for ESG Catalysts to strengthen our support team and co-sponsor the National Waste Seminar 2024.

We are conducting daily and weekly monitoring of effluents, perform zero-leakage audits and hold weekly task force meetings. Additionally competent persons are assigned to oversee effluent management at all our locations, and we maintain ongoing engagement with DOE and local authorities. In relation to scheduled waste, we persist in managing it in compliance to legal requirements, ensuring proper storage practices for scheduled waste across all locations.

https://www.papersizes.org/weight-of-sheets.htm

https://www.degruyter.com/document/doi/10.1515/gps-2020-0061/html?lang=en

https://8billiontrees.com/trees/how-many-pieces-of-paper-in-a-tree/

Renewable Energy

and Energy Management

# Renewable Energy and Energy Management



Renewable energy and efficient energy management is crucial to our business operations, ensuring the implementation of sustainable and responsible business practices. Adopting renewable energy such as solar energy, aligns with our environmental goals, reduces environmental impacts, lower costs and contributes to mitigating climate change. Through our utilisation of smart technologies and conservation measures, we can optimise operational expenses and achieve our sustainability goals.

#### **Our Approach**

As our operation consumes a vast amount of energy, we strive to minimise our environmental impact by optimising our energy consumption. Our primary sources of energy include own-generated electricity, purchased electricity, natural gas and diesel. We recognise the significant role we play in reducing GHG emissions. Therefore, we take proactive steps such as generating our own electricity to decrease reliance on purchased electricity. We also actively explore other renewable sources to further reduce our carbon footprint.

#### **Our Initiatives**

#### **Cogeneration Plant**

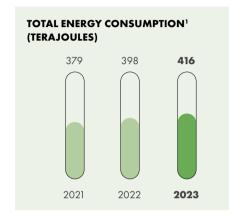
MSM Johor boasts a cogeneration plant that renders it self-sufficient in generating electricity and steam that is necessary for sugar processing. This facility incorporates a combination of a natural gas boiler and a back pressure steam turbine generator. On the other hand, MSM Prai, an older refinery, generates only 30% of its electricity demand through an internal small cogeneration plant. The remaining electricity required comes from the national grid. To enhance energy utilisation efficiency, MSM Prai employs

a Mechanical Vapour Recompressor (MVR) system, recovering steam to increase its steam usage efficiency. Furthermore, MSM Prai utilises a Vertical Crystaliser System, known as VKT, to consistently produce refined sugar with superior steam utilisation efficiency per tonne of raw sugar melted compared to conventional vacuum pan operations for sugar boiling.

During the year, we conducted a comprehensive study examining the various aspects of forklifts, including the comparison of three types of forklifts and the batteries used in electric forklifts. Based on the findings of this study, we decided to phase out the use of diesel forklifts and transition to LPG forklifts. The comparative analysis revealed that LPG forklifts offer many advantages, including less noise, suitable for indoor and outdoor usage, reduced emissions and minimal maintenance costs. We are currently using lead-acid battery-operated forklifts and plan to replace them with lithium-ion batteryoperated forklifts by Q4 2024. These changes align with our commitment to environmental sustainability and will help us to conserve energy and reduce



#### **Total Energy Consumption**



	2021	2022	2023
Own Generated			
Electricity Consumption			
(kWh)	55,556,395	58,095,226	65,998,338
Total Purchased			
Electricity Consumption			
(kWh)	49,763,468	52,322,055	49,609,536
Diesel Consumption			
(Litres)	1,225,054	1,505,802	1,035,291
Natural Gas			
Consumption (mmBTU)	4,013,625	3,905,306	3,958,328

We aim to implement these efforts to conserve energy and implement cost-saving measures in 2024:

#### **Solar Energy**

- We will engage a contractor to replace and strengthen the Prai roof, while SBW will undertake minor roof repair works
- After the roof repair works are completed, we will install solar panels at MSM Prai and SBW. We anticipate reductions in electricity bills for both Prai and SBW, as well as reductions in CO<sub>2</sub> emissions

#### **Energy Audit**

- We will identify Energy Saving Measures (ESMs) and implement actions to optimise energy savings
- SEDA has approved the Detailed Energy Audit Grant of RM90,000 for MSM Johor, which will be conducted in Q1 of 2024

#### **Biomass Project at MSM Johor**

- MSM will continue engaging with FGVPI on the biomass collaboration project
- We will implement on-going strategies and initiatives
- We plan to construct a biomass boiler plant in MSM Johor to minimise environmental concerns
- We anticipate a reduction in natural gas consumption and also CO<sub>2</sub> emission reduction

<sup>1</sup> Total energy consumption is reinstated where the calculations are the total own generated electricity consumption and total purchased electricity consumption converted to terajoules

Bursa Malaysia ESG Performance Indicators

# Bursa Malaysia ESG Performance Indicators

Indicator	Measurement Unit	t 2021	2022	20
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Top & Senior Management	Percentage	100.00	100.00	100.
Managerial	Percentage	100.00	100.00	100.
Executive	Percentage	100.00	100.00	100.
Non-Executive	Percentage	No Data Provided	No Data Provided	67.
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	98.70	98.30	98.
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	1	0	
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	3.93	1.55	
Bursa C5(c) Number of employees trained on health and safety standards	Number	1,033	1,038	1,1
Percentage of sites with OHSAS 18001 certification	Percentage	66.67	100.00	100
Number of work-related employee fatalities, over last 3 years	Number	0	0	
Number of work-related contractor fatalities, over last 3 years	Number	1	0	
Does the company disclose the number of incidents of non-compliance with water quality/quantity permits, standards and regulations	Number	0	3	
Percentage of sites covered by recognized environmental management systems such as ISO14001 or EMAS	Percentage	0.00	66.67	66
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category			_	
Top & Senior Management	Hours	-	852	7
Executive	Hours	-	4,321	5,€
Non-executive/Technical Staff	Hours	-	5,829	7,9
General Workers	Hours	-	7,276	6,4
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	3.20	1.40	
Bursa C6(c) Total number of employee turnover by employee category			-	
Top & Senior Management	Number	0	2	
Managerial	Number	20	16	
Executive	Number	27	50	
Non-Executive	Number	117	54	
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Top & Senior Management Under 30	Percentage	4.55	0.00	0
Top & Senior Management Between 30-50	Percentage	40.91	68.00	56.
Managerial Above 51	Percentage	82.83	16.51	14.

External assurance No assurance

30.70

56.14

33.33

9.94

56.73

(\*)Restated

31.31

58.41

10.28

32.75

11.30

Indicator	Measurement Unit	2021	2022	
Gender Group by Employee Category				
Top & Senior Management Male	Percentage	77.27	72.00	6
Top & Senior Management Female	Percentage	22.73	28.00	
Managerial Male	Percentage	73.74	73.39	6
Managerial Female	Percentage	26.26	26.61	
Executive Male	Percentage	63.60	58.88	
Executive Female	Percentage	36.40	41.12	
Non-Executive Male	Percentage	92.69	93.33	
Non-Executive Female	Percentage	7.31	6.67	
Bursa C3(b) Percentage of directors by gender and age group			_	
Male	Percentage	77.78	66.67	
Female	Percentage	22.22	33.33	
Under 30	Percentage	0.00	0.00	
Between 30-50	Percentage	11.11	11.11	
Above 51	Percentage	88.89	88.89	
Number of Board Directors	Number	9	9	
Number of independent Directors on the board	Number	6	5	
Number of women on the board	Number	2	3	
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	127,148.00	134,341.55	256,3
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	4,000	
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	216,513.40	211,277.00	213,7
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	37,720.70	39,660.11	37,6
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	1.51	7.20	1,496,2
Three years of total GHG emissions data on properties disclosed	Metric tonnes	254,235.61	250,944.31	1,747,5
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	1,778.820000	2,272.820000	2,213.0
Three years of total energy usage data on properties disclosed	Megawatt	105,319.86	110,417.28	115,€
Three years of total water usage data from property portfolio disclosed	Cubic meters	1,778,819.00	2,272,817.00	2,213,0
Company discloses the number and/or proportion of sites with a water management plan	Number	2	2	
Three years of total water discharge data is disclosed by destination - Total	Cubic meters	92,777.00	48,625.00	50,3
Three years of total water withdrawal data is disclosed by source - Total	Cubic meters	-		
Three years of facilities water withdrawal data for companies not disclosing company s overall data	Cubic meters	-		
Three years of facilities water discharge data for companies not disclosing companys overall data	Cubic meters	92,777.00	48,625.00	50,3
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	21,263.51	19,824.33	23,9
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	20,174.94	18,611.16	22,4
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	655.29	883.97	8
Disclosure of three years of hazardous waste generation (tonnes)	Metric tonnes	300.93	199.62	4
Disclosure of three years of non-recycled waste generation (tonnes)	Metric tonnes	1,088.57	1,213.17	1,4
Disclosure of three years of waste recycled (tonnes)	Metric tonnes	20,174.94	18,611.16	22,4
Bursa (Energy management)				

Internal assurance External assurance No assurance (\*)Restated

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Executive Under 30

Executive Between 30-50

Non-Executive Under 30

Non-Executive Above 51

Non-Executive Between 30-50

Internal assurance

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE ON SUSTAINABILITY

OUR BUSINESS IN BRIFF

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**APPENDICES** 

# **Performance Metrics**

Performance Metrics

#### **GOVERNANCE**



**Direct Economic Value Generated** Sales Revenue

RM3,091,223

thousand



#### **Economic Value Distributed**

Operating Costs (e.g. materials, product components, facilities purchased)

RM2, 928, 275

thousand

**Employee Wages** and Benefits

RM103,594

thousand

Payments to **Governments by Country** 

thousand

**Payments to Providers** of Capital

RM47,760

thousand

Community Investment

**RM256** 

thousand

#### **Economic Value Retained**

Economic Value Distribution In Excess of Economic Value Generated

RM10,533

thousand

Total Sponsorships and Donations

RM256, 380.54

MSM Holdings

MSM Prai

MSM Johor

RM65, 136.28 RM182, 096.26 RM9, 148.00

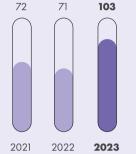
Total Zakat and Wakalah Contributions

RM210,465.55

MSM Holdinas RM86,749.00

MSM Prai RM123,716.55







**TOTAL RETURNED PRODUCTS** 

Note: Total returned products percentage is computed based on total returned products out of total sales.

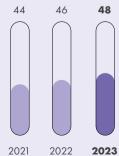
## **TOTAL LOCAL SUPPLIERS (%)**



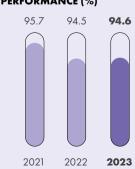


Note: The data disclosed here is limited to suppliers in Malaysia. It excludes the raw materials procured for production and items or services related to the supply chain.

#### **MSM GROUP UTILISATION** FACTOR (%)



#### **MSM GROUP YIELD** PERFORMANCE (%)



#### **Number of Confirmed Incidents of Corruption**

In 2023, we maintained

confirmed incidents of corruption and action,

achieved through stringent policies and procedures against bribery and corruption. This outcome followed a thorough investigation of eight reported incidents, six of which are not related to bribery and corruption, while two are still under investigation.

#### NUMBER AND PERCENTAGE OF ENGAGEMENT WITH VENDORS

Entities	No. of Vendors	Vendors Who Responded	% of Response
Headquarters	28	9	32
MSM Logistics	30	9	30
Prai	287	58	20

#### **CONSUMPTION OF SUSTAINABLE PACKAGING**

	MSM Johor	MSM Prai
PP Bags (tonnes)	691	408
Paper Bags (tonnes)	25	80
PE Film (tonnes)	1, 298	2,083

# Performance Metrics

# Performance Metrics

## SOCIAL **TOTAL EMPLOYEES** 1,033 1,038 1, 132 of HSE awareness programmes and training were conducted across the Group Female Male **Employees Covered** under the CAs in 2023 2021 2022 2023 (MSM Prai and MSM Johor only) Note: Employees refer to employed individuals of MSM Holdings, MSM Prai (including SBW operations), MSM Johor and MSM Logistics.

#### **OCCUPATIONAL HEALTH & SAFETY STATISTICS**

	2021	2022	2023
Total Number of Man-hours	5,593,309	5,810,583	6,371,536
Lost-Time Incident Rate (LTIR)	3.93	1.55	1.41

#### **WORK-RELATED INJURIES**

Employees	20211	20221	2023
Fatalities as a result of work-related injury	0	0	0
High-consequence work-related injuries <sup>2</sup>	10	6	7
Recordable work-related injuries <sup>3</sup>	15	8	7
Contractors	20211	2022 <sup>1</sup>	2023
Contractors  Fatalities as a result of work-related injury	<b>2021</b> <sup>1</sup>	<b>2022</b> <sup>1</sup>	2023
	2021 <sup>1</sup> 1 4		2023 0 2

- Data for 2021 and 2022 have been reinstated to address the revised definition for work-related injuries.
- <sup>2</sup> High-consequence work-related injuries has been classified with more than four days MC.
- <sup>3</sup> Recordable work-related injuries has been classified as accident with more than one day MC.

#### **TOTAL EMPLOYEES BY GENDER & BY CATEGORY**





# 2021 2022 **2023** 2021 2022 **2023 EMPLOYEES BY GENDER (HEADCOUNT/FTE)**

# 1, 110 930 180 Number of permanent employees Number of temporary employees

MaleFemale

#### **EMPLOYEES BY ENTITY (HEADCOUNT/FTE)**

	MSM Malaysia Holdings Berhad	MSM Prai Berhad	Sugar Refinery (Johor) Sdn Bhd	MSM Logistics Sdn Bhd	Total
Total number of employees	98	635	345	54	1, 132
Number of permanent employees	94	623	340	53	1, 110
Number of temporary employees	4	12	5	1	22
	Chinese		5 34	24	30
mala and address	Malay	19	9 85	194	659
Ethnicity	Indian		1 5	19	48
	Others		0 3	2	4
	< 30 years		0 1	<b>7</b> 5	228
Age Group	30 - 50 years	14	4 10 <i>7</i>	137	453
	> 51 years	1	1 19	27	60

#### **DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES**

#### **BOARD MEMBERS**







<30 years 30-50 years 0

>51 years

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OUR VALUE

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE ON SUSTAINABILITY

OUR BUSINESS IN BRIEF delivering sustainable value UPHOLDING GOOD GOVERNANCE AND ECONOMIC SUSTAINABILITY PUTTING OUR PEOPLE FIRST

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**APPENDICES** 

TOTAL INVESTMENT

# Performance Metrics

Performance Metrics

#### SOCIAL

1.9%

# Percentage of employees that are contractors or temporary staff

#### NUMBER OF EMPLOYEES RETURNING TO WORK AFTER MATERNITY/PATERNITY LEAVE IN 2023

	Men	Women	Total
Number of employees entitled to parental leave	708	113	821
Number of employees who took parental leave	53	13	66
Number of employees who returned to work after parental leave ended	53	13	66
Number of employees who returned to work after parental leave ended and were still employees			
12 months after their return to work	53	13	66
Return to work rate	100%	100%	100%
Retention rate	100%	100%	100%

#### PERCENTAGE OF EMPLOYEES THAT ARE CONTRACTORS OR TEMPORARY STAFF

		Contract or		
	Total	temporary	Percentage	
Year	employees	staff	(%)	
2021	1,033	33	3.2	
2022	1,038	15	1.4	
2023	1, 132	22	1.9	

#### EMPLOYEES' PERFORMANCE REVIEW

	Total Number of Employees	No. of Employees Who Completed Performance Reviews (in %) as of 16 Feb 2024 <sup>1</sup>	Male Employees* Who Completed Performance Reviews (in %)	
Top & Senior Management	25	100%	100%	100%
Managerial	118	92%	93%	90%
Executive	224	93%	94%	91%
Non-Executive	728	99%	99%	92%

#### Notes:

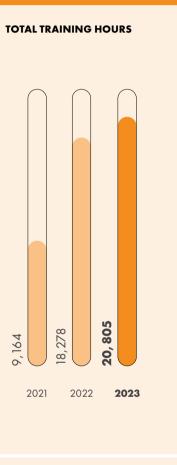
- \* Excluding interns and protégés
- Data as of 16 February 2024

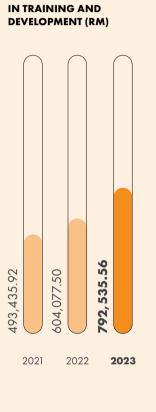
# TOTAL TOTAL TOTAL 139 156 169

2022

Female

2023





#### NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

2021

	2021		2022		2023	
	Number	Rate	Number	Rate	Number	Rate
Age Group	139	13	156	15	169	15
<30 years	57	6	89	9	90	8
30-50 years	72	7	64	6	67	6
>51 years	10	1	3	0	12	1
Entity	139	13	156	15	169	15
MSM Malaysia Holdings Berhad	45	4	13	1	16	1
MSM Prai Berhad	52	5	<i>7</i> 8	8	77	7
MSM Sugar Refinery (Johor) Sdn Bhd	37	4	55	5	70	6
MSM Logistics Sdn Bhd	5	0	10	1	6	1

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GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE ON SUSTAINABILITY

OUR BUSINESS IN BRIEF

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## Performance Metrics

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# Performance Metrics



# **Proportion of Senior Management Hired from Local Community** 100% of senior management at significant locations of operation that are hired from the local community. **EMPLOYEE TURNOVER** By Entity TOTAL TOTAL TOTAL 90 122 101

2022

2021

MSM Malaysia

Holdings Berhad

MSM Prai Berhad

	2021	2021		2022		2023	
	Number	Rate	Number	Rate	Number	Rate	
Gender	164	16	122	12	101	9	
Male	120	12	90	9	70	6	
- Female	44	4	32	3	31	3	
Age Group	164	16	122	12	101	9	
<30 years	31	3	43	4	37	3	
30-50 years	81	8	20	2	48	4	
-51 years	52	5	59	6	16	1	
intity	164	16	122	12	101	9	
MSM Malaysia Holdings Berhad	7	1	7	1	11	1	
MSM Prai Berhad	35	3	52	5	47	4	
MSM Sugar Refinery (Johor) Sdn Bhd	43	4	55	5	41	4	
MSM Logistics Sdn Bhd	5	0	8	1	2	0	
imployee Category	164	16	122	12	101	9	
op & Senior Management	0	0	2	0	2	0	
Managerial	20	2	16	2	18	2	
xecutive	27	3	50	5	33	3	
Non-Executive	117	11	54	5	48	4	

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2023

 MSM Sugar Refinery (Johor) Sdn Bhd

MSM Logistics Sdn Bhd

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE ON SUSTAINABILITY

OUR BUSINESS IN BRIEF

DELIVERING SUSTAINABLE VAILLE

UPHOLDING GOOD GOVERNANCE AND ECONOMIC SUSTAINABILITY

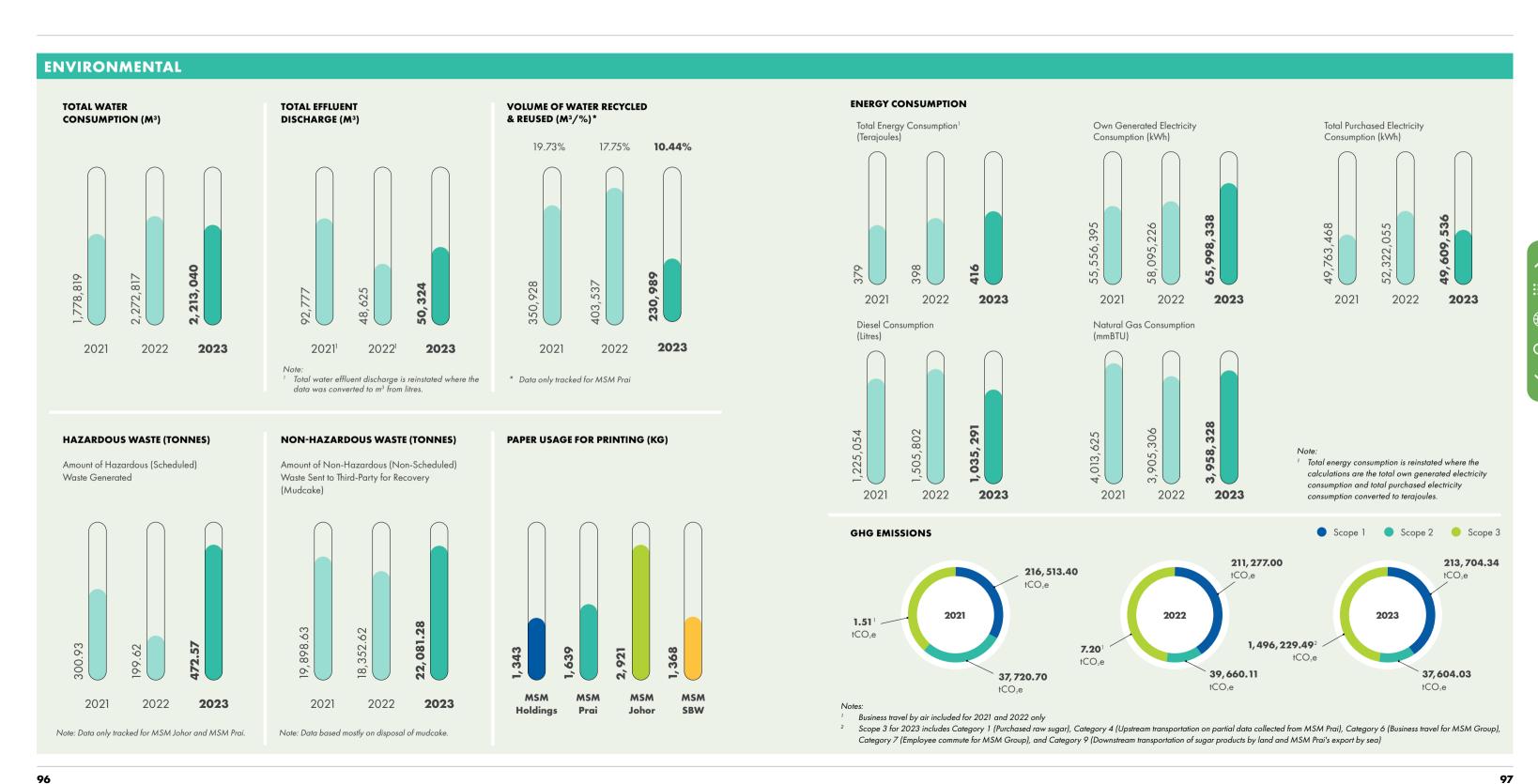
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## Performance Metrics

## Performance Metrics



Sustainable Excellence Through Integration

Our Contributions to the UN SDGs

# **Our Contributions** to the UN SDGs

The United Nations Sustainable Development Goals (UN SDGs) comprise 17 global objectives unanimously adopted by 193 UN Member States, aiming to eradicate poverty, promote prosperity and safeguard the planet. In our commitment to creating positive impacts for both people and the planet, we strive to actively contribute to these goals by aligning our key material concerns with the corresponding SDGs. Looking ahead, we plan to focus on specific goals that relate to our business strategy and sustainability goals, enabling us to achieve our targets alongside those outlined by the SDGs.

#### What It Means to MSM



#### **CLIMATE ACTION**

Implementing proactive measures to mitigate the impacts of climate change by fostering a sustainable and resilient future, meeting global climate targets and protecting planetary health.













Managing and mitigating waste generated throughout our operations to minimise adverse environmental impacts while championing a circular economy.

Optimising our water management to minimise risks and adopting

measures to conserve water and utilise water more efficiently.























**DIVERSITY, EQUITY AND INCLUSION** 

Upholding a zero-tolerance policy for all forms of workplace discrimination, advocating for diversity, equity and inclusion.

**UPHOLDING HUMAN RIGHTS AND LABOUR STANDARDS** 

Safeguarding the human rights of our workforce, including the rights

to development, participation, a safe workplace, equal opportunities



and equality.





#### **OCCUPATIONAL HEALTH AND SAFETY**

Protecting our entire workforce, including suppliers, vendors, service providers and workers by ensuring a safe and healthy work environment.





**WATER MANAGEMENT** 



Adopting renewable energy and optimising our energy consumption reduces our environmental impacts and mitigates













#### **EMPLOYEE ENGAGEMENT AND TALENT MANAGEMENT**

Investing in employee engagement and talent management fosters a positive work culture, reduces turnover, increases productivity, and cultivates a high-performing workforce that is adaptable and resilient to challenges.







#### **COMMUNITY ENGAGEMENT & DEVELOPMENT**

Contributing towards the social well-being, economic growth and improved living standards of communities enhances community resilience and strengthens stakeholder relations.



















#### **GOVERNANCE, ETHICS AND INTEGRITY**

Adhering to regulatory requirements and principles of good corporate governance to maintain integrity and ethical standards within the industry.





#### **BUSINESS PERFORMANCE AND PRODUCT QUALITY**

Making the privacy and security of all entrusted data a top

Advancing sustainable and inclusive economic growth and responsible business practices, by developing high-quality, innovative and sustainable products and services.







**DATA SECURITY AND PROTECTION** 

priority to maintain robust governance.



#### TRACEABILITY, RESPONSIBLE SOURCING AND SUPPLY CHAIN **MANAGEMENT**

Fostering a responsible supply chain and ensuring traceability to exemplify sustainable consumption and production.







#### **OPERATIONAL PERFORMANCE**

Implementing efficient systems to optimise operational performance and drive sustainable business expansion.







Index

OPTIMISING ENVIRONMENTAL PERFORMANCE

APPENDICES

GRI Content

# **GRI Content** Index

GRI Universal Standard	
Statement of Use	MSM Group has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	Not applicable

GRI Disclosure	GRI Disclosure Description	Page Number	Remarks / Omissions
GRI 2: Gene	eral Disclosures 2021		
The organis	ation and its reporting practices		
2-1	Organisational details	Back cover	
2-2	Entities included in the organisation's sustainability reporting	2	
2-3	Reporting period, frequency and contact point	2-3	
2-4	Restatements of information	45; 75; 77; and 85	Data for 2021 and 2022 have been reinstated to address the revised definition for work-related injuries; emissions for 2021 and 2022 has been reinstated to reflect the 2021 emission factors; total water effluent discharge is reinstated where the calculations converted to m³ from litres; and total energy consumption is reinstated where the calculations are the total own generated electricity consumption and total purchased electricity consumption converted to terajoules
2-5	External assurance	106-108	
Activities a	nd workers		
2-6	Activities, value chain and other business relationships	10-13	Refer also to Annual Integrated Report (AIR) 2023
2-7	Employees	48-54, 55-59	
2-8	Workers who are not employees	47	
Governance	Ð		
2-9	Governance structure and composition	-	Refer to Corporate Governance Overview Statemen in AIR 2023
2-10	Nomination and selection of the highest governance body	-	Refer to Corporate Governance Overview Statemen in AIR 2023
2-11	Chair of the highest governance body	-	Refer to Corporate Governance Overview Statemen in AIR 2023
2-12	Role of the highest governance body in overseeing the management of impacts	20-21	Refer also to Corporate Governance Overview Statement in AIR 2023
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# Independent Assurance Report





# SIRIM QAS INTERNATIONAL SDN BHD INDEPENDENT ASSURANCE STATEMENT

#### To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by MSM Malaysia Holdings Berhad (hereafter referred to as MSM Malaysia) to perform an independent verification and provide assurance of the MSM Malaysia Sustainability Report 2023. The main objective of the verification process is to provide assurance to MSM Malaysia and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International applied to sustainable performance information (subject matter) within the assurance scope which is included in MSM Malaysia Sustainability Report 2023.

The management of MSM Malaysia was responsible for the preparation of the Sustainability Report. The objective and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the MSM Malaysia's Sustainability Report, and Integrated Annual Report 2023.

The assurance engagement was designed to provide limited assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance activity evaluates the adequacy of MSM Malaysia Sustainability Report and its overall presentation against respective frameworks such as UN-SDGs, GRI Standards requirement, TCFD and other relevant frameworks. The assurance process involves verification of applicable subject matter as presented in the report through these chapters i.e., Delivering Sustainable Value, Upholding Good Governance and Economic Sustainability, Putting Our People First, and Optimizing Environmental Performance. Details are provided in Appendix 1.

The verification was carried out by SIRIM QAS International in March 2024, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation which are made available during the conduct of assessment.
- · Verification of data presented in the Sustainability Report includes a detailed review of the sampled data.
- Interviewing key personnel responsible for collating information and writing various parts of the report to substantiate the veracity of the claims.

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of other information reported in MSM Malaysia Integrated Annual Report 2023.
- The corporate office of MSM Malaysia, at Platinum Park, Menara Felda, was visited as part of this assurance
  engagement. The verification process did not include physical inspections of any of MSM Malaysia's
  buildings, offices and plants. And,
- The verification team did not verify any contractor or third-party data.

#### Conclusion

SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO/IEC 17021-1:2015 and ISO/IEC 17065:2012 covering all our operational activities. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the management of MSM Malaysia relating to the accuracy of some of the information contained in the report. In response to the raised findings, the Sustainability Report was subsequently reviewed and revised by MSM Malaysia. It is confirmed that changes that have been incorporated into the final version of the report have satisfactorily addressed all issues. Based on the scope of the assessment process and evidence obtained, nothing has come to our attention that causes us to believe that MSM Malaysia has not complied, in all material respects, with the referred assurance standard and guide. The following represents SIRIM QAS International's opinion:

- The level of data accuracy included in MSM Malaysia Sustainability Report 2023 is fairly stated;
- The level of disclosure of the specific sustainability performance information presented in the report was found to be properly prepared:
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report:
- The sustainability report provides a reasonable and balanced presentation of MSM Malaysia's sustainability performance.

List of Assessors.

1) Ms. Aernida Abdul Kadir : Team Leader
2) Ms. Kamini Sooriamoorthy : Team Member
3) Ms. Farhanah Ahmad Shah : Team Member
4) Ms. Suzalina Kamaralarifin : Team Member
5) Ms. Nur Ruzaini Ab. Razak : Team Member

Statement Prepared by:

AERNIDA BINTI ABDUL KADIR

Team Leader

Management System Certification Department

SIRIM QAS International Sdn. Bhd.

Date: 1 April 2024

Statement Approved by:

Ts. MD ADHA BIN RAHMAT

Senior General Manager

Management System Certification Department

SIRIM QAS International Sdn. Bhd

Date: 5 April 2024

Note 1: This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd does not express an opinion on, nor guarantees the integrity and/or accuracy of the information provided with the view that the conclusion was conducted post verification assessment, hence not verified. SIRIM QAS International shall not be responsible for any changes or additions made after the referred date (2 April 2024).

# Independent Assurance Report

Appendix 1	CLASSIFICATION OF DATA				
The topics and subject matters covered in this assessment is tabulated below:	HIGH	MEDIUM	LOW	UN SUBSTANTIATED	
DELIVERING SUSTAINABLE VALUE	•	-		•	
Our Sustainability Approach					
Stakeholder Engagement					
Sustainability Governance					
What Matters to You (and Us)					
UPHOLDING GOOD GOVERNANCE AND ECONOMIC SUSTAINABILITY	•	•		•	
Governance, Ethics and Integrity					
Traceability, Responsible Sourcing and Supply Chain Management					
Operational Performance					
Data Security and Protection					
Business Development and Product Quality					
PUTTING OUR PEOPLE FIRST	•	•		•	
Occupational Health and Safety					
Upholding Human Rights and Labour Standards					
: Percentage of Employees Who are Union Members					
Employee Engagement and Talent Management					
Diversity, Equity and Inclusion					
Community Engagement and Development					
OPTIMIZING ENVIRONMENTAL PERFORMANCE	•	•		•	
Task Force on Climate-Related Financial Disclosures (TCFD)					
Climate Action					
Water Management					
Waste Management			<u> </u>		
Renewable Energy and Energy Management					

#### Note 1:

This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date (2 April 2024).

The assurance involves activity aims to obtain sufficient appropriate evidence to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party, about the subject matter information. It comprises of activities carried out to assess the quality and credibility of the qualitative and quantitative information reported by the organization. This assurance is different from activities used to assess or validate the organization's performance, such as compliance assessments or the issuing of certifications against specific standards.

#### Note 3:

Definition of HIGH, MEDIUM, LOW and UNSUBSTANTIATED Classification of Data in this Appendix 1.

HIGH: The data and information reviewed has been confirmed with the direct owners. The source of the data origin was provided during the

MEDIUM: Data and information have been confirmed with the direct owners. However, the source of the data origin has been based on secondary data which is not accessible by the verifiers during the conduct of the assessment.

LOW: Data and information reviewed has been based on information endorsed by the data owners. Verifiers did not have access to the source of the data origin. It has been identified as one of the limitations during the conduct of the assessment.

UNSUBSTANTIATED: The sources of data and information disclosed were not made available during the assessment review period due to reasons like confidentiality, unattainable data source and unavailable data owner. It has been identified as one of the limitations during the conduct of the













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