

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5916
COMPANY NAME : MALAYSIA SMELTING CORPORATION BERHAD
FINANCIAL YEAR : December 31, 2022

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its key role in setting the strategic direction of the Group and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:</p> <ul style="list-style-type: none">• to promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behavior;• to review and adopt a strategic plan for the Group to ensure sustainability of its business as the Board brings objectivity and breadth of judgment;• to oversee the conduct of the Group's businesses and evaluate whether the businesses are being properly managed;• to identify principal business risks and ensure the implementation of appropriate internal controls and mitigating measures to manage these risks;• to consider and implement succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing members of Key Senior Management;• to review management proposals for the Company; and• to review the adequacy and the integrity of the Group's internal control system and management information system. <p>The Company recognises the importance of being transparent and accountable to its investors and, as such, has maintained an active and continuous communication between the Company and its stakeholders that enables the Board and Management to communicate effectively with investors, financial community and the public generally. The various channels of communications are through the quarterly</p>

	<p>announcements on financial results and media release in relation thereto to Bursa Malaysia and the Singapore Exchange Securities Trading Limited (“SGX”), relevant announcements and circulars, when necessary, AGM and through the Group’s website at www.msmelt.com where shareholders can access corporate information, annual reports, press releases, financial information, company announcements, share price performance and corporate social responsibility reporting.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	Ms. Chew Gek Khim PJC, a Non-Independent Non-Executive Director, is the Chairman of the Company and she leads the Board to ensure the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. In carrying out her role, the Chairman works with Senior Management and promote effective relations with stakeholders and shareholders besides managing the Board.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>There is a clear division of responsibilities between the Chairman and the Chief Executive Officer ("CEO") to engender accountability and facilitate the division of responsibility, such that no one individual has unfettered powers over decision making.</p> <p><u>Chairman</u></p> <p>Ms. Chew Gek Khim PJG, a Non-Independent Non-Executive Director, is the Chairman of the Company and she leads the Board to ensure the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion.</p> <p>In carrying out her role, the Chairman works with Senior Management and promote effective relations with stakeholders and shareholders besides managing the Board.</p> <p><u>CEO</u></p> <p>Dato' Dr. (Ir.) Patrick Yong Mian Thong as the Group CEO and Executive Director is tasked to manage the business and operations of the Company and to implement the Group's strategic plans, policies and decisions adopted by the Board. The Group CEO and Executive Director is also tasked with ensuring that whilst the ultimate objective is maximising total shareholders' return, the social and environmental factors are not neglected and also developing and maintaining strong communication programmes and dialogues with the shareholders, investors, analysts as well as employees and providing effective leadership to the Group's organisation.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Departure
Explanation on application of the practice :	
Explanation for departure :	<p>Ms. Chew Gek Khim PJC, the Board Chairman has ceased to be a member of Audit & Risk Management Committee ("ARMC") and NRC with effect from 14 February 2022 to be in line with MCCG 2022.</p> <p>However, Madam Chew was invited to participate in ARMC's meeting as the ARMC is of the view that Madam Chew's input and contribution is valuable to the review process.</p> <p>Nevertheless, Madam Chew will leave the ARMC meeting as and when the discussion on matters relating to related party concerning the interest of major shareholders.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	Choose an item.

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary is a Fellow member of Malaysia Institute of Chartered Secretaries and Administrators (“MAICSA”) and is qualified to act as a Company Secretary under the Companies Act, 2016. As a practicing Company Secretary, she has also attended continuous professional development programmes as required by MAICSA. The Company Secretary oversees adherence to board policies & procedures and corporate governance issues, briefs the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretary attends all Board and Board Committee meetings to ensure that the meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.</p> <p>The Company Secretary also serves notices to the Directors and Principal Officers to notify them of closed periods for trading in the Company’s shares in accordance with Chapter 14 of the Main Market Listing Requirements of Bursa Malaysia.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests.</p> <p>The Board and Board Committee papers are circulated in advance prior to the meetings to allow the Board members adequate time for making informed decisions and effective discharge of Board's responsibilities. Minutes of Board and Board Committee's meeting are circulated in a timely manner for review.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The roles and functions of the Board, as well as roles delegated to Management, are clearly delineated in the Board Charter, through a formal schedule of matters reserved for the Board which includes setting the overall Group strategy and direction, approving major capital expenditure, consideration of significant financial matters and monitoring of financial and operating performance of the Group.</p> <p>Whilst the Board is responsible for creating the framework and policies within which the Group should be operating, Management is responsible for instituting compliance with laws, regulations, rules, directives and guidelines, including the achievement of the Group’s corporate objectives. Such demarcation of roles is clearly set out in the Board Charter and Delegation of Authority which complement and reinforce the supervisory role of the Board.</p> <p>The salient features of the Board Charter can be found at the Company’s website at www.msmelt.com.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Group's Code of Ethics continues to set out the standards of ethics and conduct expected from its Directors and employees to enhance the standards of corporate governance and corporate behaviour. The Code of Ethics covers all aspects of the Group's business which include, amongst others, confidentiality of information, dealings in securities, conflict of interest, gifts, bribes and dishonest conducts. The salient features of the Code of Ethics can be found at the Company's website at www.msmelt.com .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	The Company has also put in place a Whistle-blowing Policy which allows the whistle-blower to raise concerns about actual or potential corporate fraud or breach of ethics involving employees, Senior Management or Directors of the Group. Whistle-blowing reports are addressed to Designated Officers of the Group, namely Internal Auditor, Company Secretary, Chief Operating Officer or the Chairman of the Audit & Risk Management Committee following the form and specific conditions as prescribed under the policy. The policy also affirms that the identity of the whistle-blower will be kept confidential and protection will be accorded to the whistle-blower against any form of reprisal or retribution.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is mindful of the importance of business sustainability and has incorporated the Corporate Sustainability Policy into its corporate strategy, considering three sustainability pillars of Economic, Environmental and Social.</p> <p>The sustainability leadership is led by MSC's Board of Directors ("Board"), who is responsible for overseeing the integration of sustainability efforts across the Group and ensuring adequate resources, systems and processes are in place to drive these initiatives.</p> <p>To ensure effective and efficient oversight, the Board has established an Environmental, Social, and Governance Committee, tasked with monitoring and addressing sustainability-related matters. The ESG Committee is supported by MSC's Senior Management team, who is responsible for monitoring, executing and reporting of the Group's sustainability initiatives and progress.</p> <p>Additionally, the Company's Sustainability Statement which provides an overview of the sustainability performance for the year 2022, is disclosed in the Annual Report 2022.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 4.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company believes in transparency and open lines of communication with all the stakeholders. Transparency and communication is a fundamental component of good corporate governance and serve to build vital relationships of trust the Company maintained with its stakeholders.</p> <p>In 2022, the Group remained committed to maintaining effective engagement with the stakeholders through various channels of communication albeit with the restrictions brought by the pandemic. During this time, stakeholder engagement was crucial for MSC to address key matters to maintain business continuity. For example, MSC was in regular contact with regulators and suppliers to ensure smooth operations with the least disruptions.</p> <p>A list of identified key stakeholders, engagement methods, areas of interest and the outcome of engagement in 2022, are disclosed in the Sustainability Statement of the Annual Report 2022.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	The Board took note of the importance of the sustainable development. The Group conducts a materiality assessment annually as part of the regular sustainability practice to ensure that the material matters remained relevant to the stakeholders. The details of the materiality assessment 2022 are made available in the Sustainability Statement of the Annual Report 2022.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors and Board Committees' assessment and evaluation have been performed on yearly basis to assess the following areas: -</p> <ul style="list-style-type: none">• Board and Board Committee Evaluation;• Assessment of Character, Experience, Integrity, Competence and Time Commitment;• Assessment on Mix of Skill and Experience;• Evaluation of level of independence of a Director; and• Assessment of Group Chief Executive Officer. <p>Based on the assessment and evaluation performed by each individual Directors and Nominating & Remuneration Committee ("NRC"), it was concluded that: -</p> <p>(a) NRC was satisfied that the Directors had discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.</p> <p>(b) NRC was satisfied with the current structure, size and composition of the Board which comprises people who possess different expertise and experience in various fields and specialisations enable the Board to lead and manage the Company effectively.</p> <p>(c) NRC was satisfied with the performance and contribution of each individual Director and each Director is well qualified in his/her area of expertise and profession.</p> <p>(d) NRC was satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act independently and objectively in the best interest of the Company.</p> <p>(e) Group Chief Executive Officer has generally performed his duties and role of an Executive Director satisfactory and effectively.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 4.5- Step Up

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

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The sustainability leadership is led by MSC's Board of Directors ("Board"), who is responsible for overseeing the integration of sustainability efforts across the Group and ensuring adequate resources, systems and processes are in place to drive these initiatives.</p> <p>To ensure effective and efficient oversight, the Board has established an Environmental, Social, and Governance Committee, tasked with monitoring and addressing sustainability-related matters. The ESG Committee is supported by MSC's Senior Management team, who is responsible for monitoring, executing and reporting of the Group's sustainability initiatives and progress.</p>

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nominating & Remuneration Committee ("NRC") had performed Board assessment on annual basis to ensure that the right group of people with appropriate mix of skill was appointed.</p> <p>The Board has on 18 May 2022 adopted a Fit and Proper Policy to serve as a guide for NRC and the Board in their review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking re-election.</p> <p>The NRC also conducted an assessment of Directors who are seeking for re-election at the forthcoming 44th Annual General Meeting ("AGM") and concluded that Ms. Chew Gek Khim PJG, Mr. John Mathew Mathai and Mr. Chia Chee Ming, Timothy PBM are eligible for re-election pursuant to Clause 102 of the Company's Constitution.</p> <p>However, Mr. Chia Chee Ming, Timothy PBM has expressed his intention not to seek for re-election at the forthcoming 44th AGM. Hence, he will retain office until the conclusion of the 44th AGM of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Applied	
Explanation on application of the practice	:	As at the date of issuance of this report, the Board comprises eight (8) members, comprising one (1) Executive Director and seven (7) Non-Executive Directors, six (6) of whom are Independent. The Board is chaired by a Non-Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.3

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

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

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

Intended Outcome

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

Practice 5.4 - Step Up

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

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Adopted
Explanation on adoption of the practice	:	The Directors' Independence Policy serves as a guide in limiting the tenure of the independent director to nine (9) years and ensure the independence of directors.

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The appointment of Board and Key Personnel are based on their merit, skill and working experience and due regard are placed for diversity in terms of skills, experience and cultural background.</p> <p>The Board Diversity Policy serves as a guide in ensuring the diversity of the Board which enhances the effective contribution of all Directors.</p> <p>The Fit and Proper Policy adopted on 15 May 2022 by the Board serves as a guide for the NRC and the Board in their review and assessment of candidates that are to be appointed as well as Directors who are seeking for re-election.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Nominating & Remuneration Committee is also responsible for reviewing the Board composition and right mix of skills and balance as well as considering the Board's succession planning and making recommendations for new appointment of directors and members of Board Committees as well as identifying suitable training programme for the Board. It also recommends to the Board on the remuneration policy and framework, performance measures criteria and proposes to the Board on the remuneration of the directors and key personnel.	
		Moving forward, the Board will, nonetheless, consider using independent sources to identify suitable qualified candidates, when the need to on-board a non-executive director arises.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The details of the Directors seeking re-election at the Annual General Meeting ("AGM") including their qualification, working experience, directorship in other public listed company, relationship with any director or major shareholder and conflict of interests with the Company are set out in the Profile of Directors section as disclosed in the Annual Report.</p> <p>The details of the interest of the Directors in the securities of the Company and attendance at Board of Directors' Meetings held during the financial year ended 31 December 2022 are also disclosed in the Annual Report.</p> <p>Based on the assessment of the Nominating & Remuneration Committee, Ms. Chew Gek Khim PJG, Mr. John Mathew Mathai and Mr. Chia Chee Ming, Timothy PBM are eligible for re-appointment, the Board had approved and resolved the re-appointment of the mentioned Directors at coming AGM.</p> <p>However, Mr. Chia Chee Ming, Timothy PBM has expressed his intention not to seek for re-election at the forthcoming 44th AGM. Hence, he will retain office until the conclusion of the 44th AGM of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Nominating & Remuneration Committee is Mr. Chia Chee Ming, Timothy PBM, the Senior Independent Director of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board does not have a specific policy for setting targets for women or age composition on the Board as the Board believes in fair and equal participation for all individuals of right calibre irrespective of race, age or gender.	
		The Board is of the view that the interests of the Company and the Group are better served if the selection of suitable candidates is made based on the competency, skills and experience to facilitate board diversity.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board does not have a specific policy for setting targets for gender or age composition on the Board as the Board believes in fair and equal participation for all individuals of right calibre irrespective of race, age or gender. However, the Company has adopted a Board Diversity Policy serves as a guide in ensuring the diversity including the gender of the Board which enhances the effective contribution of all Directors.</p> <p>The Board is of the view that the interests of the Company and the Group are better served if the selection of suitable candidates is made based on the competency, skills and experience to facilitate board diversity.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Nominating & Remuneration Committee reviews annually the required mix of skills and experience for Directors and assesses annually the contributions of each individual Director and the effectiveness of the Board Committees and the Board as a whole. Furthermore, the Nominating & Remuneration Committee reviews the size and composition of the Board with particular consideration on the impact on the effective functioning of the Board.</p> <p>The assessment criteria used in the assessment of Board, Board Committees and individual Director include mix of skills and experience and size of the Board, quality of inputs, understanding of their roles, duties and responsibilities and etc.</p> <p>The assessment of the Board is carried out on a self-assessment basis and the outcome has been deliberated by the Nominating & Remuneration Committee.</p> <p>The assessment results indicated that all the Board, Board Committees and Individual Directors have discharged their roles and responsibilities effectively and the performance of Individual Directors was rated with weaknesses identified and areas of improvement noted.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:

Timeframe	:		
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Intended Outcome

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

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

Practice 7.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>In line with the Directors' Remuneration Policy, the Board in deciding the appropriate level of fees of each Non-Executive Director, takes into consideration the experience, the level of responsibilities undertaken, time commitment required in attending both the scheduled and special Board meetings, deliberation time required for board papers as well as the number of memberships assumed on Board Committees.</p> <p>In deciding the remuneration for key personnel, the Board takes into consideration the skills, qualification, roles and working experience of the key personnel besides the business performance of the Company.</p> <p>Nonetheless, there is no policies and procedures to determine the remuneration of senior management.</p> <p>To formalise written policies and procedures on the remuneration of Senior Management, including the definition of Senior Management, for the Board's approval and subsequent uploading onto the Company's website at www.msmelt.com.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	Choose an item.

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	The Nominating & Remuneration Committee recommends to the Board on the remuneration policy and framework, performance measures criteria and proposes to the Board on the remuneration of the directors and key personnel. The Terms of Reference of the Nominating & Remuneration Committee is set out in the Board Charter and is available on the Company's website at www.msmelt.com .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The detailed disclosure on named basis for the remuneration of individual directors are set out in paragraph 3.2 of the Corporate Governance Overview Statement as well as the table below.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Ms. Chew Gek Khim PJG	Non-Executive Non-Independent Director	108.9	26.0	-	-	-	-	134.9	108.9	26.0	-	-	-	-	134.9
2	Mr. Chia Chee Ming, Timothy PBM	Independent Director	103.2	25.0	-	-	-	-	128.2	103.2	25.0	-	-	-	-	128.2
3	Mr. John Mathew A/L Mathai	Independent Director	73.1	14.0	-	-	-	-	87.1	73.1	14.0	-	-	-	-	87.1
4	Datuk Kamaruddin Bin Taib	Independent Director	78.0	13.0	-	-	-	-	91.0	78.0	13.0	-	-	-	-	91.0
5	Datuk Roslina Binti Zainal	Independent Director	69.5	12.0	-	-	-	-	81.5	69.5	12.0	-	-	-	-	81.5
6	Mr. Yap Seng Chong	Independent Director	84.2	14.0	-	-	-	-	98.2	84.2	14.0	-	-	-	-	98.2
7	Datuk Lim Hong Tat	Independent Director	58.4	14.0	-	-	-	-	72.4	58.4	14.0	-	-	-	-	72.4
8	Dato' Dr. (Ir.) Patrick Yong Mian Thong	Executive Director	-	-	1,104.0	-	31.7	1,369.0	2,504.7	-	-	1,104.0	-	31.7	1,369.0	2,504.7
9		Choose an item.														
10		Choose an item.														
11		Choose an item.														
12		Choose an item.														
13		Choose an item.														
14		Choose an item.														
15		Choose an item.														

Intended Outcome

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the view that disclosing the top five key personnel's remuneration on a named basis according to salaries, bonuses, benefits-in-kind and other emoluments would be disadvantageous to the Company due to the confidentiality and sensitivity of each remuneration package which is structured competitively to attract, motivate and retain talents.	
		Alternatively, the remuneration of the top five key personnel of the Company in bands of RM50,000 is set out in paragraph 3.3 of the Corporate Governance Overview Statement.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	Choose an item.	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the board is Ms. Chew Gek Khim PJG. Mr. Yap Seng Chong, an independent director is the Chairman of the Audit & Risk Management Committee during the financial year ended 31 December 2022.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>As a measure to safeguard the independence and objectivity of the audit process, the Audit & Risk Management Committee (“ARMC”) has incorporated a policy specification that governs the appointment of a former key audit partner to the ARMC.</p> <p>The policy, which is codified in the revised ARMC’s Terms of Reference, requires a former audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC has been approved by the ARMC and Board. The revised ARMC’s Terms of Reference is made available on the Company’s website.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, via the Audit & Risk Management Committee ("ARMC"), has annually assessed the suitability and independence of the External Auditors.</p> <p>It is also a requirement for the company's External Auditors, Messrs Ernst & Young to rotate the audit engagement partner as well as its other key audit partners from their audit of MSC and its subsidiaries once in every 7 years as set out in the Malaysian Institute of Accountants' By-Laws (on Professional Ethics, Conduct and Practice).</p> <p>In this regard, the ARMC has assessed the suitability and independence of Messrs Ernst & Young as External Auditors of the Company for the financial year ended 31 December 2022.</p> <p>Having satisfied with their technical competency, audit independence and fulfillment of criteria as set out in its terms of reference, the ARMC has recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at the forthcoming Annual General Meeting.</p> <p>The policies and procedures to assess the suitability, objectivity and independence of the External Auditors is contained in the terms of reference of the ARMC.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The composition of the Audit & Risk Management Committee ("ARMC") has been restructured to consist solely of three (3) Independent Directors with effect from 14 February 2022. Currently, the ARMC is led by the Independent Non-Executive Director, Mr. Yap Seng Chong.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The profile and background of the Audit & Risk Management Committee ("ARMC") members are disclosed in the Profile of Directors on pages 7 to 9 of the Annual Report 2022.</p> <p>The ARMC members have been devoting sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes so as to enable them to sustain their active participation during deliberations. The ARMC members have attended several training programmes which include conferences, forum, seminars, workshops and briefings during the course of the financial year.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Recognising the importance of risk management and internal controls, the Board has in past years formalised a structured risk management and internal control framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an ongoing basis. The key features of the risk management framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.</p> <p>On 7 November 2018, the Board has renamed the Audit Committee to Audit & Risk Management Committee to assist the Board in reviewing the adequacy and operating effectiveness of the system of risk management and internal control in the Group besides overseeing financial reporting.</p> <p>The Company has also appointed Crowe Governance Sdn Bhd as the service provider for Enterprise Risk Management Update and Internal Control Review for the Group for financial year 2022.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p><u>Risk Management</u></p> <p>The Board is guided by Practices 10.1 and 10.2 of the MCCG 2021 which calls for the establishment of an effective risk management and internal control framework and the disclosure thereof. Management is responsible for identifying, assessing, monitoring and reporting of risks and internal control as well as providing assurance to the Board that it has done so in accordance with the policies and procedures set by the Board. Further assurance is provided by the Internal Auditors, which operates across the Group.</p> <p>The Board believes that maintaining an effective risk management and internal control system is premised on the following key elements of the Group's risk management framework:</p> <ul style="list-style-type: none">• A risk management structure which outlines the lines of reporting and establishes the responsibilities at different levels, i.e. the Board, Audit & Risk Management Committee ("ARMC") and Management, as follows:<ul style="list-style-type: none">- Board and ARMC – ensure that there is a sound framework for internal controls and risk management;- Management and key staff for all the businesses/divisions – to review the risk profiles and performance of business units and report to the Group CEO.• Identification of principal risks (present and potential) faced by business units in the Group and Management's plans to mitigate or manage these risks was carried out. For the financial year under review, risk assessments and updates were undertaken by the Management and key staff for all the businesses/divisions. The results of these assessments and management action plans to manage critical risks were reported to the Group CEO for his further review. The ARMC, with assistance from the Internal Auditors and external consultants, then reviewed the Group Risk Profile which was compiled from the review of the individual risk profiles and risk

	<p>registers. For each principal risk, the assessment process considers the potential likelihood of occurrence and magnitude, effectiveness of controls in place (if any), and action plans taken to manage those risks to the desired level. The risk responses and internal controls that Management have taken and/or are taking are discussed at ARMC meetings.</p> <ul style="list-style-type: none"> - Risk appetite and parameters (qualitative and quantitative) for the Group and individual business units have been articulated so as to gauge the acceptability of risk exposures; - Risk Management Policy and Guidelines Document was reviewed and updated to ensure its relevance across the Group. The document offers practical guidance to employees on risk management issues; and - Preparation of action plans to address risk and control issues on an ongoing basis. The action plans include the utilization of internal audit procedures, as discussed in further detail below. <p>Whilst the Board considers the risk management framework to be robust, the framework is still subject to periodic testing and continuous improvement, taking into consideration better practices and the changing business environment.</p> <p>The Company has also appointed Crowe Governance Sdn Bhd as the service provider for Enterprise Risk Management Update and Internal Control Review for the Group for financial year 2022.</p> <p><u>Internal Audit Function</u></p> <p>The Group has in place an independent in-house Internal Audit team. During the financial year, the Board appointed an independent professional services firm, Crowe Governance Sdn. Bhd., to support the in-house Internal Audit team (collectively referred to as the “Internal Auditors”). The Internal Auditors reports directly and provides assurance to the ARMC on the adequacy and effectiveness of risk management, internal control and governance systems. In carrying out its activities, the Internal Auditors has unrestricted access to the relevant records, personnel and physical properties.</p> <p>The Internal Auditors independently reviews the risk identification, assessment and control processes implemented by Management, and reports to ARMC on a quarterly basis the outcome thereof. The Internal Auditors also reviews the internal control system within the Group based on a risk-based annual internal audit plan approved by the ARMC. Its audit strategy and plan are based on the risk profiles of major business units of the Group.</p>
<p>Explanation for departure</p>	<p>:</p>

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

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Audit Committee was renamed as the Audit & Risk Management Committee ("ARMC") on 7 November 2018 to assist the Board in reviewing the adequacy and operating effectiveness of the system of risk management and internal control in the Group besides overseeing the financial reporting.</p> <p>Mr. Yap Seng Chong, an independent director is the Chairman of the ARMC during the financial year ended 31 December 2022.</p> <p>The ARMC comprises solely independent directors as follows: -</p> <ol style="list-style-type: none">1) Mr. Yap Seng Chong;2) Datuk Kamaruddin Bin Taib; and3) Datuk Lim Hong Tat.

Intended Outcome

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

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Committee is supported by an in-house Internal Audit function in discharge of its duties and responsibilities with support from Crowe Governance Sdn. Bhd. (External Consultant). The Internal Audit function provides independent assurance on the adequacy and integrity of the risk management, internal control and governance processes.</p> <p>The Internal Auditor, who reports directly to the Audit & Risk Management Committee, is responsible for the regular review and appraisal of the effectiveness of the risk management, internal control and governance processes within the Group.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>In line with the MCCG and the Main Market Listing Requirements of Bursa Malaysia, the Board has an independent Internal Audit function which is led by Mr. Yoon Choon Kong, the Group Internal Auditor and upon his retirement on 30 June 2022, he was replaced with Mr. Lau Ee Chin, the Head of Group Internal Audit who reports directly to the Audit & Risk Management Committee.</p> <p>Mr. Lau is a fellow member of the Association of Chartered Certified Accountants (“ACCA”), and member of the Malaysia Institute of Accountants (“MIA”) with 17 years in MSC as Senior Finance Manager.</p> <p>During the financial year under review, apart from himself, he is supported by two (2) staff in the in-house Internal Audit Division and an external team of professional internal auditors on a co-sourced basis. The Internal Auditor does not have any conflict of interests with the Company.</p> <p>A summary of the work undertaken by the Internal Audit function during the financial year is as follows:</p> <ul style="list-style-type: none">• Prepared the annual risk-based internal audit plan for the Committee’s approval;• Carried out internal audits of the Group on a risk-based basis to review the adequacy of internal controls in the auditable areas and to assess consistency in the compliance with established policies and procedures. Verification (on sampling basis) of the existence, adequacy and effectiveness of risk controls established by Management within the selected processes and/ or subprocesses covering strategic, operational and financial aspects of the Group’s operations;• Issued internal audit reports to the Committee on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group’s established

	<p>policies and procedures and management action plans to mitigate identified risks, with copies extended to Management, highlighting deficiencies together with corresponding improvement opportunities. The Internal Auditor attended all ARMC meetings and presented reports on areas of audit concern for the Committee's deliberation; and</p> <ul style="list-style-type: none"> • Monitored remedial action taken by Management in response to recommendations made to address internal control deficiencies highlighted in previous cycles of internal audit. 	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	The Company recognises the importance of being transparent and accountable to its investors and, as such, has maintained an active and continuous communication between the Company and its stakeholders that enables the Board and Management to communicate effectively with investors, financial community and the public generally. The various channels of communications are through the quarterly announcements on financial results and media release in relation thereto to Bursa Malaysia and the Singapore Exchange Securities Trading Limited, relevant announcements and circulars, when necessary, AGM and through the Group's website at www.msmelt.com where shareholders can access corporate information, annual reports, press releases, financial information, company announcements, share price performance and corporate social responsibility reporting.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company dispatches its Notice of Annual General Meeting (“AGM”) to shareholders at least 28 days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed.</p> <p>The Notice of AGM which sets out the businesses to be transacted at the AGM, will also be published in a major local newspaper.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	All Directors including the Chair of all the respective Board Committees had attended the last Annual General Meeting to engage directly with shareholders and be accountable for their stewardship of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied	
Explanation on application of the practice	:	As part of the initiatives to curb the spread of COVID-19, the 43 rd Annual General Meeting (“AGM”) of the Company was conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting facilities.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application :	Applied
Explanation on application of the practice :	<p>Shareholders are encouraged to participate and vote remotely during the Company's 43rd Annual General Meeting ("AGM") using the Virtual Meeting Facilities. A registration link was provided to the shareholders in the Administrative Guide, which is released together with the Notice of AGM and made available on the Company, Bursa Malaysia and the Singapore Exchange Securities Trading Limited's website.</p> <p>Prior to the AGM, the shareholders are allowed to submit any questions online by scanning the QR Code or click onto the link provided in the Administrative Guide. During the AGM, the shareholders are encouraged to submit typed questions in real time within the Q&A Box at the bottom of the messaging screen. Any questions can be submitted at any time until the announcement of the closure of Q&A session.</p> <p>The Directors and Management had answered all the questions submitted prior or during the meeting during the Q&A session.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application	: Applied
Explanation on application of the practice	: All Directors and Key Personnel had attended the fully virtual 43 rd Annual General Meeting (“AGM”) to engage directly with shareholders and be accountable for their stewardship of the Company. An Administrative Guide was released together with the Notice of AGM, whereby the shareholders are entitled to appoint proxy/proxies to participate and vote by submitting the Form of Proxy to the Registered Office of the Company not later than twenty-four (24 hours) before the time appointed for the taking of poll at the meeting or adjourned meeting. The Company had appointed HMC Corporate Services Sdn Bhd (“HMC”) as Poll Administrator to conduct the poll by way of online voting and to provide a virtual meeting facility for the 43 rd AGM. Prior to the AGM, the shareholders are allowed to submit any questions online by scanning the QR Code or click onto the link provided in the Administrative Guide. During the AGM, the shareholders are encouraged to submit typed questions in real time via the Q&A Box on the Virtual Meeting Facilities. Any questions can be submitted at any time until the announcement of the closure of Q&A session. The Directors and Management will address the questions submitted prior or during the meeting accordingly.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application :	Applied
Explanation on application of the practice :	The minutes of Annual General Meeting (“AGM”) was uploaded on the Company’s website no later than 30 business days after the AGM.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

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

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

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