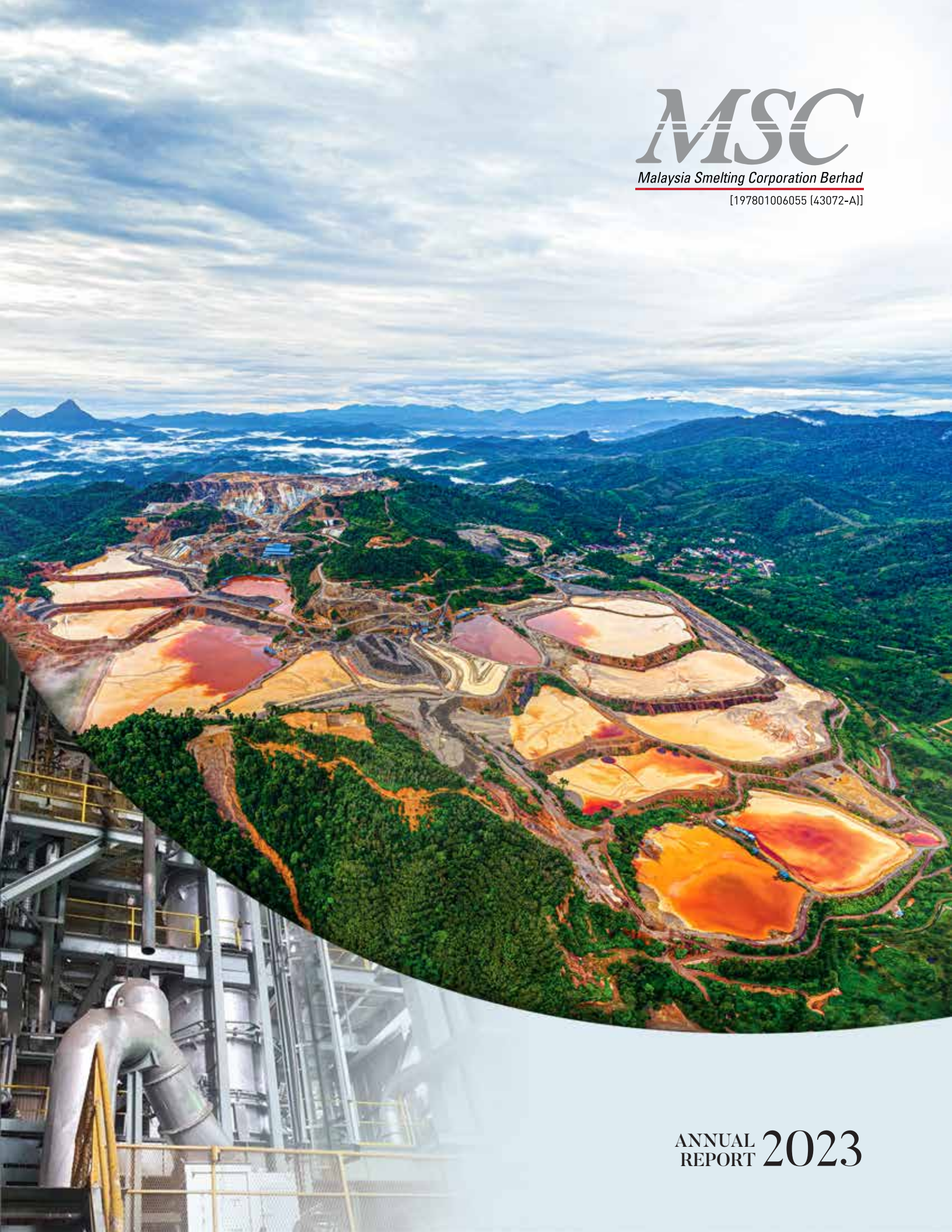


MSC

Malaysia Smelting Corporation Berhad

[197801006055 (43072-A)]



ANNUAL REPORT 2023

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VISION

To be a successful world-class organisation in its integrated core businesses of mining, smelting, manufacturing and global marketing for tin and tin-based products delivering sustainable shareholder value through quality operations.



MISSION

Whether in the upstream or downstream sectors of the world tin industry, the name MSC will be synonymous with creativity, value, service and quality.

MSC Group will be a creative organisation, caring about its employees and its customers.

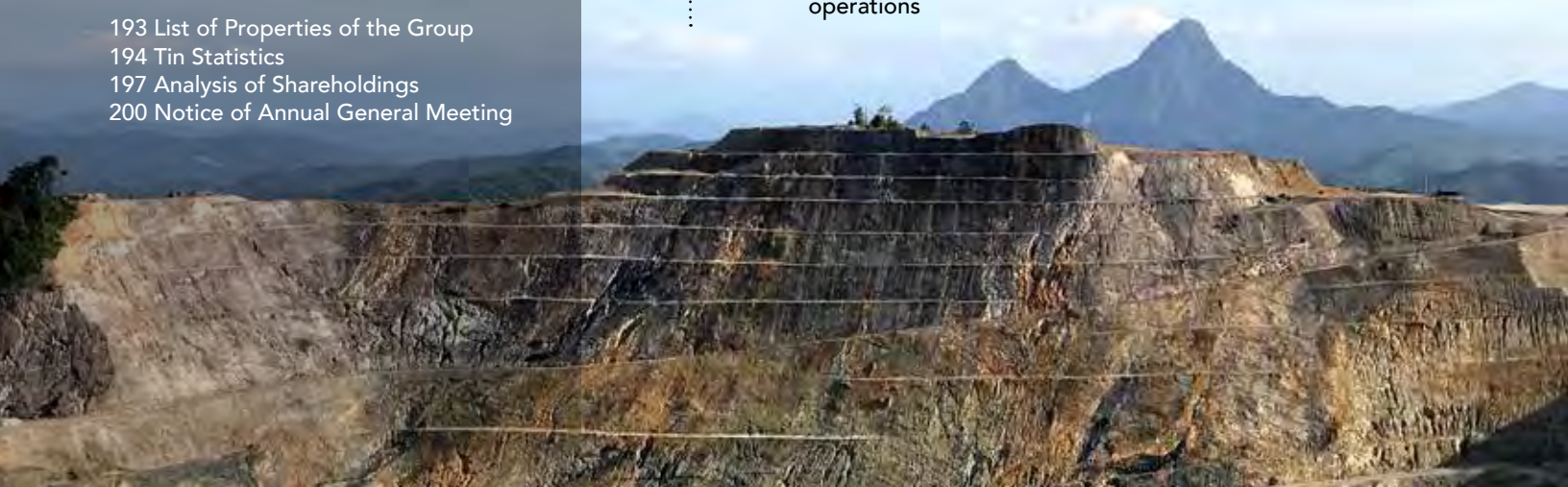
- We will provide the highest levels of service to all the Group's suppliers and customers by participating and contributing solutions and values in all stages of the world tin supply chain - mining, smelting, refining, recycling, products transformation, engineering and marketing;
- We will respond quickly and sensitively to the changing needs of the Group's suppliers and customers; and
- We aim to nurture an atmosphere of continuous self-development by emphasising on training and development while adhering to the highest standard of integrity.

MSC Group's growth strategy is to leverage on its core competencies to focus on organic growth as well as on strategic acquisitions that will broaden the Group's core businesses and strengthen its global leadership position in both upstream and downstream sectors of the world tin industry.



CORE VALUES

- Intellectual, honesty and integrity
- Adding value through innovation and continuous improvement
- Global perspective and competitive spirit
- Respect for the environment and the health and safety of its employees
- Creating sustainable shareholder value through quality operations



EMBRACING A VIBRANT WORK CULTURE



WE BELIEVE THAT OUR PEOPLE SHAPE OUR SUCCESS, WHICH IS WHY WE MAKE EVERY EFFORT TO ENSURE THAT THEY ARE EQUIPPED WITH THE RIGHT RESOURCES AND A CONDUCTIVE WORKPLACE TO ENABLE THEM TO DEVELOP HOLISTICALLY.

The Group's niche expertise in tin is continually being strengthened in all areas over the entire global tin supply chain covering geology, mining, mineral processing, smelting, marketing, resource management and financing. Malaysia Smelting Corporation Berhad will pursue its growth strategy on its core business in tin through strategic acquisitions and organic growth where its core expertise, skills and capabilities can add value and make a difference particularly in increasing operating efficiencies, innovating products and services as well as forging global commercial and marketing networks to ensure its continued leadership position in the industry.

Investment opportunities will continue to be evaluated and the Group may in future decide to invest in selective projects that meet its investment criteria. Main emphasis will be on opportunities in regions where the country risks could be effectively managed and that the mines could be developed and operated with relatively lower cost structure.

CORPORATE PROFILE

With roots dating back to 1887 as the smelting operations arm of The Straits Trading Company Limited (STC), Malaysia Smelting Corporation Berhad ("MSC") of today continues to enjoy an unsurpassed global reputation as the world's leading custom smelter and is renowned as one of the world's largest integrated producers of tin.

With the Group's core expertise and solid foundation of over a century of smelting excellence to its credit, the Group's new smelting facility which uses Top Submerged Lance ("TSL") technology will thrust the smelter to the apex of smelting excellence. This combined with a smaller carbon footprint is expected to consolidate MSC's pole position in years to come. The Group is currently one of the world's leading integrated producers of tin metal and tin-based products. In 2023, the Group produced 20,722 tonnes of tin metal making MSC one of the largest suppliers of tin metal in the world.

MSC has played a key and prominent role in providing the world with a continuous supply of high grade tin metal. MSC has been able to combine effectively its vast experience in state-of-the-art technological innovations to improve its smelting and refining processes. It is able to effectively convert primary, secondary and complex tin-bearing ores into high purity tin metal thanks to its efficient TSL furnace and its comprehensive refining plant and equipment comprising crystallisers, Electrolysis plants and Vacuum Distillation Unit which forms the backbone of MSC's refining operation.

The "Malaysia Smelting Corporation" tin brand is registered at the London Metal Exchange (LME) and Kuala Lumpur Tin Market (KLTM). The brand is accepted worldwide and has purity ranging from the Standard Grade A (99.85% Sn) to the premium grade electrolytic tin (99.99% Sn). The Group has also added another tin brand which is "Malaysia Smelting Corporation Straits Refined Tin" and is produced at the new smelting facility. Upon completion of the smelter relocation, the honour of being the leading custom smelter will be passed on to the Port Klang smelter.

In November 2004, MSC expanded upstream in mining through the acquisition of Rahman Hydraulic Tin Sdn. Bhd. ("RHT"), Malaysia's long established and largest operating open-pit tin mine. Since the takeover, extensive work has been carried out covering mining, pit operation and improvement to the milling / concentrator circuits. This has transformed RHT to become a sustainable and a significant tin producer, incorporating international best mining and energy efficiency practices.

With the completion of the acquisition of Asas Baiduri Sdn. Bhd. ("Asas Baiduri") on 4 July 2022, MSC's immediate focus will be to further extend RHT's existing mining pit eastward which will enable the Company to increase its daily mining output. Meanwhile, MSC will embark on the exploration and mining of tin resources within Asas Baiduri's land in the next few years. The addition of Asas Baiduri's 568-acre land will provide MSC with a long-term supply of tin and further extend MSC's mining operations.

In the areas of research and development, MSC, as a co-founder and board member of International Tin Association ("ITA"), continues to support ITA's initiatives among other things to rigorously pursue research and development to thrust tin as an environmentally friendly metal. Tin has already proven its mettle in a wide range of applications including chemical, medical, energy and others.

In order to realise its vision to reduce carbon footprint, MSC is continuously expanding its solar panel capacity at its Port Klang smelter to harness power from renewable sources.

MSC's niche expertise in tin is continuously being strengthened in all areas over the entire global tin supply chain covering geology, mining, mineral processing, smelting and marketing.

MSC will pursue its growth strategy on its core business in tin through strategic acquisitions and organic growth where its core expertise can add value particularly in increasing operating efficiencies, innovating products and services to ensure its continued leadership position in the industry.

CORPORATE INFORMATION

BOARD OF DIRECTORS

- **MS. CHEW GEK KHIM** PJG
*Chairman, Non-Independent
Non-Executive Chairman*
- **MR. JOHN MATHEW
A/L MATHAI**
Senior Independent Director
- **MR. YAP SENG CHONG**
*Independent Non-Executive
Director*
- **DATUK KAMARUDDIN BIN TAIB**
*Independent Non-Executive
Director*
- **DATO' ROSLINA BINTI ZAINAL**
*Independent Non-Executive
Director*
- **DATUK LIM HONG TAT**
*Independent Non-Executive
Director*
- **DATO' DR. (IR.) PATRICK
YONG MIAN THONG**
*Group Chief Executive Officer/
Executive Director*

AUDIT & RISK MANAGEMENT COMMITTEE

Mr. Yap Seng Chong (*Chairman*)
Datuk Kamaruddin Bin Taib
Datuk Lim Hong Tat

NOMINATING & REMUNERATION COMMITTEE

Mr. John Mathew A/L Mathai
(*Chairman*)
Dato' Roslina Binti Zainal
Mr. Yap Seng Chong

EXECUTIVE COMMITTEE

Ms. Chew Gek Khim PJG (*Chairman*)
Datuk Lim Hong Tat
**Dato' Dr. (Ir.) Patrick Yong Mian
Thong**

ENVIRONMENTAL, SOCIAL & GOVERNANCE COMMITTEE

Dato' Roslina Binti Zainal (*Chairman*)
Mr. John Mathew A/L Mathai
Datuk Kamaruddin Bin Taib

KEY MANAGEMENT

Dato' Dr. (Ir.) Patrick Yong Mian Thong
(*Group Chief Executive Officer/
Executive Director*)
Mr. Nicolas Chen Seong Lee
(*Deputy Chief Executive Officer
(Administration)*)
Mr. Lam Hoi Khong
(*Group Chief Financial Officer*)
En. Madzlan Bin Zam
(*Executive Director & Senior General
Manager, Rahman Hydraulic Tin Sdn. Bhd.*)

COMPANY SECRETARY

Ms. Wong Youn Kim
SSM PC No. 201908000410
(MAICSA 7018778)

REGISTERED & CORPORATE OFFICE

Lot 6, 8 & 9, Jalan Perigi Nanas 6/1
Pulau Indah Industrial Park
West Port, Port Klang
42920 Pulau Indah
Selangor
Malaysia
Tel : (603) 3102 3083
Fax : (603) 3102 3080
Website : www.msmelt.com
Email : msc@msmelt.com

SALES & TRADING OFFICE

Unit 18-13A, Level 18
East Wing, Q Sentral
2A, Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia
Tel : (603) 2276 0254

BUTTERWORTH SMELTER

27 Jalan Pantai
12000 Butterworth
Penang
Malaysia
Tel : (604) 333 3500
Fax : (604) 331 7405 / 332 6499

AUDITORS

Ernst & Young PLT
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Malaysia
Tel : (603) 7495 8000
Fax : (603) 2095 5332

SHARE REGISTRARS

• MALAYSIA

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor
Malaysia
Tel No. : (603) 7890 4700
Fax No. : (603) 7890 4670
Email : bsr.helpdesk@boardroomlimited.com

• SINGAPORE

Tricor Barbinder Share Registrar Services
(A division of Tricor Singapore Pte. Ltd.)
9 Raffles Place, Republic Plaza
Tower 1, #26-01
Singapore 048619
Tel : (65) 6236 3333
Email : sg.is.enquiry@sg.tricorglobal.com

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
HSBC Bank Malaysia Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities
Berhad
Mainboard of Singapore Exchange
Securities Trading Limited

KEY FINANCIAL HIGHLIGHTS

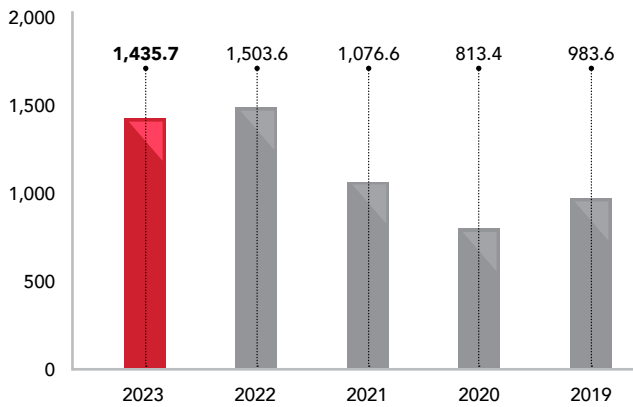
		Year ended 31 December				
		2023	2022	2021	2020	2019
Revenue	(RM Mil)	1,435.7	1,503.6	1,076.6	813.4	983.6
Profit before tax	(RM Mil)	128.6	143.6	158.4	24.2	44.7
Income tax expense	(RM Mil)	(31.4)	(42.2)	(39.9)	(9.5)	(14.0)
Profit attributable to the owners of the Company	(RM Mil)	85.1	98.3	118.1	15.2	30.7
Total assets	(RM Mil)	1,391.6	1,305.9	1,314.9	994.5	824.3
Net current assets	(RM Mil)	456.0	437.0	345.3	191.8	203.5
Equity attributable to the owners of the Company	(RM Mil)	754.1	719.2	580.4	393.5	368.9
Earnings per share	(sen)	20.3	23.4	28.3	3.6 ⁽¹⁾	7.3 ⁽¹⁾
Dividend per share	(sen)	14 ⁽²⁾	7	7	1 ⁽¹⁾	2 ⁽¹⁾
Net assets per share attributable to the owners of the Company	(sen)	180	171	138	94 ⁽¹⁾	88 ⁽¹⁾
Pre-tax profit on average equity attributable to the owners of the Company	%	17	22	33	6	12

⁽¹⁾ The figures have been adjusted to reflect the private placement exercise completed on 2 August 2021 for comparative purposes.

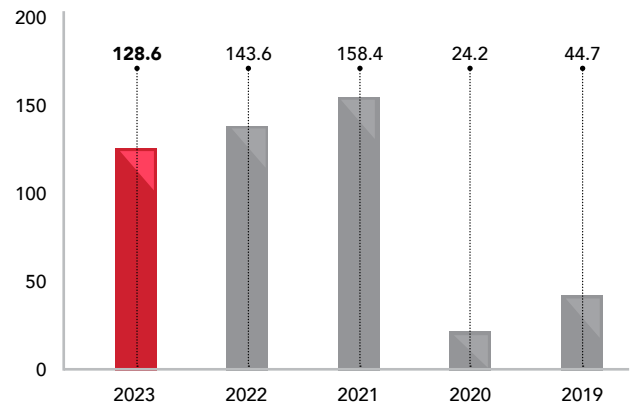
⁽²⁾ Final single-tier dividend of RM0.07 per share is subject to the approval of the members at the forthcoming Annual General Meeting.

KEY FINANCIAL HIGHLIGHTS

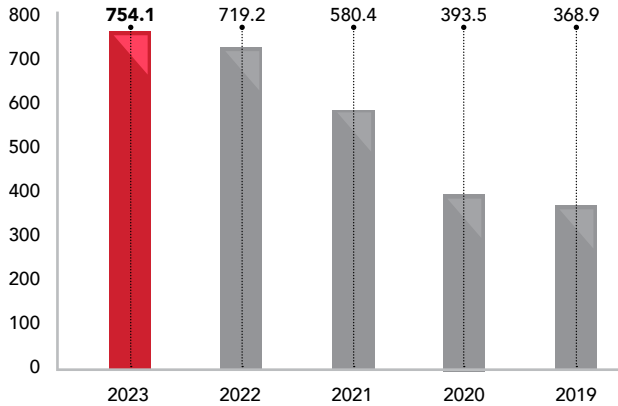
REVENUE (RM MIL)



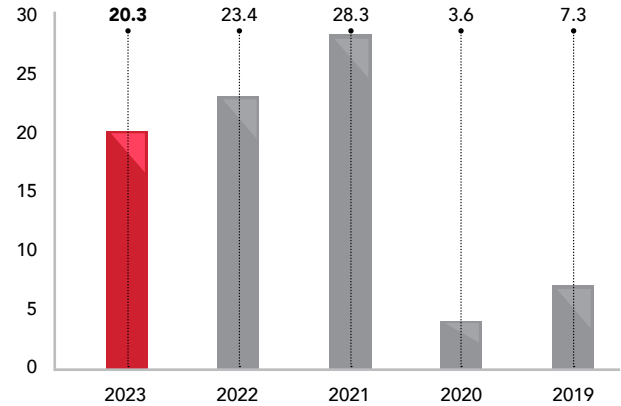
PROFIT BEFORE TAX (RM MIL)



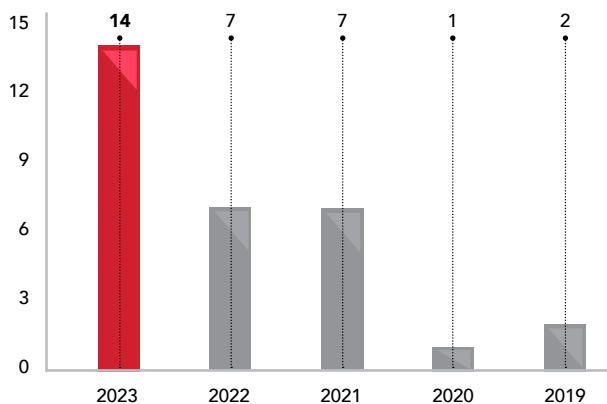
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY (RM MIL)



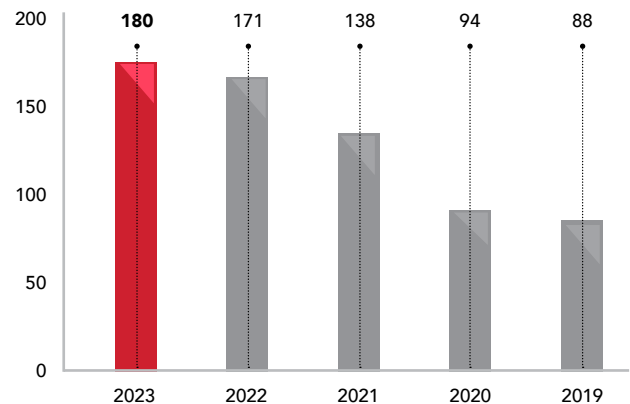
EARNINGS PER SHARE (SEN)



DIVIDEND PER SHARE (SEN)



NET ASSETS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY (SEN)



PROFILE OF DIRECTORS



MS. CHEW GEK KHIM P.J.G
62 years, Singaporean, Female

Non-Independent Non-Executive
Chairman

- LL.B (Hons), National University of Singapore
- Hon D. Litt, Nanyang Technological University

Ms. Chew Gek Khim P.J.G was appointed to the Board of the Company as a Non-Independent Non-Executive Director on 18 March 2016. She assumed the role as Chairman of the Company with effect from 11 May 2016. She is also the Chairman of the Executive Committee of the Company since 24 March 2021.

She has been Chairman of The Straits Trading Company Limited since 24 April 2008, first as Non-Executive and Non-Independent Chairman and then as Executive Chairman since 1 November 2009. She is also Executive Chairman of Tecity Group, which she joined in 1987.

She is a Non-Executive Chairman of ARA Trust Management (Suntec) Limited. Ms. Chew is Deputy Executive Chairman of The Tan Chin Tuan Foundation in

Singapore. She is a Member of Board of Governors of S. Rajaratnam School of International Studies, NUS Board of Trustees and the Governing Board of Lee Kuan Yew School of Public Policy.

Ms. Chew was awarded the Chevalier de l'Ordre National du Merite in 2010, the Singapore Businessman of the Year 2014 at the Singapore Business Awards in 2015, and the Meritorious Service Medal at the National Day Award in 2016. Ms. Chew was conferred an Honorary Degree of Doctor of Letters (honoris causa) by the Nanyang Technology University in 2021.

Ms. Chew does not hold any other directorship in other public companies and listed issuers in Malaysia.



MR. JOHN MATHEW A/L MATHAI
61 years, Malaysian, Male

Senior Independent Director

- LL.B (Hons), University of Malaya
- Advocate & Solicitor of the High Court of Malaya

Mr. John Mathew A/L Mathai was appointed to the Board of the Company as an Independent Non-Executive Director on 23 March 2016.

He was appointed as a member of the Nominating & Remuneration Committee of the Company on 4 April 2016 and subsequently re-designated as Chairman on 26 May 2023. Mr. John Mathew was appointed as a member of the Environmental, Social & Governance Committee of the Company on 12 September 2023. On 17 November 2023, he has been re-designated as Senior Independent Director of the Company.

Mr. John Mathew is an Advocate & Solicitor of the High Court of Malaya and has been in legal practice since February 1987. He is presently a partner of Messrs. Christopher & Lee Ong, Kuala Lumpur and heads the Dispute Resolution Practice of the firm. He is also a Notary Public.

Mr. John Mathew does not hold any other directorship in other public companies and listed issuers in Malaysia.

PROFILE OF DIRECTORS



MR. YAP SENG CHONG

62 years, Malaysian, Male

Independent Non-Executive Director

- Bachelor of Accounting from University of Malaya
- Member of Malaysian Institute of Accountants
- Member of Malaysian Institute of Certified Public Accountants

Mr. Yap Seng Chong was appointed as an Independent Non-Executive Director of the Company on 31 December 2021. He was also appointed as the Chairman of the Audit & Risk Management Committee of the Company on the same date. On 25 August 2023, he was appointed as a member of the Nominating & Remuneration Committee of the Company.

Mr. Yap had his entire career with Ernst & Young Malaysia ("EY") which spanned over 35 years, two of which were with EY London office, providing various types of assurance and business advisory services. He had previously held positions in EY as Head of Assurance Practice, Professional Practice Director and ASEAN Regional and Country Independence Leader before his retirement.

Mr. Yap was also a member of the Interpretation Committee of the Malaysian Accounting Standards Board. He had previously served as Malaysian Institute of Accountants ("MIA") Council member, Chairman of the Disciplinary Committee of MIA, Member of the Accounting and Auditing Standards Board of MIA, Chairman of the Audit and Risk Committee of MIA and Member of the Public Practice Committee of MIA.

Mr. Yap is also an Independent Non-Executive Director of United Plantations Berhad, Hartalega Holdings Berhad, Apex Healthcare Berhad and Malayan Cement Berhad.



DATUK KAMARUDDIN BIN TAIB

66 years, Malaysian, Male

Independent Non-Executive Director

- Bachelor of Science in Mathematics, University of Salford, United Kingdom

Datuk Kamaruddin Bin Taib was appointed as an Independent Non-Executive Director of the Company on 16 November 2018. He was appointed as a member of the Audit & Risk Management Committee of the Company on 14 February 2022 and on 12 September 2023, he was appointed as a member of the Environmental, Social & Governance Committee of the Company.

Datuk Kamaruddin has significant experience in investment banking, corporate finance, mergers and acquisitions. His career started in 1980 with a leading merchant bank in Malaysia. Subsequently, he served as a director of several private companies, companies listed on Bursa Malaysia Securities Berhad and companies listed on the Stock Exchange of India as well as listed on Nasdaq (U.S.A.).

He is currently a Director of Fraser & Neave Holdings Berhad and FIDE FORUM (Financial Institutions Directors Education FORUM).

Datuk Kamaruddin has stepped down as the Independent Non-Executive Chairman and Director of HSBC Amanah Malaysia Berhad on 31 December 2021 and subsequently on 1 January 2022 was appointed as an Independent Non-Executive Director of HSBC Bank Malaysia Berhad. He has become the Independent and Non-Executive Chairman of HSBC Bank Malaysia Berhad with effect from 1 April 2022.

He is also an Independent Non-Executive Chairman of Malaysian Life Reinsurance Group Berhad, RAM Holdings Berhad and RAM Ratings Services Berhad.

PROFILE OF DIRECTORS



DATO' ROSLINA BINTI ZAINAL
61 years, Malaysian, Female

Independent Non-Executive Director

- Master of Business Administration, University of New England, New South Wales, Australia
- Bachelor of Electrical Engineering, Lakehead University, Canada

Dato' Roslina Binti Zainal was appointed as an Independent Non-Executive Director of the Company on 2 August 2021. She was appointed as a member of the Nominating & Remuneration Committee and Chairman of the Environmental, Social & Governance Committee of the Company on 14 February 2022.

Dato' Roslina brings with her a wealth of experience in the energy sector in the areas of Utility Economics, Regulation, Energy Procurement, Planning and Strategy. She was the lead negotiator for her previous company, Tenaga Nasional Berhad ("TNB"), the national electricity utility of Malaysia, for the Power Purchase Agreements with the Independent Power Producers (IPPs), negotiating with the Government on tariffs under the Incentive Based Regulations (IBR), negotiating gas framework and gas supply agreements.

Dato' Roslina sat on many committees chaired by various Ministers on Energy, Gas and Tariff. She was a member of the National Gas Committee chaired by Dato' Seri Idris Jala to address issues pertaining

to gas constraint for the power sector. Dato' Roslina was also a member of the National Committee on Planning Development of Electricity Tariffs chaired by the Minister of Energy, Green Technology and Water. She has also worked together with Government agencies such as Energy Commission, Ministry of Energy and the Economic Planning Unit of the Prime Minister's Department on issues pertaining to energy.

Dato' Roslina has worked in the Distribution, Transmission and Generation Planning functions in TNB. She also represented TNB at International Investor conferences and attended one-on-one dialogues with investors on regulations affecting the power sector. She has presented papers at international conferences and sat on panel discussions as a leading expert on energy and regulation. She acquired a wealth of business and management skills through her involvement as a top management in TNB. She was previously appointed on the Boards of Sapura Energy Berhad, Universiti Teknikal Malaysia Melaka (UTeM), TNB Fuel Services Sdn. Bhd. and Prai Power Sdn. Bhd. She currently sits on the board of TNB.



DATUK LIM HONG TAT
64 years, Malaysian, Male

Independent Non-Executive Director

- Bachelor of Economics in Business Administration (Honours), University of Malaya
- Diploma in Marketing & Selling Bank Services, Management Centre Kuala Lumpur
- Management Programme on Banking & Strategy, INSEAD, France
- Associate Member, International Academy of Retail Banking
- Advanced Management Program, Harvard Business School

Datuk Lim Hong Tat was appointed as an Independent Non-Executive Director of the Company on 28 January 2022. On 14 February 2022, he was appointed as a member of the Audit & Risk Management Committee of the Company. He is also a member of the Executive Committee of the Company, appointed on 26 May 2023.

Datuk Lim joined Malayan Banking Berhad upon graduation from University of Malaya in 1981. Datuk Lim has more than 35 years of experience covering all aspects of banking, having managed branches, regional banking, credit card and international banking operations including holding senior management positions as Director/President and Chief Executive Officer ("CEO") of Maybank Philippines Incorporated, Head of International Banking, Head of Consumer Banking and Head of Community Financial Services, Malaysia.

Prior to serving on boards, Datuk Lim was the Group Head, Community Financial Services (CFS) and CEO of Malayan Banking Berhad, Singapore from 1 January 2014

until middle of 2018 and was responsible for driving and implementing the Banks community banking strategy across all geographies.

Datuk Lim was also a Member of the Visa Client Council for Asia Pacific, Member of the Board of the European Financial Management Association, Associate Member of International Academy of Retail Banking, Council Member of Association of Banks in Singapore and a Director of Maybank Philippines Inc., Maybank Kim Eng Holdings Ltd., Maybank Kim Eng Securities Pte. Ltd., Etiqa Insurance Pte. Ltd. and Mutiara Mortgage & Credit Sdn. Bhd., a wholly owned subsidiary of Ministry of Housing Sarawak.

Currently, he is serving on the Board of Commissioners of PT Bank Maybank Indonesia and also a Senior Advisor for Areca Capital Sdn. Bhd. (Asset Management).

Datuk Lim does not hold any other directorship in other public companies and listed issuers in Malaysia.

PROFILE OF DIRECTORS



DATO' DR. (IR.) PATRICK YONG MIAN THONG

70 years, Malaysian, Male

Non-Independent Executive Director/
Group Chief Executive Officer

- PhD (Electrical Engineering), United States of America
- Bachelor of Science (Honours) Degree in Electrical and Electronics Engineering, CNAA, United Kingdom
- Registered Professional Engineer Malaysia
- Member of the Institution of Engineers Malaysia

Dato' Dr. (Ir.) Patrick Yong Mian Thong was appointed as Chief Executive Officer ("CEO") of the Company on 7 October 2016. Subsequently, he was appointed to the Board of the Company as a Non-Independent Executive Director on 1 June 2018 and redesignated as Group CEO on 1 January 2019. He is also the member of the Executive Committee of the Company since 24 March 2021. He leads in the strategic development, policies and business operations of MSC.

Dato' Dr. (Ir.) Patrick Yong started his career as an engineer with the National Electricity Board of Malaysia ("LLN") in 1976, fulfilling his scholarship contractual obligations. In 1989, he left LLN to pursue his career as a consultant in the field of electrical engineering.

Dato' Dr. (Ir.) Patrick Yong founded Sulfarid Technologies in 2004 and was its Managing

Director. The company was later acquired by the Hup Soon Global Corporation Group in November 2007 and renamed Borid Technologies. He joined Tai Kwang Yokohama Industries Bhd. as CEO from 2007 – 2010 and was appointed as Group CEO of Yokohama Industries involving SLI battery manufacturing and secondary lead smelting from 2010 to 2015.

Throughout his line of work, Dato' Dr. (Ir.) Patrick Yong established his proficiency in electrical engineering and pursued research specialising in the field of efficiency in energy conversion and storage leading to a PhD in Electrical Engineering.

Dato' Dr. (Ir.) Patrick Yong does not hold any other directorship in other public companies and listed issuers in Malaysia.

Notes:

1. Save for the following, none of the Directors have any family relationship with other Directors and/or major shareholders of the Company:

Ms. Chew Gek Khim is the Executive Chairman of The Straits Trading Company Limited ("STC"), the major shareholder of the Company which owns 51.96% of the equity of the Company. Her mother is Dr. Tan Kheng Lian, a substantial shareholder of STC;

2. None of the Directors have any conflict of interest with the Company; and
3. None of the Directors had been convicted of any offence (other than traffic offences, if any) within the past five (5) years or been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 2023.

PROFILE OF KEY MANAGEMENT



MR. NICOLAS CHEN SEONG LEE
51 years, Malaysian, Male

Deputy Chief Executive Officer
(Administration)

- LL.B (Hons), University of London

Mr. Nicolas Chen Seong Lee started his career in the tax division of Arthur Andersen & Co., Kuala Lumpur, in 1997. In 2000, he joined the Structured Finance, Corporate Banking division of Affin Merchant Bank. He returned to tax practice in 2002 until 2010 with KPMG Tax Services Sdn. Bhd.

In KPMG, he was primarily undertaking tax advisory and tax planning assignments covering a broad range of Malaysian and overseas tax, corporate and legal issues. From 2010 to 2017, he managed an agro based company involved in farming and exporting a Malaysian produced fruit and downstream products.

Mr. Nicolas Chen joined MSC on 1 November 2017 as General Manager (Special Projects) of CEO's Office before being redesignated as Deputy Chief Executive Officer (Administration). His primary responsibility is to assist the Group Chief Executive Officer on matters covering legal, corporate, human resource, security, information technology, procurement and administration for the MSC Group.



MR. LAM HOI KHONG
53 years, Malaysian, Male

Group Chief Financial Officer

- Bachelor of Business Degree
(Accounting), University of Southern
Queensland, Australia
- Chartered Accountant (CA),
Malaysian Institute of Accountants
- Member of the CPA Australia

Mr. Lam Hoi Khong was appointed as the Group Chief Financial Officer of the Company on 7 January 2019. He is responsible for the overall management and financial reporting, business support, financial planning and analysis, treasury, investor relations, and tax functions. He also leads and drives the commercial and supply chain functions at MSC.

Mr. Lam has close to 30 years of working experience in the areas of finance, accounting, corporate finance, auditing and taxation. He spent his early formative years at PricewaterhouseCoopers before assuming managerial and Financial Controller roles with a local automotive group and an international group based in Africa respectively, from 1997 to 2003.

Following that, Mr. Lam assumed the role of General Manager (Finance and Administration) at Petaling Tin Berhad, a property development company listed on the Main Market of Bursa Malaysia Securities Berhad, and was subsequently promoted to Chief Financial Officer in 2007, a position he held until January 2017.

Prior to joining MSC, Mr. Lam was the Group Chief Financial Officer of Tien Wah Press Holdings Berhad ("TWPH") from February 2017 until November 2018. He was responsible to spearhead the Finance, Corporate and Risk Management functions, and providing strategic directions on commercial aspects of the businesses of TWPH.

PROFILE OF KEY MANAGEMENT



EN. MADZLAN BIN ZAM

65 years, Malaysian, Male

Executive Director & Senior General Manager, Rahman Hydraulic Tin Sdn. Bhd.

- Bachelor of Science (Honours) Degree in Geology, Universiti Kebangsaan Malaysia
- Registered Professional Geologist, Board of Geologists Malaysia
- Member of the Institute of Geology Malaysia
- Member of the Geological Society of Malaysia
- Member of the Malaysian Chamber of Mines
- Member of Ikatan Ahli Geologi, Indonesia (IAGI)
- Member of the Australasian Institute of Mining and Metallurgy

En. Madzlan Bin Zam joined MSC in 2002 and was assigned as Manager Geology at PT Koba Tin in Indonesia between 2002 and 2011, and later held the President Director's post for PT MSC Indonesia and PT SRM Indonesia. During his tenure at PT Koba Tin, he passed the examination as the Pengawas Operasional Utama at the mine, which qualifies him to be the Mine Manager in Indonesia.

He was subsequently appointed as Head of Geology & Exploration of MSC in 2011 and was promoted to Head of Resources & Investments of the Company in May 2015. In 2017, he assumed his current position as the Senior General Manager of Rahman Hydraulic Tin Sdn. Bhd. ("RHT"), an 80% owned subsidiary of MSC and responsible to oversee the complete operation of RHT and its tin mine at Klian Intan, Perak. At present, he sits on the board of RHT and all RHT's subsidiaries i.e. SL Tin Sdn. Bhd., Asas Baiduri Sdn. Bhd. and Alaf Tenggara Sdn. Bhd.

Prior to that, he had worked with Malaysia Mining Corporation Berhad between 1981 and 2002 as a Mining Geologist responsible in monitoring tin production from the dredges. He was in charge in tin and gold exploration and mining development projects in Malaysia as well as overseas i.e. Indonesia, Australia, New Zealand, Lao People Democratic Republic, Thailand, Myanmar, Kyrgyz Republic, Europe and Democratic Republic of Congo.

En. Madzlan has vast experiences and knowledge in both primary and alluvial tin, gold, base metals and coal; and was also in charge of managing a tin mine in Indonesia. He has experiences working with consultants recognised by the World Bank for the Bankable Feasibility Study of the Taldy-Bulak Gold Project, Kyrgyz Republic.

Notes:

1. None of the Key Management hold any directorship in public listed companies and listed issuers;
2. None of the Key Management have any family relationship with other Directors and/or major shareholders of the Company;
3. None of the Key Management have any conflict of interest with the Company; and
4. None of the Key Management had been convicted of any offence (other than traffic offences, if any) within the past five (5) years or been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 2023.

STATEMENT BY THE CHAIRMAN



“

On behalf of the Board of Directors of Malaysia Smelting Corporation Berhad (“MSC” or the “Group”), I am delighted to present the Annual Report and Audited Financial Statements of MSC for the financial year ended 31 December 2023 (“FY2023”).

”

STATEMENT BY THE CHAIRMAN

NAVIGATING VOLATILITY WITH RESILIENCE

In 2023, MSC demonstrated resilience navigating a complex operating environment. Global economic uncertainty, including recession concerns, inflationary pressures, and escalating geopolitical tensions in the Middle East, and Europe, led to increased market volatility. These factors contributed to fluctuations in commodity prices during the year, including tin.

Tin prices saw an initial surge to approximately USD30,000/metric tonne ("MT") in January 2023, fuelled by optimism surrounding China's economic reopening in December 2022. However, a slower-than-expected economic recovery in China, coupled with sluggish tin consumption from major industries, including in the semiconductor and consumer electronics sectors, exerted downward pressure, with tin prices falling to around USD22,000/MT in March 2023.

As the year progressed, concerns over future tin supply drove a rebound in tin prices. Uncertainties surrounding tin major suppliers, namely Indonesia and Myanmar, fuelled this trend. In August 2023, Myanmar's Wa State enforced a ban on mining activities, contributing to reduced supplies. Meanwhile, a potential export ban on tin ingots by Indonesia, the world's largest tin exporter, exacerbated supply woes. The second half of 2023 saw signs of tin demand recovery, with growing consumption further supporting prices.

In 2023, tin prices were lower at around RM118,143/MT (~USD25,908/MT), as compared to RM136,700/MT (~USD31,068/MT) in 2022. Global refined tin production stood at 370,100 tonnes, of which 5.6% was supplied by MSC during the year.

At MSC, our priority is on enhancing our core capabilities in the smelting and mining divisions, ensuring we remain at the forefront of the tin industry irrespective of the volatility in tin prices. This focus is reflected in the Group's robust performance in FY2023, posting a revenue of RM1.4 billion, and a net profit attributable to owners of the company ("net profit") of RM85.1 million.



REVENUE
RM1.4
BILLION



NET PROFIT
RM85.1
MILLION



STATEMENT BY THE CHAIRMAN

The dedication and hard work of our people at MSC are fundamental to the Group's continued progress. We are proud to share that MSC has been recognised as a joint winner for the "Highest Growth in Profit After Tax Over Three Years" under the Industrial Products and Services sector at The Edge Malaysia Centurion Club Corporate Awards 2023. This achievement is a testament to the collective efforts of our team, and I extend my sincere thanks for your contributions.

During the year, we remained committed to delivering value to our shareholders as we adopted a dividend policy to distribute at least 30% of net profit. For FY2023, the Board declared a total dividend of 14 sen per share. This translates to a payout ratio of 69%, exceeding our dividend policy's target of 30%. The dividend consists of an interim dividend of 7 sen per share, and a proposed final dividend of 7 sen per share, subject to approval of shareholders at the upcoming annual general meeting.



DIVIDEND POLICY
30% of NET PROFIT



FY2023 DIVIDEND
14 SEN

POISED FOR GROWTH

While short-term headwinds may persist in 2024, we remain confident in the tin sector's long-term outlook and promising growth. The industry's fundamental strengths and the role of tin in critical emerging technologies will continue to drive demand over time.

For 2024, the anticipated recovery of the semiconductor industry is set to boost tin usage, spurred by technological advancements in artificial intelligence ("AI"), Internet of Things ("IoT"), and 5G networks, among others. With 50% of the world's tin used as solder, a rebound in the semiconductor sector is expected to support tin prices. This bodes well for the Group.

Furthermore, tin plays a crucial role in green transportation. Its potential use in lithium-ion batteries for electric vehicles ("EV") is promising, with tin-based anodes being explored for their ability to increase battery energy density and charging speed. As global sustainability awareness intensifies, the rising demand for EVs will translate into an increased need for tin.

Tin is also an essential component in the renewable energy sector as it is used as solder ribbons that bind solar panels together, making it a vital player. As countries worldwide accelerate decarbonisation efforts, the demand for tin is expected to grow.

At MSC, we are focused on building a strong foundation to capture opportunities in the tin industry. In our smelting division, the transition of smelting activities to Pulau Indah, along with the impending closure of the Butterworth smelter, is projected to reduce the Group's costs by approximately 30%. The phased decommissioning of the Butterworth smelter has commenced, with a targeted shutdown by 2025.

Meanwhile, the Group's tin mining company, Rahman Hydraulic Tin Sdn. Bhd. ("RHT"), is working to expand its tin reserves and production output. This includes a continuous exploration programme to expand our mining landbank, ensuring a secure supply of resources for future operations. Furthermore, we are also in the process of constructing additional waste sites and tailing ponds on the adjacent mining landbank, ensuring the continuity of our tin mining operations in the long run.

STATEMENT BY THE CHAIRMAN



ADVANCING SUSTAINABILITY AT MSC

At MSC, we recognise the inherent environmental and social complexities associated with the mining and smelting industry. As an industry leader, MSC is committed to integrating sustainable practices into all aspects of our operations.

This commitment is demonstrated by our ongoing investments in sustainability. During the year, we invested RM8.9 million in environmental initiatives. At the Group's smelting facility in Pulau Indah, we harness solar energy to power our premises with a 1.26-megawatt peak ("MWp") solar photovoltaic system, with further expansion planned in the near future. This is expected to lower our carbon footprint and energy costs.

We are now extending these efforts to our RHT tin mine in Klian Intan, where we are in the early stages of adopting solar power at the mines. Additionally, we are expanding our waste management infrastructure to ensure long-term mining sustainability.

Beyond environmental stewardship, MSC upholds the highest ethical standards. We are pleased to update that RHT has been certified with ISO37001:2016 Anti-Bribery Management System in FY2023. Apart from this, RHT is also certified with ISO 45001:2018 Occupational Health & Safety Management, and ISO 39001:2012 Road Traffic Safety Management. Securing these internationally recognised standards underscore our commitment to integrity, safety, and responsible business conduct at RHT.

More information on the Group's sustainability initiatives can be found in the Sustainability Statement of this Annual Report.

ACKNOWLEDGEMENTS

On behalf of the Board, my heartfelt gratitude goes out to Mr. Chia Chee Ming, Timothy PBM, who resigned as Senior Independent Director of MSC on 26 May 2023. His contributions during his tenure have been invaluable, and we wish him the very best in his future endeavours.

I would also like to express my appreciation to all our stakeholders, including our shareholders, customers, suppliers, bankers, investors, and regulatory authorities, for their unwavering support and trust.

To the management team and staff at MSC, your tireless efforts and dedication were instrumental in the Group's resilient performance in 2023. Thank you sincerely.

Finally, to my fellow Board members, I am grateful for your invaluable counsel and advice throughout the year. Your support has been indispensable.

CHEW GEK KHIM Hon D. Litt (NTU), PJG
Non-Independent Non-Executive Chairman
15 April 2024

MANAGEMENT DISCUSSION & ANALYSIS

GROUP BUSINESS OVERVIEW

Malaysia Smelting Corporation Berhad (“MSC” or “the Group”) is a key player in the global tin supply chain. Founded in 1887, MSC operates as an integrated producer of tin metal and tin-based products, encompassing both upstream and downstream activities within the tin industry through its international tin smelting business, and local tin mining operations. MSC also holds a prominent position as the world’s largest custom toll smelter, offering external toll smelting solutions to customers with tin ore.

MSC undertakes upstream tin mining activities through our subsidiary, Rahman Hydraulic Tin Sdn. Bhd. (“RHT”), at Malaysia’s largest hard rock open-pit tin mine in Klian Intan, Perak. Tin ore is extracted and refined into tin-in-concentrates, which are then used as raw material for the Group’s smelting activities. RHT’s tin-in-concentrates comprise around 10% of our smelting intake, while the remaining ores are sourced from local artisanal miners, international tin ore traders, and third-party mines outside of Malaysia. In addition to our mining operations in Perak, MSC is also involved in mining activities in Sungai Lembing, via RHT’s subsidiary, SL Tin Sdn. Bhd.

As for the Group’s tin smelting activities, MSC operates two smelting plants at present – one located in Pulau Indah, Port Klang and the other in Butterworth, Penang which is being closed down in phases. At these plants, we convert tin-bearing ores into high-purity refined tin ingots for supply to end-user customers, and the London Metal Exchange (“LME”).



MANAGEMENT DISCUSSION & ANALYSIS



2,598
TONNES
TIN-IN-
CONCENTRATES
PRODUCTION
IN 2023

FY2023 presented a challenging business environment, marked by volatile tin price movements. Subdued tin demand from key industries, particularly semiconductors and electronics, contributed to the decline in tin prices during the first quarter of 2023. The slowdown in tin consumption can be attributed to the cyclical nature of these sectors, compounded by rising inflation and geopolitical tensions during the year.

As 2023 progressed, uncertainties surrounding global tin supply further impacted market sentiment. The mining halt in Myanmar's Wa State from August 2023 impacted global tin ore supply. As a significant tin ore supplier to China, the world's largest tin consumer, the disruption had prompted China to seek and procure tin ores from other international tin players, tightening the global market.

Additionally, the potential tin export ban by Indonesia, the world's largest tin exporter added to supply concerns. Ongoing geopolitical tensions in the Middle East and Europe further strained the tin supply chain, posing logistical challenges. These converging factors supported tin prices in the second half of 2023, alongside a gradual recovery in electronics demand.

Against this backdrop, MSC remained resilient and continued to fortify our position in the tin mining and tin smelting divisions.

Local Tin Mining Operations

In 2023, RHT maintained a steady supply of tin ore to MSC. The production of tin-in-concentrates remained stable throughout the year with an average tin ore mining output of 10.6 tonnes per day ("tpd"). This resulted in marginally higher output of tin-in-concentrates amounting to 2,598 tonnes in 2023, against 2,542 tonnes in 2022.

At RHT, we remained focused on efforts to expand our mining output. The discovery of tin-in-concentrates on the Western slope of the RHT Tin Mine has played a substantial role in expanding the Group's internal tin supply. During the year, we continued to explore the Western slope to identify potential new tin ore deposits. As at 1 January 2024, the total estimated tin-in-concentrates resources are as below:

Resources Class	Ore Volume (m ³)	Grade (KgSn/m ³)	Contained Tin (Sn) (tonnes)
Measured	2,095,687	3.234	6,778
Indicated	3,478,807	3.733	12,985
Inferred	12,275,371	1.922	23,591
Total	17,849,865	2.429	43,354

Following deep drilling at the RHT Tin Mine, we discovered rock formation in the form of a skarn, on the Western slope. Subsequent geophysical surveys indicate the presence of potential tin deposits within this formation. To confirm the tin content and viability of these deposits, RHT plans to conduct a drilling programme in 2025. This will help to extend the mine's lifespan and potentially increase the volume of extractable tin, bolstering the Group's long-term resource base.

MANAGEMENT DISCUSSION & ANALYSIS



New mobile crusher and sorter at RHT

Meanwhile, the introduction of new mobile crusher and sorter at the RHT Tin Mine enhanced our mining and cost efficiencies during the year. By replacing previously rented equipment with our own machinery, we anticipate substantial reductions in mining expenses.

At the same time, RHT is in the midst of constructing additional tailing ponds and waste dump areas. Following geotechnical studies, we have identified and designated portions of land adjacent to the RHT Tin Mine to develop these infrastructures. This proactive move is essential for our operational continuity as the existing areas reach capacity limits.

International Tin Smelting Business

In 2023, the Group's Pulau Indah smelting plant operated at 60%-70% average utilisation using the Top Submerged Lance ("TSL") furnace. Nonetheless, there was an annual scheduled maintenance of two months from mid-June to mid-August 2023. Despite this, we achieved higher refined tin production of 20,722 tonnes in 2023, as compared to 19,385 tonnes in 2022.

Meanwhile, the smelting facility in Butterworth was utilised to smelt the Group's tin intermediates during the year. These by-products of the multi-stage smelting process contain residual tin that can be recovered through further processing. This strategic move is expected to unlock the value of our tin inventories, contributing to higher profit margins.

The decommissioning of the Butterworth plant, operational since 1902, is currently underway in stages with planned shutdown by 2025. This will centralise all smelting activities at the Group's state-of-the-art smelter in Pulau Indah.



20,722
TONNES
REFINED TIN
PRODUCTION IN
2023

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL PERFORMANCE REVIEW

Operating Overview	FY2023	FY2022
Group's revenue (RM million)	1,435.7	1,503.6
Group's profit before tax (RM million)	128.6	143.6
Attributable to the owners of the Company	85.1	98.3
International Tin Smelter		
Production of refined tin (tonnes)	20,722	19,385
Profit/(Loss) before tax (RM million)	45.6	(6.7)
Profit/(Loss) after tax (RM million)	36.0	(5.5)
Tin Mine		
Production of tin-in-concentrates (tonnes)	2,598	2,542
Profit before tax (RM million)	87.2	134.4
Profit after tax (RM million)	64.4	95.1
Tin Price		
Average tin market price ('000)		
- RM per tonne	118.1	136.7
- USD per tonne	25.9	31.1
USD:MYR exchange rate	4.6	4.4

MSC recorded a revenue of RM1,435.7 million in FY2023, impacted by lower average tin prices, despite increased sales of refined tin sales during the year. In FY2023, the average tin price was RM118,100/tonne, as compared to RM136,700/tonne in FY2022.

The Group's smelting division staged a turnaround after recording a Profit After Tax ("PAT") of RM36.0 million in FY2023, from a Loss After Tax ("LAT") of RM5.5 million in FY2022. The improved performance was driven by increased sales of refined tin derived from the processed tin intermediates as well as higher sales of by-products and smelting revenue.

Meanwhile, the Group's mining operations delivered a PAT of RM64.4 million in FY2023, reflecting the impact of less favourable tin prices movements during the year.

In FY2023, we recorded lower tax expenses amounting to RM31.4 million (FY2022: RM42.2 million) mainly due to the absence of the one-off Prosperity Tax in FY2022, which necessitate a higher tax rate of 33% for companies exceeding RM100 million in chargeable income for 2022.

Additionally, net profit attributable to MSC's minority interest increased to RM12.2 million in FY2023, against RM3.1 million in FY2022, as RHT became an 80%-owned subsidiary of MSC in July 2022. As a result, the Group's net profit attributable to owners of the company ("net profit") stood at RM85.1 million in FY2023.

MANAGEMENT DISCUSSION & ANALYSIS



NET OPERATING
CASH FLOW

**RM167.8
MILLION**

(FY2022:
RM243.6 MILLION)



DIVIDEND
PAYOUT
RATIO FY2023
69%

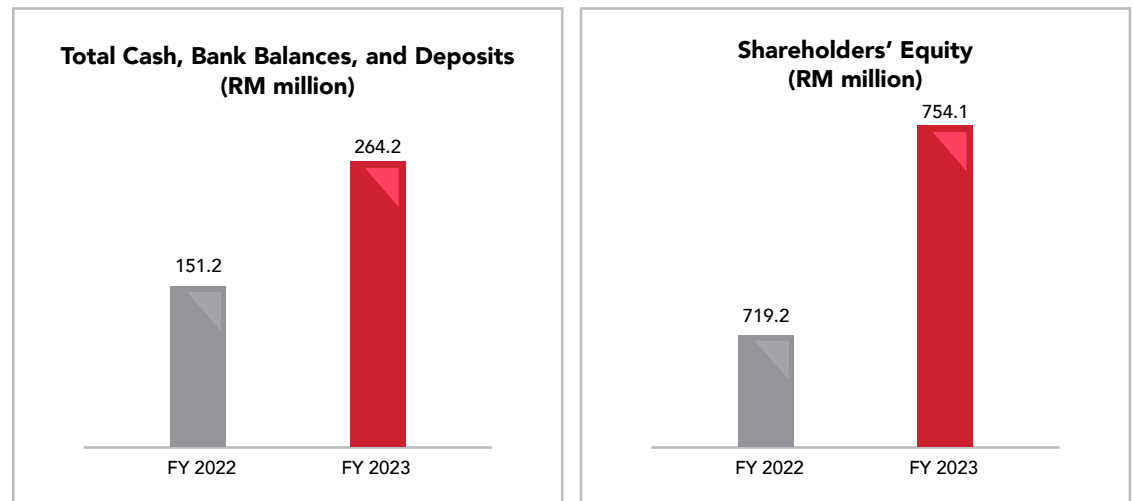
Solid Balance Sheet

As at 31 December 2023, MSC's financial health remained solid. Total assets grew to RM1,391.6 million (FY2022: RM1,305.9 million) as the Group recorded higher inventories of RM595.2 million (FY2022: RM570.7 million).

During the year, MSC also strengthened its liquidity position as the Group's total cash, bank balances, and deposits increased by 74.7% to RM264.2 million as at end-2023. This growth mainly stemmed from net cash generated from operations and changes in working capital. The Group generated a healthy net operating cash flow of RM167.8 million as at 31 December 2023.

As at year end, shareholders' equity climbed to RM754.1 million (FY2022: RM719.2 million).

Meanwhile, the Group's borrowings increased to RM359.8 million (FY2022: RM337.9 million), with gearing ratio stable at 0.4 times (FY2022: 0.4 times).



ADOPTION OF DIVIDEND POLICY

In FY2023, the Group maintained its commitment to deliver value to its shareholders. This was reaffirmed by MSC's adoption of a dividend payout policy of at least 30% of MSC's net profit. For the year under review, MSC declared an interim dividend of 7 sen per share, and proposed a final dividend of 7 sen per share, subject to shareholders' approval at the upcoming annual general meeting. This translates to a total dividend per share of 14 sen, with a dividend payout ratio of 69%, exceeding the Group's dividend payout target of 30%.

MANAGEMENT DISCUSSION & ANALYSIS

2024 OUTLOOK

Looking ahead to 2024, the global economy is subject to prevailing macroeconomic pressures, expected to contribute to fluctuating tin prices. Supply-side woes, including the continued closure of Myanmar's tin mine, as well as Indonesia's impending tin export ban, are projected to continue impacting the tin supply chain and prices.

Despite these short-term uncertainties, we remain optimistic on the long-term prospects of tin, driven by its essential role in emerging technologies. The unique properties of tin, such as its conductivity and corrosion resistance, make it vital for powering the 21st century. Rapid advancements in transformative industries, such as electric vehicles ("EV"), artificial intelligence ("AI"), and renewable energy ("RE"), are expected to drive the commodity's demand growth, with tin acting as a solder connecting electrical components together.

At MSC, we are positioning the Group to capture these growth prospects by further strengthening our capabilities. Our operational focus centres on improving efficiency and maximising productivity across the Group.

On our tin smelting side, we look forward to cost savings of approximately 30% with the shutdown of the Butterworth plant by 2025. With the closure, all our smelting activities will be conducted at the Pulau Indah plant with the cutting-edge TSL furnace, which will deliver significant benefits. The furnace's single-stage smelting process is projected to maximise the Group's tin recovery and yield. Furthermore, automation within the TSL furnace reduces manpower requirements, leading to higher cost efficiencies. As we progress, we strive to ramp up utilisation of the TSL furnace to achieve greater economies of scale.

Apart from these, the transition to Pulau Indah is anticipated to lower the Group's overall carbon emissions due to its use of natural gas. To further our sustainability efforts, we have installed 1.26MWp of solar photovoltaic panels on-site, enhancing energy efficiency and lowering energy costs. Moving forward, we aim to expand the solar generation capacity in our Pulau Indah smelter and extend the use of solar power to our mining operations at the RHT Tin Mine, demonstrating our commitment to environmental responsibility across our value chain.

For our tin mining operations, we are actively exploring new techniques and technologies to further optimise mining productivity. At the same time, RHT's ongoing exploration efforts aims to identify and secure new tin deposits. Meanwhile, RHT is constructing new waste dump areas and tailing ponds on the Group's adjacent lands, enabling us to extend our current mining pit.

Additionally, MSC prioritises responsible practices throughout our mining and smelting operations. While pursuing our commercial goals, we remain mindful of our impact and strive to ensure the well-being of our employees, local communities, and the environment. This commitment is reflected in our ongoing sustainability initiatives. Detailed information on these measures can be found in MSC's Sustainability Statement from pages 24 to 52.

All in all, we remain positive of the growth potential in the tin market while cognisant of the temporary headwinds. With our strategic plans in place, MSC is well-positioned to navigate the dynamic tin market as we strengthen our position within the global tin industry.



MANAGEMENT DISCUSSION & ANALYSIS

ANTICIPATED RISKS

Political, economic, and regulatory risk

The tin industry is vulnerable to external factors such as regional conflicts and regulatory changes. In 2023, the escalating conflict in the Middle East and the prolonged war in Ukraine have led to supply disruptions, as well as higher energy, anthracite (coal reductant) and freight costs in tin production. Meanwhile, Myanmar's recent tin mining ban is expected to further tighten tin supply.

To mitigate the impacts of these risks, we consistently monitor changes in government policies, rules, and regulations to ensure compliance. Additionally, we conduct rigorous risk assessments prior to making any significant investments. This ensures prudent decision-making, safeguarding our operations amidst an uncertain economic environment.

Volatility in tin prices

MSC operates within the tin industry and is inherently exposed to the risk of tin price volatility. This can impact the Group's financial performance and cash flow. Fluctuations in tin prices are susceptible to factors beyond the Group's control, including tin supply and demand dynamics, as well as shifts in government and trade policies, to name a few.

Nonetheless, we manage these risks by keeping abreast of industry trends, and engaging in hedging strategies, such as forward commodity contracts, where appropriate. These contracts allow us to lock in future selling prices, providing a level of protection against potential price fluctuations.

Foreign rates fluctuations

We primarily conduct our trading and financing activities in US dollars, exposing us to foreign exchange fluctuations. Therefore, movements in foreign exchange rates could potentially affect our financial performance.

This risk is partially mitigated by a natural hedge, as a significant portion of our sales and purchases are transacted in US dollars. We further minimise risk by entering into forward currency contracts, while continuously monitoring our currency risk to ensure our exposure remains within an acceptable level.

ACKNOWLEDGEMENTS

I offer my sincere appreciation to the Chairman of the Board, Board members, and all the employees of MSC - your relentless dedication and hard work have been instrumental in the Group's progress during the year.

Finally, I would like to thank our stakeholders, including our shareholders, customers, business partners, financial institutions, legal advisors, and suppliers for their unwavering support in MSC.

DATO' DR. (IR.) PATRICK YONG MIAN THONG

Group Chief Executive Officer

15 April 2024

SUSTAINABILITY STATEMENT FY2023

ABOUT THIS REPORT

As one of the world's largest tin producers, Malaysia Smelting Corporation Berhad ("MSC" or the "Group") is cognisant of the profound responsibility inherent in our role. We understand that sustainability is the foundation for both mitigating risks and achieving long-term success within a dynamic global market.

As such, we place great emphasis on sustainability as a fundamental aspect of our business, with an emphasis on economic, environmental, social, and governance ("EESG") pillars. MSC remains unwavering in conducting our tin mining and smelting operations in a manner that prioritises environmental stewardship, social well-being, as well as robust governance and economic practices.

In our sustainability journey, we maintain continuous engagement with stakeholders, as well as staying abreast of the latest legislative and regulatory updates. This proactive approach allows us to continually refine our sustainability initiatives, reinforcing our dedication to responsible business practices, while pursuing commercial progress.

Reporting Scope and Boundaries

The information disclosed in this Sustainability Statement ("SS2023") spans MSC's financial reporting period from 1 January 2023 to 31 December 2023. This SS2023 provides information on MSC's sustainability initiatives and performance of our tin smelting activities at Butterworth, Penang, and Pulau Indah, Port Klang, as well as tin mining operations at Klian Intan, Perak. Where possible, information from previous years has been included to provide comparative data.

Reporting Standards and Guidelines

The SS2023 is prepared in accordance with the Main Market Listing Requirements ("Listing Requirements") and the Sustainability Reporting Guide (3rd Edition) under Bursa Malaysia Securities Berhad ("Bursa Securities"), and in reference to the Global Reporting Initiative ("GRI"). Where relevant, our reporting is aligned with the United Nations ("UN") Sustainable Development Goals ("SDGs"), which provide a collective framework to create a sustainable future for both people and the planet.

Statement of Assurance

Information and data disclosed in the SS2023 has been verified for accuracy by respective data owners and subsidiaries within the Group. Currently, MSC has sought independent assurance for this report.

Report Availability and Feedback

This SS2023 is accessible within our FY2023 Annual Report, which can be downloaded from our corporate website at www.msmelt.com.

We welcome any feedback or inquiries regarding this report, which can be directed to msc@smelt.com.

SUSTAINABILITY GOVERNANCE

Strong governance is the cornerstone of MSC's sustainability journey, ensuring accountability throughout the implementation of sustainability practices within the Group.

MSC's Board assumes the ultimate responsibility for driving sustainability strategies and ensuring integration with the Group's overall mission and values. To maintain this focus, the Board has established an Environmental, Social, and Governance ("ESG") Committee, comprising three Board members. The ESG Committee plays the pivotal role of ensuring that the Group is actively progressing towards our sustainability goals. They are supported by the Group's Key Senior Management team, who is accountable for the execution and reporting of the Group's sustainability initiatives and progress.

SUSTAINABILITY STATEMENT FY2023

MATERIALITY ASSESSMENT

The materiality assessment is a vital aspect in shaping the Group's sustainability strategy, as it allows us to understand the relevant risks and opportunities associated with key topics. To prioritise the material matters that are most relevant to our business and stakeholders, we have implemented a structured process guided by Bursa Securities' Sustainability Reporting Guide. This approach enables us to make decisions that maximise impact, while allocating resources efficiently.

For FY2023, we have refined the Group's sustainability matters to align with Bursa Securities' Listing Requirements, in respect to the enhanced sustainability reporting framework. We have re-categorised the Group's 12 material topics into 16 sustainability matters, under the pillars of **Economic (E)**, **Environmental (E)**, and **Social (S)**. As part of the process, we performed internal benchmarking against regulatory requirements, industry peers, and emerging trends. As we move ahead, we will continue to conduct reviews to ensure relevance of these material topics.

Sustainability Pillars	Material Matters FY2022	Material Matters FY2023
Economic	<ul style="list-style-type: none"> Economic Performance Corporate Governance and Ethical Practices Responsible Procurement 	<ul style="list-style-type: none"> Economic Performance Corporate Governance and Ethical Practices Responsible Procurement Data Privacy and Security
Environmental	<ul style="list-style-type: none"> Compliance with Environmental Laws Progressive Mine Rehabilitation Waste Management Water Management Energy Management 	<ul style="list-style-type: none"> Environmental Compliance Progressive Mine Rehabilitation Waste Management Water Management Energy & Climate Change Air Emissions Materials
Social	<ul style="list-style-type: none"> Diversity and Equal Employment Opportunity Talent Development and Training Occupational Safety and Health Community Engagement 	<ul style="list-style-type: none"> Diversity and Equal Employment Opportunity Talent Management Occupational Safety and Health Community Engagement Human Rights and Fair Labour Practices

STAKEHOLDER ENGAGEMENT

The Group's stakeholders and their feedback are important to us. Our stakeholders encompass individuals or groups who may be impacted by our business activities, as well as those who have the potential to influence MSC's operations.

We place high emphasis on maintaining communication with the Group's internal and external stakeholders. Throughout the year, we engaged with our stakeholders through various channels and platforms. This ongoing dialogue helps us consider their concerns and incorporate their feedback into our business practices. The table below provides a summary of our key stakeholders, their areas of interest, our engagement methods, and the outcomes of engagement in 2023.

Stakeholders	Engagement Methods	Areas of Interest	Outcome of Engagement
Investors, shareholders, bankers and analysts	<ul style="list-style-type: none"> Annual General Meetings Bursa announcements Press releases Corporate website Annual reports Investor briefings 	<ul style="list-style-type: none"> Business continuity Optimisation of shareholder value ESG-related matters Sustainable financial and operational performance Risk management 	<ul style="list-style-type: none"> Provided further insights on MSC's business operations and financial performance

SUSTAINABILITY STATEMENT FY2023

STAKEHOLDER ENGAGEMENT

Stakeholders	Engagement Methods	Areas of Interest	Outcome of Engagement
Customers	<ul style="list-style-type: none"> Formal and informal meetings Engagement surveys Site visits Networking conferences 	<ul style="list-style-type: none"> Product supply chain and traceability Socio-economic matters Timely delivery of products 	<ul style="list-style-type: none"> Heightened awareness of MSC's policies and commitment as a Conflict-Free Smelter Improved understanding of customers' needs Kept abreast with changes in the tin industry in terms of demand and supply, tin technology and applications, among others
Employees	<ul style="list-style-type: none"> Engagement sessions with management Employee training and development Social events such as Annual Dinner and Family Days Performance appraisal 	<ul style="list-style-type: none"> Fair employment practices Professional development opportunities Freedom of association and collective bargaining Occupational safety and health Fair remuneration 	<ul style="list-style-type: none"> Increased awareness of MSC's policies, culture and core values Enhanced morale and work environment
Local communities	<ul style="list-style-type: none"> Meet-ups with community Corporate volunteering programmes Charitable activities Informative talks 	<ul style="list-style-type: none"> Support towards community development Job creation for locals Undertaking business in a responsible manner 	<ul style="list-style-type: none"> Improved rapport with community Developed shared initiative and activities
Government (Ministries, Agencies, Regulators, Industry Associations)	<ul style="list-style-type: none"> Meetings, engagements and dialogues Visits and inspections 	<ul style="list-style-type: none"> Support for government policies and initiatives Compliance with relevant regulations 	<ul style="list-style-type: none"> Compliance with laws and regulations
Industry associations	<ul style="list-style-type: none"> Meetings, engagements or dialogues Industry events Interviews Task force Industry reports 	<ul style="list-style-type: none"> Relevant issues and updates in the industry, including environmental matters Outlook of tin industry Conflict-free operations 	<ul style="list-style-type: none"> Kept abreast with changes in the tin industry in terms of supply and demand, tin technology and applications, among others
Non-governmental organisations	<ul style="list-style-type: none"> Site visits Meetings, engagements or dialogues 	<ul style="list-style-type: none"> Sustainability-related matters 	<ul style="list-style-type: none"> Deeper understanding of NGO's concerns Increased NGO's awareness of MSC's policies, operations and sustainability efforts
Suppliers and contractors	<ul style="list-style-type: none"> Formal and informal meetings Supplier assessment review and audit 	<ul style="list-style-type: none"> Sustainable and ethical procurement practices Support of local businesses 	<ul style="list-style-type: none"> Increased awareness of MSC's policies Committed to sustainable smelting and mining procurement

MSC's key stakeholder groups

SUSTAINABILITY STATEMENT FY2023

OUR COMMITMENT TO SUSTAINABILITY

MSC has consistently prioritised sustainability as a core aspect of our Group’s culture. As a leader in the tin industry, we embrace our responsibility to operate with strong governance, mitigate our environmental impact, and support the communities where we are present in.

Our focus is on striking a balance between commercial success and EESG responsibility, ensuring our growth is sustainable for the long term. In our conducts, we uphold human rights and cultivate a workplace environment that embraces diversity, ensuring that every individual is valued and treated with integrity.

SUPPORTING THE UN SDGs

The UN SDGs represent a set of 17 interconnected objectives that serve as a universal roadmap for promoting peace and prosperity for both humanity and the planet. We are steadfast in our commitment to supporting the UN SDGs by aligning our material topics with the corresponding goals, thus contributing to the collective effort towards achieving a sustainable future.

MATERIAL TOPIC	UN SDG SUPPORTED
ECONOMIC	
<ul style="list-style-type: none"> - Corporate Governance and Ethical Practices - Economic Performance - Responsible Procurement - Data Privacy and Security 	    
ENVIRONMENTAL	
<ul style="list-style-type: none"> - Environmental Compliance - Progressive Mine Rehabilitation - Energy & Climate Change - Water Management - Waste Management - Air Emissions - Materials 	    
SOCIAL	
<ul style="list-style-type: none"> - Human Rights & Fair Labour Practices - Diversity and Equal Employment Opportunity - Talent Management - Occupational Safety and Health - Community Engagement 	    

SUSTAINABILITY STATEMENT FY2023



ECONOMIC

MSC prioritises economic sustainability through responsible procurement practices and a focus on long-term financial performance, while upholding high ethical standards. This approach ensures we can continue to create value for our stakeholders, drive growth, and contribute positively to the communities where we operate.

CORPORATE GOVERNANCE AND ETHICAL PRACTICES

WHY IS THIS IMPORTANT?

At MSC, we are guided by our commitment to ethical conduct and responsible business practices, forming the foundation of our operations. This means acting with integrity and fostering a culture of transparency and accountability throughout the Group. This commitment is reflected in the comprehensive set of key policies implemented at MSC. The following policies are publicly available on the Group's corporate website at www.msmelt.com. The policies are in English, with the Whistleblowing Policy and Anti-Corruption and Anti-Bribery ("ACAB") Policy available in both English and Malay.

During the year, we reinforced our internal controls by refreshing our Integrity and Anti-Bribery Policy with the adoption of new policies at our mining subsidiary, Rahman Hydraulic Tin Sdn. Bhd. ("RHT"):

- **Corporate Social Responsibility Policy:** Emphasises our commitment to ethical practices, environmental protection, and community engagement.
- **Sexual Harassment Policy:** To ensure a safe and respectful work environment for all employees by clearly defining unacceptable conduct, and providing confidential reporting channels.

At all times, we pledge to adhere to all applicable laws, including the Malaysian Anti-Corruption Commission ("MACC") Act 2009 and the MACC (Amendment) Act 2018.

Whistleblowing

We have a Whistleblowing Policy to encourage employees, customers, contractors, suppliers or any other individuals to report concerns about unethical behaviour, fraud, corruption, or other violations of company policies or legal requirements. The policy provides a safe and confidential mechanism for individuals to raise their concerns without fear of retaliation. Through this policy, reports can be submitted anonymously via a secured channel, allowing whistleblowers to disclose any suspected misconduct with assurance of confidentiality.

Anti-Corruption

Our Group maintains a zero-tolerance stance on any form of corruption and bribery. This commitment extends to all our business dealings, ensuring they are conducted transparently and fairly. We strive to create a work environment built on trust and integrity, where employees understand and adhere to anti-corruption principles.

The Group's ACAB Policy outlines the specific guidelines and procedures to prevent and combat all forms of corruption, including, but not limited to bribery, embezzlement and abuse of power, to name a few. The ACAB Policy is communicated to our workforce through briefings on the Employee Handbook during onboarding, and via mandatory periodical training sessions by the MACC, ensuring employees are fully informed.

This integrated approach is further reinforced through corruption risk assessments within our Group's risk management process. Besides that, training on integrity and anti-corruption are also provided to our employees and directors.

We are pleased to update that our mining operations at RHT have achieved ISO 37001:2016 Anti-Bribery Management System ("ABMS") certification in FY2023. This demonstrates our dedication in meeting international standards, providing stakeholders with assurance of our

SUSTAINABILITY STATEMENT FY2023

robust framework for preventing, detecting, and addressing bribery. The ABMS includes clear policies and procedures that guide employee behaviour, along with ongoing training programmes to raise awareness and equip employees to uphold ethical standards.

To achieve our goal of zero corruption, we have instituted an Integrity and Anti-Bribery Policy at RHT. This policy also applies to RHT's intermediaries, including contractors and agents. In FY2023, we also conducted a corruption risk assessment on RHT's suppliers.

Furthermore, we implemented a dedicated Integrity Compliance Programme, and established an internal committee to oversee ABMS implementation at RHT. The Integrity Governance Unit ("IGU") plays a proactive role in promoting ethical conduct. They incorporate awareness on integrity and anti-bribery into induction courses for new hires, and also ensure key policies and information are prominently displayed on notice boards around our mining grounds.



Anti-Corruption and Anti-Bribery Programmes in FY2023

Membership of Associations

MSC's approach to governance is further strengthened via membership in industry bodies and associations. As a member of these bodies, we abide by their codes and regulations, promoting good business and ESG conducts.

MSC actively contributes to the advancement of the tin sector by participating in key industry associations. This engagement promotes collaboration and knowledge sharing, creating significant value for our stakeholders. Through these associations, we build strong relationships with industry leaders, gaining valuable insights into market trends and emerging technologies. This enables us to stay ahead of the curve, anticipating and adapting to industry changes, ultimately ensuring our long-term success and the sustainability of the tin sector.

- International Tin Association ("ITA")
- Kuala Lumpur Tin Market ("KLTM")
- Tantalum and Niobium International Study Center ("TIC")
- Malaysia Chamber of Mines ("MCOM")
- Federation of Malaysian Manufacturing ("FMM")
- National Institute of Occupational Safety and Health ("NIOSH")

SUSTAINABILITY STATEMENT FY2023

OUR PERFORMANCE

MSC did not incur any fines, penalties or settlements in relation to corruption in FY2023. Additionally, the Group made zero monetary contributions to political parties or candidates in FY2023.

Meanwhile, we undertook a corruption risk assessment that covers 100% of our mining operations undertaken by RHT. This represents 33% of the Group's active sites.

In FY2023, 14% of the Group's employees received training on anti-corruption. At RHT, our employees attended anti-corruption training programmes during the year, namely the Integrity Compliance Programme 3.0 & 4.0, and the Basic Investigation Course by the Malaysian Anti-Corruption Academy. Furthermore, all employees and business associates are required to participate in an Anti-Bribery pledge to indicate compliance.

During the year, one confirmed incident of corruption was recorded. The case was internally investigated and reported to the police and MACC for further action. We continue to provide guidance to raise employees' awareness on corruption during induction and training courses. Employment contracts also include clauses on anti-corruption and anti-bribery, reinforcing our zero-tolerance stance against corrupt practices.

	FY2021	FY2022	FY2023
Number of confirmed corruption incidents	0	0	1
Fines, penalties, or settlements in relation to corruption (RM)	0	0	0
Monetary contributions to political parties or candidates (RM)	0	0	0
Disciplinary cases of staff due to non-compliance with policy	0	0	13
Percentage of MSC's operations that underwent corruption risk assessment	*	100%	33%
Anti-corruption training by employee category			
Management	*	5%	3%
Non-Management	*	10%	11%

* FY2022 represents MSC's first year including the relevant governance indicator data. As we move forward, we will continue to track these indicators and share our progress with stakeholders.

SUSTAINABILITY STATEMENT FY2023

ECONOMIC PERFORMANCE

WHY IS THIS IMPORTANT?

MSC recognises that economic sustainability is the foundation upon which we build our business and create shared value for our stakeholders. Financial stability allows us to maintain our core tin mining and smelting operations, invest in innovation, and pursue growth prospects. This translates into job security for our workforce, and economic value distributed to our various stakeholders, including shareholders, investors, and suppliers.

OUR APPROACH

We strive to sustain and achieve good economic performance by executing our strategic plans to strengthen our core operations and market position. In FY2023, we continued to upgrade our operations by replacing rental mobile crushers and screens with new mobile equipment. This proactive measure has resulted in substantial cost savings for our mining operations. More information on our strategic initiatives undertaken during the year can be found in the Management Discussion and Analysis ("MD&A") of this Annual Report FY2023.

OUR PERFORMANCE

In FY2023, we continued to distribute economic value to our stakeholders, as shown in the table below.

	FY2021	FY2022	FY2023
Economic Value Generated	1,076.6	1,503.6	1,435.7
Group revenue	1,076.6	1,503.6	1,435.7
Economic Value Distributed	939.1	1,422.3	1,386.2
Cost of tin mining and smelting	789.6	1,270.4	1,214.2
Employee wages and benefits	68.4	66.0	77.0
Payment to providers of capital	44.0	46.4	74.7
Tax payment to government	36.9	38.7	20.0
Community investment	0.2	0.8	0.3
Economic value retained	137.5	81.3	49.5

Note: The financial information in the table is derived from the audited financial statements, which are available for reference from pages 78 to 192 of this Annual Report FY2023.

SUSTAINABILITY STATEMENT FY2023

RESPONSIBLE PROCUREMENT

WHY IS THIS IMPORTANT?

As a global leader in the tin industry, MSC understands the profound impact our actions have on stakeholders throughout the tin industry. Responsible procurement is essential for maintaining our commitment to ethical business conduct and contributing to a more sustainable future.

By prioritising ethical suppliers, we minimise the risk of contributing to labour issues, human rights violations, or environmental degradation. Robust supply chain management ensures compliance with applicable regulations, and demonstrates our respect for communities impacted by tin mining. Ultimately, a focus on responsible sourcing protects the Group's reputation, builds trust with customers and partners, and aligns our operations with our core values.

At the same time, we opt for local sourcing and provide opportunities to local suppliers, where feasible. This not only contributes to the socio-economic growth of the local communities, but also offers commercial benefits such as faster lead times, and reduced logistics costs.

OUR APPROACH

Our commitment to ethical sourcing encompasses all aspects of procurement, from supplier selection to contract negotiations and ongoing supplier relationships. We focus on building a network of trusted suppliers and third-party service providers who share our values of social and environmental responsibility, ensuring compliance with labour standards, human rights, and environmental regulations.

We have adopted a systemic approach to responsible supply chain management. This includes:

- **Clear Policies and Standards**
We source tin ore from various regions that are considered Conflict-Affected and High-Risk Areas ("CAHRA"). As such, we have instituted a Responsible Minerals Sourcing Policy that sets clear expectations for suppliers, as well as a rigorous management system that aligns with international guidelines such as the Organisation for Economic Cooperation and Development ("OECD"), and the UN. This allows us to assess the impact of our business on global conflicts, and ensure our partners follow the Responsible Minerals Assurance Process ("RMAP").
- **Risk-Based Due Diligence**
We assess suppliers to identify potential ethical risks, such as supporting illegal or unethical organisation, and ensure they adhere to the RMAP. Non-compliant suppliers face the risk of being removed from our qualified supplier list.
- **Audit and Certifications**
MSC undergoes the Conflict-Free Smelter audit annually to verify our adherence to responsible sourcing practices throughout our supply chain. This demonstrates our dedication to transparency, providing stakeholders the confidence in the ethical origins of our materials.
- **Extending Standards to Suppliers**
We communicate Safety, Health & Environmental ("SHE") requirements to all contractors and external parties for adherence. Moreover, we conduct supplier performance ratings twice a year, providing constructive feedback on areas for improvement. This process adopts continuous improvement and accountability within our supply chain.

New vendors are briefed on the SHE requirements during registration, and required to sign the Integrity Pledge signalling commitment to ethical practices.

SUSTAINABILITY STATEMENT FY2023

OUR PERFORMANCE

In FY2023, MSC continued to maintain its status as an RMAP-compliant smelter after completing the annual Conflict-Free Smelter audit.

29.0% of the Group's procurement spending was with local suppliers during the year. Local vendors make up 94.2% of total suppliers.

	FY2023
Proportion of spending on local suppliers	29.0%
Percentage of local suppliers	94.2%

Note: FY2023 represents MSC's first year including the relevant procurement indicator data. As we move forward, we will continue to track these data and share our progress with stakeholders.

DATA PRIVACY AND SECURITY

WHY IS THIS IMPORTANT?

In today's digital age, where cyber threats are constantly evolving, MSC recognises the critical importance of safeguarding stakeholder data. We understand that the personal and confidential information entrusted to us - including identity information, medical records, employment history, banking details, and performance data - is a valuable asset that demands the highest level of security. We have a fundamental responsibility to prevent leaks, breaches, or unauthorised access that could compromise our stakeholders' sensitive information.

OUR APPROACH

We pledge to uphold the best practices of data privacy and security, in compliance with relevant regulations, including the Personal Data Protection Act ("PDPA") 2010. Our commitment goes beyond consent procedures and involve proactive measures such as:

- Secure Storage & Access Control**
 Personal data is primarily stored on our internal server that is equipped with restricted access protocols. Only authorised personnel can access this data via password authentication. Meanwhile, physical documents are kept in locked cabinets in secure room, providing an additional layer of protection against unauthorised access.
- Cybersecurity**
 We invest in and upgrade the Group's firewall, and anti-virus software to maintain protection against evolving cyber threats. In FY2023, we invested RM57,600 on cybersecurity measures. We replace outdated hardware, and are planning server replacements based on audit recommendations to further enhance our security posture.

These measures help mitigate the risk of unauthorised access and potential misuse of stakeholder data.

OUR PERFORMANCE

In FY2023, there were zero substantiated complaints concerning breaches of customer privacy and losses of customer data.

	FY2021	FY2022	FY2023
Substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0

SUSTAINABILITY STATEMENT FY2023



ENVIRONMENTAL

At MSC, we recognise the intertwined nature of our operations and the environment. As a responsible steward, we are taking steps to minimise our environmental impact across our tin mining and smelting activities. We aim to become an eco-friendly tin producer by adopting practices to minimise pollution and waste, reduce and optimise resource use, while providing assurance of due diligence and environmental management.

ENVIRONMENTAL COMPLIANCE

WHY IS THIS IMPORTANT?

At MSC, we understand that environmental compliance is important for business continuity. It demonstrates our commitment to operating within legal frameworks, minimising the risk of hefty fines, and operational disruptions. By prioritising compliance, we safeguard the sustainability of our operations and contribute to a healthier planet.

OUR APPROACH

MSC abides by environmental laws and regulations in Malaysia, ensuring full legal compliance. This includes the Mineral Development Act 1994 ("MDA 1994"), Perak State Mineral Enactment 2003, Environmental Quality Act 1974 ("EQA 1974") and its applicable regulations, namely Environmental Quality (Scheduled Wastes) Regulations 2005 and Environmental Quality (Clean Air) Regulations 2014.

Going beyond mere compliance, we updated our Environmental Policy in FY2023 to further strengthen our pledge to environmental stewardship. This policy outlines a comprehensive framework for minimising our environmental footprint, reducing pollution risks, and aligning our operations with sustainability goals. It also guides our investment in targeted training empowering employees to perform their duties responsibly, thereby minimising pollution risks. We foster a Group-wide culture of environmental awareness, encouraging participation in programmes.

We are committed to the continuous improvement of our environmental management systems. This includes regularly reviewing our environmental performance and seeking ways to enhance our sustainability initiatives.

In FY2023, MSC invested approximately RM8.9 million in environmental measures. As we move ahead, we seek to obtain internationally recognised International Standards Organisation ("ISO") certifications for our environmental management systems.



RM8.9 MILLION
INVESTMENT IN
ENVIRONMENT
MANAGEMENT
IN FY2023

OUR PERFORMANCE

There were zero major incidences involving fines, penalties or non-monetary sanctions for noncompliance with environmental laws and regulations in FY2023.

	FY2021	FY2022	FY2023
Total investment in environmental management (RM million)	8.7	9.9	8.9
Total costs of environmental fines and penalties	0	0	0
Percentage of MSC sites covered by recognised environmental management system (eg. ISO 14001)	0%	33%	33%

SUSTAINABILITY STATEMENT FY2023

PROGRESSIVE MINE REHABILITATION

WHY IS THIS IMPORTANT?

At MSC, we recognise that all mines eventually reach the end of their operational life once the minerals have been extracted; causing for all mining activities to cease. The restoration of mining land is crucial as it allows the natural ecosystem to revitalise itself and promote wildlife, as well as greenery. A successful rehabilitation strategy builds public trust and supports our ongoing social license to operate.

OUR APPROACH

MSC has established a Mine Rehabilitation Plan (“MRP”) laying the foundation for sustainable mine closure and decommissioning. This approach integrates restorative measures throughout the mine’s lifespan, beginning even before construction and continuing through post-closure activities. This phased and continual approach to rehabilitation allows us to proactively address environmental concerns, promote biodiversity, and ensure a smooth transition to a sustainable post-mining landscape.

Since the temporary halting of our rehabilitation efforts in 2022, we continued to focus on maintaining the trees already planted at the mine. This is in light of the revised MRP Report under review by the Director of Lands and Mines Perak (“PTG”). A presentation on the MRP was made to the Perak Menteri Besar, Perak State Executive Council, and the State Mineral Resources Committee (“SMRC”) in 2023, and we are awaiting approval. All rehabilitation efforts will resume once the MRP Report has been approved by the PTG.

OUR PERFORMANCE

In accordance with our MRP, we have rehabilitated 32 hectares of inactive land with high-value timber trees such as Pokok Meranti and Pokok Mahogany, among others. Our rehabilitation plans also include planting grasses at disturbed areas such as tailing retention areas, waste dumps, riverbanks, and former mining sites.

ENERGY & CLIMATE CHANGE

WHY IS THIS IMPORTANT?

Climate change presents a critical challenge for our planet. As a responsible organisation, MSC is cognisant of the impact of our operations on the environment. We understand that industries, including the tin sector, play a significant role in addressing climate change and transitioning to a low-carbon future.

OUR APPROACH

MSC is dedicated to achieving net zero carbon footprint. MSC supports the Paris Climate Agreement’s goal to reduce global warming and limit temperature rise to no more than 1.5 degrees, as well as Malaysia’s goal to become a carbon-neutral nation by 2050.

To achieve this, we are adopting a multi-faceted decarbonisation approach to climate action, focusing on energy management, while exploring new green technologies and renewable energy solutions.

We source electricity from the national power grid. To reduce our greenhouse gas (“GHG”) emissions, we endeavour to optimise the Group’s electricity consumption. MSC’s Efficient Electrical Energy Management Policy outlines a series of measures, including prioritising energy-efficient equipment and machinery for all new projects; encouraging energy-saving practices across all our Group operations; and assigning dedicated energy management personnel at each site to oversee usage and implement energy-saving initiatives. With this, we aim to reduce our electricity consumption by 5%.

SUSTAINABILITY STATEMENT FY2023

Furthermore, the move of our smelting operations to Pulau Indah also lowers our carbon footprint. Specific initiatives include replacing liquefied petroleum gas ("LPG") and fuel oils with natural gas that is readily available at Pulau Indah. To further reduce our reliance on fossil fuels, we also utilise renewable energy, particularly solar, to power up our operations. We have installed 1.26 MWp solar photovoltaic ("PV") panels on the rooftop of our Pulau Indah facility, expected to significantly lower our carbon emissions and energy costs. Moreover, we plan to implement a waste heat recovery system to further optimise energy utilisation.

At the same time, we incorporate climate change risks into MSC's Groupwide risk management process, and long-term strategy. This ensures we are well-positioned to address potential risks and capture arising opportunities. As such, we have established partnerships with higher learning institutions:

- Universiti Tunku Abdul Rahman ("UTAR"): To implement Life Cycle Assessment ("LCA") framework provided by the International Tin Association ("ITA"). This framework will provide deeper insights into the environmental impact of our operations, guiding our decision-making towards more sustainable practices.
- National University of Singapore ("NUS"): To drive research and development ("R&D") on developing greener processing methods that will further reduce our ecological impact.

Besides our smelting operations, our RHT Tin Mine is also pursuing the goal of carbon neutrality. We conduct awareness programmes on efficient energy management at our mines, to share on simple yet effective practices that can minimise energy wastage. Additionally, we are in the early stage of transitioning to solar power, a more viable alternative to our previous focus on hydropower.

OUR PERFORMANCE

In FY2023, our energy consumption stands at 43.5 million kWh, of which 0.2 million kWh is derived from renewable energy ("RE"). Our RE consumption decreased in FY2023 primarily due to the discontinuation of our hydro power generation at our mining site as we evaluate other RE options, such as solar.

	FY2021	FY2022	FY2023
Energy Consumption (million kWh)			
Total energy consumption	34.0	43.3	43.5
Renewable energy consumption	4.5	1.3	0.2
Carbon Emissions			
Total Scope 1 emissions (CO ₂ e)			127,122
Total Scope 2 emissions (CO ₂ e)			19,826
Fleet fuel efficiency (gCO ₂ /km)			–
Flaring emissions (CO ₂ e)	*	*	41,132
Methane emissions (tonne)			156
Electricity produced by energy type (MWh)			188
GHG emissions per megawatt-hr (tCO ₂ /MWh)			1
GHG emissions per tonne of cement material (tonne)			–

* FY2023 represents MSC's first year including the relevant carbon emissions data. As we move forward, we will continue to track these data and share our progress with stakeholders.

SUSTAINABILITY STATEMENT FY2023

WATER MANAGEMENT

WHY IS THIS IMPORTANT?

Water is a critical resource for all living things and our business. However, climate change, poor management of resources, and contamination are creating a growing threat: water scarcity. Recognising this escalating risk, the Group is taking a proactive stance by implementing efficient water management practices across all our operations. This commitment ensures not only the long-term sustainability of our business, but also contributes to a healthier planet.

OUR APPROACH

We utilise water for our mining and smelting activities, such as during exploration, drilling, and ore processing processes. Although none of our operations are located at water-stressed areas, we are committed to use this finite resource wisely, and reduce reliance on natural water sources.

Across our mining and smelting operations, we actively work to minimise water consumption. At the RHT Tin Mine, we utilise a closed water circuit system, where large volumes of water are retained in open reservoirs, with minimal losses replenished by pumping freshwater from the nearby river. 100% of the processed water from the ore processing plant is reused within the facility, significantly reducing our need for fresh water. At our smelting sites, we recycle used water for our processes, and utilise water-efficient appliances.

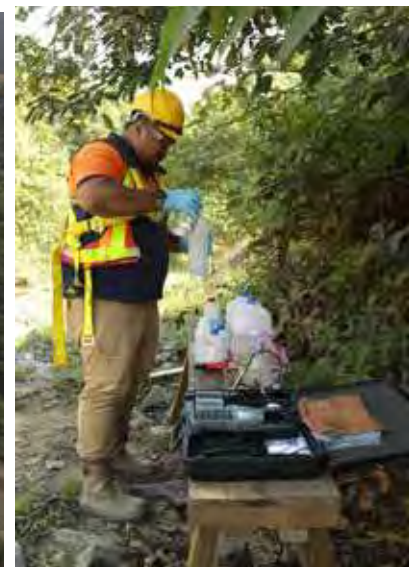
With these efforts, we aim to reduce the Group's water consumption by 5%.

Water Quality Management and Treatment

We release wastewater effluents resulting from our mining and smelting processes. As such, we have a responsibility in ensuring that all discharged water meets the parameters set by the Department of Mineral and Geoscience ("DMG") and the Department of Environment ("DOE").

At the RHT Tin Mine, we perform rigorous monitoring and sampling of the surrounding Sungai Kijang and Sungai Kepayang rivers, allowing us to detect any potential environmental impact. This includes regular testing of pH levels at multiple sampling points.

Our water treatment processes further ensure compliance. Lime dosing neutralises the acidity of mine water and suspends heavy metal content, ensuring that discharged water adheres to the limits specified in the Mineral Development (Effluent) Regulations 2016.



SUSTAINABILITY STATEMENT FY2023

OUR PERFORMANCE

Our total volume of water used increased slightly to 1.8 million m³ in FY2023 from 1.6 million m³ in the previous year, mainly due to higher mining and smelting activities.

(m ³)	FY2021	FY2022	FY2023
Total water withdrawal	5.5	1.6	1.8
- Surface water from rivers	5.4	1.4	1.6
- Municipal potable water	0.1	0.2	0.3
Total water discharged	0.0	0.0	0.0
Total water consumption	5.5	1.6	1.8
Total water recycled	0.2	0.2	0.2
Total volume of water used	5.7	1.8	2.0
Non-Compliance Cases			
No. of non-compliance cases with water quality or quantity permits, standards and regulations	0	0	0

WASTE MANAGEMENT

WHY IS THIS IMPORTANT?

Our mining and smelting activities generate diverse waste streams. Improperly handled, these wastes can have consequences for the environment, the health of communities, and our own employees. With this in mind, we take this responsibility seriously, and implement effective waste management practices throughout our operations.

OUR APPROACH

We are committed to responsible water management, guided by our Environmental Policy. We have developed a set of Standard Operating Procedures ("SOPs") that governs all waste disposal procedures at our mining and smelting sites. This SOP adheres to the strictest national standards for both waste management and effluent control.

Our mining and smelting activities generate various waste materials, categorised as hazardous or non-hazardous.

Mining processes create by-products such as tailings, which are leftover sand and sludge after extracting the tin ore. These tailings are carefully separated and contained within designated tailing ponds or dumps. In addition to tailings, overburden waste – the excess material removed during mining – is deposited at a dedicated waste dump at the base of Gunung Paku.

Nonetheless, the existing tailing ponds and the waste dump area are expected to be exhausted in the coming years. To address this, we are in the process of developing new tailing ponds and waste dump areas on the land adjacent to the RHT Tin Mine. This will ensure mining continuity for RHT. In FY2023, we conducted a topography survey, along with geotechnical studies and design work for the new waste infrastructures.

Meanwhile, our smelting operations generate non-hazardous waste, such as slag (low-tin content material) and scrap metal. These materials are either sent to designated landfills for safe disposal or recycled for future use. Solid waste with any remaining tin content is kept at the smelter for further processing and recovery.

SUSTAINABILITY STATEMENT FY2023

As for hazardous wastes, we adhere to our internal hazardous waste management guidelines, which align with the Environmental Quality (Scheduled Wastes) Regulations 2005. A DOE-certified Competent Person in Scheduled Waste Management (“CePSWaM”) oversees the process, ensuring compliance with regulations and best practices.

Across our operations, we embrace the principles of the 5R’s (Refuse, Reduce, Reuse, Repurpose, and Recycle). This includes continuous efforts to minimise waste generation and maximise our recycling rate. For any remaining waste, responsible disposal ensures compliance with all local regulations for safe handling, transportation, and storage.

As we progress, we actively seek innovative solutions for waste management. As such, we collaborate with NUS to explore resource recovery from waste streams. Additionally, we have invested approximately RM126,000 in R&D initiatives to develop technologies and processes that reduce waste. During the year, we also initiated a feasibility study on implementing LCA framework to gain a deeper understanding of our waste footprint.

Meanwhile, we are exploring and experimenting with Passive Water Treatment (“PWT”) systems, collaborating with local research institutions like Universiti Sains Malaysia (“USM”) and Forest Research Institute Malaysia (“FRIM”), to treat acidic water and reduce heavy metal loads associated with Acid Mine Drainage (“AMD”).

OUR PERFORMANCE

(tonnes)	FY2021	FY2022	FY2023
Total waste generated	1,243.1	1,591.1	1,472.3
- Hazardous	3.4	34.8	63.0
- Non-hazardous	1,229.6	1,350.0	1,409.3
Total waste diverted from disposal	10.0	206.3	0.0
Total waste directed to disposal	1,233.1	1,384.8	1,472.3

AIR EMISSIONS

WHY IS THIS IMPORTANT?

MSC’s operations have the potential to impact air quality, and we have a responsibility to minimise those impacts for the health of our communities and the environment. Compliance with air quality regulations is essential, and proactive emission reduction demonstrates our commitment to sustainability.

OUR APPROACH

Our primary emissions stem from our core operations. In our smelting facilities, emissions originate from furnaces, fuel combustion, and the handling of materials throughout the smelting process. Meanwhile, mining operations introduce pollutants into the air through the use of heavy equipment, the handling of materials, and blasting activities.

Ensuring compliance with air quality regulations is a priority. We continuously monitor the pollutants we release, including carbon dioxide (CO₂), particulate matter, nitrogen dioxide (NO₂), sulfur dioxide (SO₂), and others. The Group’s Butterworth smelting facility maintains compliance, and we are working towards compiling data for our Pulau Indah operations. To reduce air emissions, we implement a range of measures across our operations:

- **Smelting**
Before discharge, dust is cooled and filtered using a bag filter system. We are exploring methods to further enhance efficiency in our dust collection system. We also continuously calibrate our system to ensure accurate tracking of emissions and compliance.
- **Mining**
We utilise a wet scrubber system specifically designed to control dust emissions during the tin concentrate drying process. Additionally, we employ water tankers or sprinklers to suppress dust along mine roads.

SUSTAINABILITY STATEMENT FY2023

OUR PERFORMANCE

In FY2023, our emissions adhere to the Environmental Quality (Clean Air) Regulations of 1978, and the Environmental Quality (Clean Air) Regulations 2014.

(tonnes)	FY2023
Total NOx emissions (Nitrogen oxide)	447.5

MATERIALS

WHY IS THIS IMPORTANT?

MSC depends on a range of raw materials for our operations, and optimising their utilisation directly benefits the environment and our bottom line. Responsible materials management is essential for minimising waste, increasing efficiency, and ensuring the long-term sustainability of our business.

OUR APPROACH

MSC is committed to continuous improvement in how we source and utilise materials. Key aspects of our approach include:

- **Tracking Consumption**
We track our use of raw materials like coal, natural gas, fuel oil, LPG, and diesel. This data allows us to identify inefficiencies and target areas for improvement.
- **Technological Innovation**
We invest in technologies that increase efficiency. In our smelting operations, we have installed a rotary furnace with oxygen injection to reduce natural gas consumption.
- **Optimised Sourcing**
Sourcing premium-grade coal reduces our overall consumption, maximising energy output.
- **Proactive Maintenance**
At our Butterworth smelting facility, we prioritise efficient burner maintenance to optimise fuel oil usage and decrease emissions.

OUR PERFORMANCE

Raw materials used	FY2023
Coal	10,268 tonnes
Natural gas	211,453 GJ
Fuel oil	9.4 million litres
LPG	141 tonnes
Diesel	7.6 million litres

SUSTAINABILITY STATEMENT FY2023



SOCIAL

MSC goes beyond just meeting basic standards. We ensure that our social responsibilities are considered in all aspects of our business. This commitment extends to fostering a work environment that prioritises safety and well-being, allowing employees to reach their full potential. Additionally, we recognise the importance of social equity and actively engage with local communities through charitable initiatives.

HUMAN RIGHTS AND FAIR LABOUR PRACTICES

WHY IS THIS IMPORTANT?

At our core, we believe that respecting human rights is not just a box to tick, but a fundamental responsibility. A safe and respectful workplace fosters a more engaged and productive workforce. This translates to increased innovation, higher employee satisfaction, and reduced absenteeism, fostering a sense of shared purpose with our employees.

Additionally, respecting human rights builds integrity and trust within the local communities. This supports social development and provides a stable operating environment for our business.

OUR APPROACH

At MSC, we are committed to fostering a diverse and inclusive work environment where everyone feels valued and respected, regardless of background. Our team of over 1,292 talented individuals is our greatest strength, and we actively promote a workplace culture that reflects this commitment.

Our dedication to human rights extends beyond legal compliance. We continuously identify and mitigate potential human rights risk within our operations to ensure the well-being of all our employees.

We have instituted policies and procedures that comply with international human rights standards, and relevant local laws and regulations, including the Employment Act (Amendment) 2022. We maintain an open dialogue with stakeholders to identify and mitigate potential human rights concerns throughout our business operations.

This commitment to upholding human rights is reflected in our Labour Policy. This policy aligns with industry-related frameworks like the ITA, and the RMI, referring to the UN Guiding Principles on Business and Human Rights. Through this approach, we prioritise the wellbeing and fundamental rights of all MSC employees, ensuring fair and ethical treatment throughout our organisation.

We maintain a zero-tolerance policy for harassment. Training programmes on how to manage and handle harassment at work are provided to managers at MSC.

Labour Standard	MSC's Response and Approach
Child Labour	All forms of child labour are prohibited. We are committed to eradicating child labour from our operations and ensure no children under the age of 16 are employed. This commitment aligns with our Labour Policy, adhering to the Children and Young Persons (Employment) Act 1966.
Forced Labour	We do not subject our employees to forced labour, as outlined in our Labour Policy. We have a zero-tolerance approach against involuntary labour throughout MSC and our supply chain.
Discrimination	Our Labour Policy mandates a strict non-discrimination policy that prohibits any form of discrimination based on race, gender, sex, marital status, ethnical or social origin, colour, sexual orientation, age, religion, and political opinion. We provide equal opportunity in all aspects of employment and train employees to prevent discrimination.

SUSTAINABILITY STATEMENT FY2023

Labour Standard	MSC's Response and Approach
Working Hours	MSC adheres to relevant labour laws and regulations regarding working hours and overtime as stipulated under the Employment Act (Amendment) 2022. Our mining and smelting facilities operate within the established 45-hour workweek limit. Furthermore, we engage in collective bargaining agreements with workers' unions to ensure fair and transparent terms of employment, including working hours.
Humane Treatment	We are strongly against any form of inhumane and degrading treatment or abuse at MSC, as reflected in our Labour Policy.
Freedom of Association and Collective Bargaining	We strive to foster open communication between employees and management, respecting the right to freedom of association and unionisation as outlined in our Code of Conduct. As at end-2023, 26.5% of our mining employees are members of the National Mining Workers' Union of Peninsular Malaysia, while 21.6% of our smelting employees are members of the National Union of Industrial Mineral Smelting Workers.
Health and Safety	Employee safety is paramount at MSC. We focus on taking a preventive approach by implementing thorough training programmes and job-specific safety instructions.
Wages and Benefits	We ensure that our compensation packages abide by applicable wage laws, including the Minimum Wages Order 2022.
Grievance Mechanism	Recognising the value of employee feedback, we established a grievance mechanism and reporting channel. This system enables employees to voice concerns, questions, and grievances, facilitating the timely resolution of workplace matters, including human rights issues.

OUR PERFORMANCE

In FY2023, the Group adhered to all labour standards, laws, and regulations, and received zero substantiated complaints concerning human rights violations.

	FY2021	FY2022	FY2023
Number of substantiated complaints concerning human rights violations	0	0	0
Total employees covered by collective agreements	583	598	622



0
**DISCRIMINATION
AND HUMAN RIGHTS
VIOLATION CASES
IN FY2023**

SUSTAINABILITY STATEMENT FY2023

DIVERSITY AND EQUAL EMPLOYMENT OPPORTUNITY

WHY IS THIS IMPORTANT?

A diverse workforce, comprised of individuals with unique backgrounds and experience, fuels creativity and innovation. Different viewpoints lead to a broader range of solutions, allowing use to tackle industry hurdles and develop new technologies that propel us forward. In line with this, we seek to promote equal employment opportunities and non-discrimination across the Group.

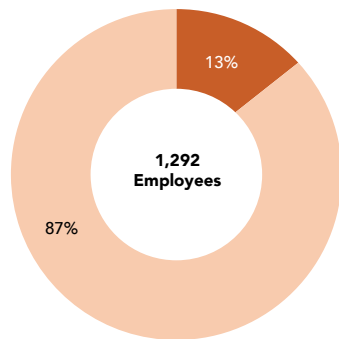
OUR APPROACH

Our commitment to fair treatment and equality is reflected in our zero-tolerance policy for discrimination, as outlined in our Employee Handbook. We adhere to the principles of Equal Employment Opportunity, ensuring fair treatment for all employees regardless of race, ethnicity, gender, sexual orientation, age, religion, disability, and socio-economic statuses.

MSC strives to create a welcoming and open workplace that fosters a sense of unity among its employees. This includes celebrating multicultural festivals which provides a platform to share cultural traditions, fostering a more inclusive and vibrant work environment.

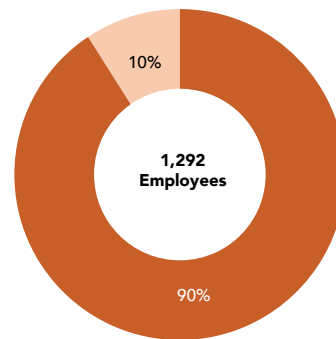
OUR PERFORMANCE

TOTAL EMPLOYEES BY CATEGORY



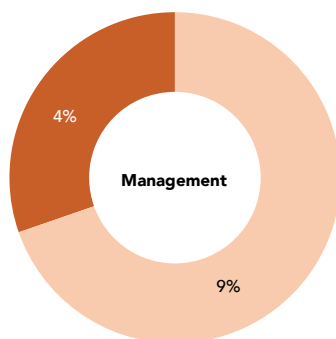
Management Non-Management

TOTAL EMPLOYEES BY EMPLOYMENT TYPE

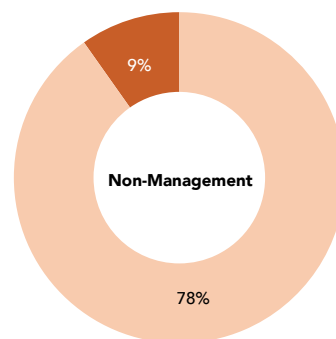


Permanent Contractual

EMPLOYEE GENDER BY CATEGORY



Management

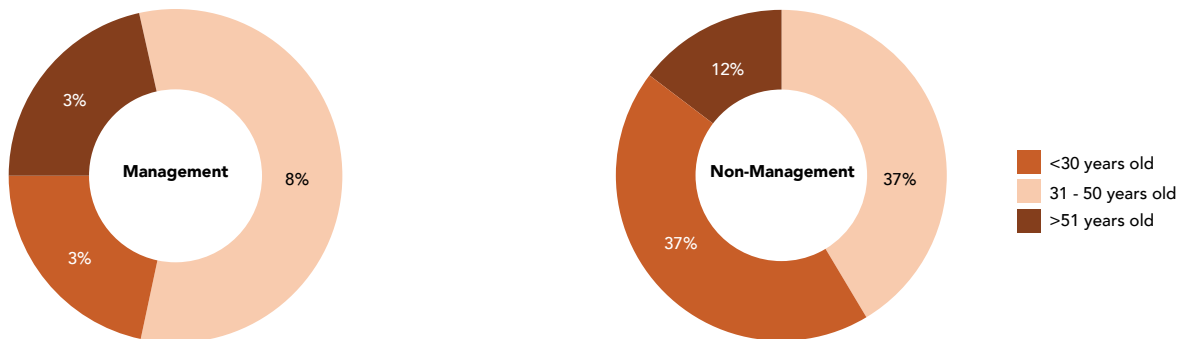


Non-Management

Female Male

SUSTAINABILITY STATEMENT FY2023

EMPLOYEE AGE BY CATEGORY



TALENT MANAGEMENT

WHY IS THIS IMPORTANT?

A skilled and empowered workforce is essential in navigating today's competitive landscape. Such a talent pool fosters a culture of innovation, adaptability, and resilience – all crucial for sustained success. By empowering our employees, we develop a highly engaged and high-performing workforce that propels progress.

The tin industry is constantly evolving, with new technologies and processes emerging at a rapid pace. By investing in talent development programmes, we continue to remain at the forefront of innovation, enhancing the Group's competitive edge. Our employees become more adaptable, readily acquiring new skills, and embracing change. This agility positions MSC to thrive within this dynamic industry.

OUR APPROACH

Talent Attraction

We cultivate a talent pipeline by attracting individuals who are the right fit for MSC. In our hiring process, merit and experience remain the primary consideration. We utilise various means such as online job boards and interview panels to reach a wider pool of qualified candidates for open positions.

As part of our talent management strategy, we offer competitive remuneration packages benchmarked against industry standards, taking into account an employee's skills, experience, and performance. Our packages include a wide range of benefits, such as annual leaves, medical coverage, and EPF contribution higher than the statutory rate, to name a few.

We are committed to developing the next generation of talent within the industry. The Group's internship and graduate placement programmes provide valuable opportunities for youths and young professionals to gain hands-on experience and develop their skills. By investing in these programmes, MSC builds a strong foundation for the future while fostering a culture of innovation and growth.

Talent Development & Training

Our Training and Development Policy is outlined in the Employee Handbook, providing a clear roadmap for talent development. We assess our workforce training needs via annual performance reviews and feedback mechanisms. This ensures our programmes address the evolving skills required across technical competencies, professional qualifications, soft skills, and other essential areas.

In FY2023, we continued to deliver a diverse range of programmes aligned with these core needs, guaranteeing their continued relevance to the Group's ongoing success. Our training procedures are fully compliant with ISO standards, aligning with best practices in professional development. By aligning with established global benchmarks, we cultivate a top-tier workforce that meet international standards.

SUSTAINABILITY STATEMENT FY2023

We further invest in employee development by offering select individuals the opportunity to participate in overseas training courses, workshops, and seminars. We also provide educational sponsorship programmes for both current and prospective employees to pursue their advanced PhD and Master's degrees.

OUR PERFORMANCE

In FY2023, we spent 78,895 hours on training, investing approximately RM277,000 internal and external learning and development programmes.

	FY2021	FY2022	FY2023
Employee voluntary turnover rate			
- Management	8.4%	13.6%	23.5%
- Non-Management	9.9%	11.1%	23.9%
Investment in staff development	RM83,789	RM218,132	RM277,304
Training programmes	40	92	121
Total training hours	8,726	12,492	78,895
- Management	*	2,664	24,867
- Non-Management	*	9,829	54,028

* FY2022 represents MSC's first year including the relevant training data. As we move forward, we will continue to track these data and share our progress with stakeholders.

OCCUPATIONAL SAFETY AND HEALTH

WHY IS THIS IMPORTANT?

MSC prioritises safety. A healthy and safe workforce is essential for productivity, engagement, and operational efficiency. By proactively minimising accidents and injuries, we reduce absenteeism, costs, and potential liabilities. A strong Occupational Safety and Health ("OSH") policy protects our employees, safeguards our reputation, and ensures the Group's long-term sustainability.

OUR APPROACH

Operating within the tin mining and smelting industry necessitates adherence to stringent safety regulations. The nature of our business exposes our workforce to inherent hazards from operating heavy machinery, as well as exposure to dust and fumes, to name a few. As such, the Group fosters a culture of safety focusing on the well-being of our employees, contractors, and visitors. We achieve this by integrating OSH principles throughout our operations.

This proactive approach ensures we not only meet regulatory requirements, but also continuously identify and mitigate potential risks. Our comprehensive OSH Policy aligns with the Occupational Safety and Health Act 1994 and applies to all employees, contractors, and other stakeholders.

We implement a Hazard Identification, Risk Assessment, Risk Control ("HIRARC") system to minimise any potential risk of incidents. This system aligns with ISO 45001:2018 standards and is overseen by the OSH Committee.



121
TRAINING
PROGRAMMES
IN FY2023



78,895
OF TOTAL
TRAINING HOURS
IN FY2023

SUSTAINABILITY STATEMENT FY2023
86
SAFETY-RELATED
TRAINING PROGRAMMES
IN FY2023

The OSH committee plays a vital role in maintaining a safe work environment. Their responsibilities encompass ensuring adherence to established policies and procedures. This includes the ongoing review and update of the OSH policy and HIRARC system. The committee also conducts discussions on health and safety with worker representatives and provides employee training programmes on topics. In FY2023, we organised safety-related programmes in relation to forklift and overhead handling, hearing conservation, and chemical hazard management.

To prepare for emergencies, we established Emergency Response Teams (“ERTs”) at each operating site. These teams are trained and equipped with essential tools like first-aid kits, fire extinguishers, and personal protective equipment (“PPE”). We further reinforce preparedness through regular emergency drills, ensuring employees are familiar with protocols and ensure proper response.

Our dedication to OSH is reflected in our sites, namely the RHT Tin Mine, and the Pulau Indah smelter achieving ISO 45001:2018 Occupational Health & Safety Management certification. Additionally, our mining operations also holds the ISO 39001:2012 accreditation for Road Traffic Safety Management.

At the same time, the Group seeks to contribute towards global health equity by raising awareness on non-communicable and infectious diseases such as HIV/AIDS, malaria, and tuberculosis.

OUR PERFORMANCE

In FY2023, the Group recorded a lost time injury (“LTI”) of 45 cases. The Group conducts investigations for each LTI reported to identify preventive measures that can implemented to avoid its recurrence. One such incident during the year was an employee suffering burns during the smelting process. Following that, we took corrective actions such as upgrading our equipment to eliminate potential fire hazards when handling metal, installing safety devices on pressurised cylinders to prevent accidental fires, and providing suitable heat-resistant protection equipment and gears.

	FY2021	FY2022	FY2023
Percentage of MSC’s sites with ISO 45001:2018	–	33%	67%
Total safety-related programmes and training sessions	23	46	86
Total employees trained on health and safety standards	152	1,320	1,274
Total workplace safety inspections	22	32	40
No. of lost time injury	22	33	45
- Employees	–	30	34
- Contractors	–	3	11
Incident rate per 200,000 manhours worked	1.3	0.8	1.8
No. of fatalities (Employees & Contractors)	0	0	0

SUSTAINABILITY STATEMENT FY2023

Occupational Safety and Health Targets and Achievements

Employee safety remains a top priority for us. While we achieved our OSH targets in 2023, we recognise there's always room for improvement. We continue to actively review our data and implement corrective actions to ensure we meet all established OSH targets.

OSH Targets in FY2023	Achievements
Zero fatalities	
Zero compoundable offences	
Zero reportable occupational disease	
250,000 working manhours without injury	

COMMUNITY ENGAGEMENT

WHY IS THIS IMPORTANT?

Our success is intricately linked to the well-being of the communities we operate within. Fostering positive and collaborative relationships with our neighbours is not just a social responsibility, it is a strategic imperative for our long-term sustainability.

We are cognisant of the potential impacts of our industry. With this in mind, we engage with the surrounding communities to understand their feedback and work collaboratively to address them. This approach builds trust, transparency, and helps us minimise any negative effects our operations may have.

OUR APPROACH

MSC's commitment to community development is demonstrated through our corporate social responsibility ("CSR") programme. This programme includes charitable initiatives and social responsibility activities focused on uplifting and empowering local communities.

We believe in creating shared value, where our business operations contribute positively to the communities we are a part of. Through community engagement initiatives focused on infrastructure, education, and environmental stewardship, we enhance the social and economic well-being of our communities. This strengthens our relationships and creates a sense of shared purpose.

We also provide opportunities within our communities by prioritising local hiring, and partnering with local suppliers, wherever feasible. Additionally, our internship programme offers valuable industry experience to undergraduates and may lead to permanent positions, nurturing the next generation of talent. By investing in young people and partnering with local stakeholders, MSC contributes to the sustainable development of the communities we serve.



18
INTERNS
IN FY2023

SUSTAINABILITY STATEMENT FY2023

OUR PERFORMANCE

In FY2023, we demonstrated our commitment through targeted monetary and non-monetary contributions. These contributions supported diverse initiatives benefiting those in need, including donations to local programmes, government agencies, and academic institutions.



**~RM260,500
INVESTMENT IN
EXTERNAL CSR
ACTIVITIES
IN FY2023**



**110
BENEFICIARIES
OF THE CSR
PROGRAMME
IN FY2023**



Local Community

Including donations to houses of worship (mosques & temples), religious festivities/events, handicapped/disabled welfare homes, local community programmes/activities



Employee Welfare

Sports and recreational activities, academic excellence award for employee's children, financial aid upon natural disasters, etc



Government Agencies/Local Authorities

To support programmes/activities organised by government agencies under their sports/recreational club or other related clubs or associations



Schools/Universities/Academic Institutions

To support academic teaching, repair & maintenance of the schools, programmes or activities organised by academic institutions including schools, polytechnics, universities, etc

	FY2021	FY2022	FY2023
Total amount invested where target beneficiaries are external to MSC	195,095	778,136	260,521
Total number of beneficiaries of the investment in communities	*	*	110

* FY2023 represents MSC's first year including the relevant community indicator data. As we move forward, we will continue to track these indicators and share our progress with stakeholders.

SUSTAINABILITY STATEMENT FY2023



Charitable donation to Sekolah Kebangsaan Kroh



Charitable donation to SJK (C) Kung Li



Employee Sports & Recreational Activity



Company Annual Dinner

Performance Data Table from Bursa Malaysia ESG Reporting Platform

Indicator	Measurement Unit	2021	2022	2023
Corporate Governance and Ethical Practices				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Management	Percentage	-	5.15	2.55
Non-Management	Percentage	-	10.15	11.3
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	-	100	33
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	1
Disclosure of total amount of political contributions made	MYR	0.00	0.00	0.00
Disclosure of number of staff disciplined or dismissed due to non-compliance with anti-corruption policy/policies	Number	0	0	13
Disclosure of cost of fines, penalties or settlements in relation to corruption	MYR	0.00	0.00	0.00
Number of fines/settlements over the previous 3 years where each is valued > US \$100 million	Number	0	0	0
Responsible Procurement				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	-	-	28.96
Data Privacy and Security				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
	Number	0	0	0
Environmental Compliance				
Total costs of environmental fines and penalties during financial year	MYR	0.00	0.00	0.00
Percentage of sites covered by recognized environmental management systems such as ISO14001 or EMAS	Percentage	0	33.33	33.33
Energy & Climate Change				
Bursa C4(a) Total energy consumption	Megawatt	34,046.10	43,313.25	43,503.71
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	-	-	127,122.20
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	-	-	19,826.00
Water Management				
Bursa C9(a) Total volume of water used	Megalitres	5,762.220000	1,814.891000	2,037.259000
Company discloses the number and/or proportion of facilities, assets, production, revenue in water-stressed region	Number	0	0	0
Does the company disclose the number of incidents of non-compliance with water quality/quantity permits, standards and regulations	Number	0	0	0
Three years of total water discharge data is disclosed by destination - Ocean	Cubic meters	0.00	0.00	0.00
Three years of total water discharge data is disclosed by destination - Surface water	Cubic meters	0.00	0.00	0.00
Three years of total water discharge data is disclosed by destination - Subsurface / well	Cubic meters	0.00	0.00	0.00
Three years of total water discharge data is disclosed by destination - Off-site water treatment	Cubic meters	0.00	0.00	0.00
Three years of total water discharge data is disclosed by destination - Beneficial / other use	Cubic meters	0.00	0.00	0.00
Three years of total water discharge data is disclosed by destination - Total	Cubic meters	0.00	0.00	0.00
Three years of total water withdrawal data is disclosed by source - Surface water from rivers, lakes, natural ponds	Cubic meters	5,350,000.00	1,445,000.00	1,563,000.00
Three years of total water withdrawal data is disclosed by source - Groundwater from wells, boreholes	Cubic meters	0.00	0.00	0.00
Three years of total water withdrawal data is disclosed by source - Used quarry water collected in the quarry	Cubic meters	0.00	0.00	0.00
Three years of total water withdrawal data is disclosed by source - Municipal potable water	Cubic meters	178,220.00	153,891.00	258,259.00
Three years of total water withdrawal data is disclosed by source - External wastewater	Cubic meters	0.00	0.00	0.00
Three years of total water withdrawal data is disclosed by source - Harvested rainwater	Cubic meters	0.00	0.00	0.00
Three years of total water withdrawal data is disclosed by source - Sea water, water extracted from the sea or the ocean	Cubic meters	0.00	0.00	0.00
Three years of total water withdrawal data is disclosed by source - Total	Cubic meters	5,528,220.00	1,598,891.00	1,821,259.00
Waste Management				
Bursa C10(a) Total waste generated	Metric tonnes	1,243.10	1,591.10	1,472.30
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	10.00	206.30	0.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	1,233.10	1,384.80	1,472.30
Disclosure of three years of hazardous waste generation (tonnes)	Metric tonnes	3.40	34.80	63.00
Disclosure of three years of non-recycled waste generation (tonnes)	Metric tonnes	1,233.10	1,384.80	1,472.30
Disclosure of three years of waste recycled (tonnes)	Metric tonnes	10.00	206.30	0.00
Air Emissions				
Disclosure of three years of Nitrous Oxides (NOx) emissions (tonnes)	Metric tonnes	-	-	447.50
Human Rights and Fair Labour Practices				
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0

Indicator	Measurement Unit	2021	2022	2023
Diversity and Equal Employment Opportunity				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Management Under 30	Percentage	-	-	2.63
Management Between 31-50	Percentage	-	-	7.51
Management Above 51	Percentage	-	-	3.17
Non-Management Under 30	Percentage	-	-	37.23
Non-Management Between 31-50	Percentage	-	-	36.76
Non-Management Above 51	Percentage	-	-	12.69
Gender Group by Employee Category				
Management Male	Percentage	-	-	9.37
Management Female	Percentage	-	-	3.95
Non-Management Male	Percentage	-	-	77.55
Non-Management Female	Percentage	-	-	9.13
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	75.00	75.00	71.43
Female	Percentage	25.00	25.00	28.57
Under 30	Percentage	0.00	0.00	0.00
Between 31-50	Percentage	0.00	0.00	0.00
Above 51	Percentage	100.00	100.00	100.00
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	10.15	8.43	9.67
Percentage of global staff with a disability.	Percentage	0.00	0.00	0.00
Percentage of women in the global workforce.	Percentage	13.00	13.90	13.15
Number of Board Directors	Number	8	8	7
Number of independent Directors on the board	Number	6	6	5
Number of women on the board	Number	2	2	2
Talent Management				
Bursa C6(a) Total hours of training by employee category				
Management	Hours	-	2,664	24,867
Non-Management	Hours	-	9,829	54,028
Bursa C6(c) Total number of employee turnover by employee category				
Management	Number	8	14	24
Non-Management	Number	10	11	24
Occupational Safety and Health				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.30	0.80	1.80
Bursa C5(c) Number of employees trained on health and safety standards	Number	152	1,320	1,274
Number of work-related employee fatalities, over last 3 years	Number	0	0	0
Number of work-related contractor fatalities, over last 3 years	Number	0	0	0
Community Engagement				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer MYR		195,095.00	778,136.00	260,521.20
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	-	110

**Crowe Governance Sdn Bhd**

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19th April 2024

Malaysia Smelting Corporation Berhad
Lot 6, 8 and 9, Jalan Perigi Nanas 6/1
Pulau Indah Industrial Park West Port
Port Klang, 42920 Pulau Indah
Selangor Darul Ehsan

*Private and Confidential***Dear Sir and Madam,****Assurance undertaken**

In strengthening the credibility of the Sustainability Statement Financial Year 2023 for Malaysia Smelting Corporation Berhad, selected aspects / part of the Sustainability Statement have been subjected to an internal review by Crowe Governance Sdn Bhd and approved by the Board of Directors.

The subject matters covered by the internal review include the following indicators:-

No	Sustainability Matter	Sub-No	Sustainability Indicator
1	Anti-Corruption	(i)	% of employees who have attended awareness training on anti-corruption by employee category
		(ii)	% of operations assessed for corruption-related risks
		(iii)	Confirmed incidents of corruption and action taken
2	Health and Safety	(i)	Number of work-related fatalities
		(ii)	Lost time incident rate
		(iii)	Number of employees trained on health and safety standards
3	Supply Chain Management	(i)	Proportion of spending on local suppliers

Scope

The boundary of the internal review includes the Company's operations in the following locations where stated accordingly:-

- i. Pulau Indah Plant
- ii. Butterworth Plant
- iii. Rahman Hydraulic Tin Sdn Bhd

Yours faithfully,

Crowe Governance Sdn Bhd

Amos Law
Executive Director

RESPONSIBLE MINERALS SOURCING AUDIT REPORT 2023

At Malaysia Smelting Corporation Berhad (“MSC”), responsible and sustainable practices and following strict guidelines and procedures by the global standards are keys to the success of the company in the smelting industry. We adhere to the TIN CODE, which is developed by the International Tin Association (“ITA”), and the Responsible Minerals Assurance Process (“RMAP”) from the Responsible Mineral Initiatives (“RMI”). These programmes align with the latest global standards, such as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (“CAHRAs”), the European Parliament’s Regulation (EU) 2017/821, and the U.S. Dodd-Frank Wall Street Reform.

MSC has established its own Responsible Minerals Sourcing (“RMS”) programme, a systematic policy and standard operating procedures in accordance with the TIN CODE and RMAP. Additionally, the RMS programme is fully aligned with the third edition of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from CAHRAs.

The implemented RMS programme allows MSC to conduct thorough and consistent due diligence on all tin-related business activities and stakeholders, which helps in achieving a responsible and sustainable supply chain in MSC’s total operations. Furthermore, with this programme, MSC would be able to identify red flags and potential supply chain issues as outlined in Annex II of the OECD Guidance for Responsible Supply Chains of Minerals from CAHRAs and mitigate them effectively.

Additionally, MSC is subscribed to the Environment Management System and has been certified with ISO 9001, ISO 45001, and ISO 14001. MSC is fully committed to the Environment, Social, and Governance (ESG) policy, ensuring there will be no adverse impact on the environment and society while conducting its operations. MSC continues to invest in renewable energy, including installing solar panels and practicing environmentally friendly smelting operations, which help address environmental issues such as climate change and pollution. These efforts have direct and indirect positive impacts on the sustainability of the industry.

MSC will continue to collaborate with ITA, RMI, and Sustainability Experts to enhance its RMS policy, fostering globally sustainable and socially responsible mineral sourcing and supply chain practices. MSC will continue to strengthen its supply chain and RMS policy by participating and engaging in trainings and workshops organised or conducted by ITA and RMI to get the latest updates of the assurance programmes. The aim of the policy is for MSC to source responsibly and sustainably, while avoiding conflict activities such as financing armed groups, human right abuses, and bribery, among others, in the supply chain.



RESPONSIBLE MINERALS SOURCING AUDIT REPORT 2023

MSC is fully aware that it is important to have a practical and sustainable due diligence and assurance system in place. This enables thousands of miners and stakeholders, who are depending on tin mining in the CAHRA areas and across the globe to continue mining or producing the mineral sustainably and responsibly. With the RMS programme, MSC is able to maintain its engagement with these miners and stakeholders and avoid CAHRA areas. Hence, it allows them to continue benefiting from responsible tin mining or business opportunities.

MSC expects all our suppliers to exercise and demonstrate due diligence in their supply chain in accordance with OECD Due Diligence Guidance for Responsible Supply Chains of Minerals for CAHRA, Regulation (EU) 2017/821 of the European Parliament and the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act. They should avoid any involvement in conflict minerals, which directly or indirectly finance or benefit armed groups, and/or involvement in any human right abuses, and at the same time sourcing the minerals responsibly and sustainably.

As a result, MSC is fully committed to responsible and sustainable sourcing activities and will continue to foster

responsible and sustainable practices across the entire supply chain by exerting influence on its approach from the supply chain perspective. This is an important exercise for the economic and socio-economic growth of the tin-related communities, particularly in the CAHRA areas.

MSC maintains a RMS Policy, available on its website, pursuant to the following:-

1. Prevent the extraction and trade of minerals from becoming a source of conflict, human rights abuses, and insecurity.
2. Cultivate transparent mineral supply chains and sustainable corporate engagement in the mineral sourcing activities, thereby supporting the economy of the region and the local communities that depend on the trade for their livelihood.
3. Promote sustainable development of the tin industries in the region through investments in industrial scale exploration, mining, mineral processing and smelting of tin and associated minerals.



MSC Pulau Indah, Port Klang successfully completed the TIN Code audit in November 2023 and was certified TIN CODE and accordingly. The next TIN CODE audit for MSC Pulau Indah will be held in June 2024.



As a certified RMAP and TIN CODE Smelter, MSC continues to exercise robust due diligence and adhere to its RMS policy, ensuring that all materials are responsibly and sustainably sourced from all levels of countries. MSC has a dedicated RMS team with the necessary competence, knowledge, and experience to oversee the supply chain due diligence process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Malaysia Smelting Corporation Berhad (“MSC” or “Company”) recognises the importance of maintaining high standards of corporate governance in managing its business affairs so as to build a sustainable business capable of enhancing shareholder value.

The Board upholds the Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2021 (“MCCG” or “Code”). This statement sets out how the Company has applied the three key Principles of good corporate governance as enumerated in the MCCG during the financial year within the Company and its subsidiaries (“Group”). Where a specific practice of the MCCG has not been observed during the financial year under review, the non-observation, including the reasons thereof, is included in this statement.

This statement is prepared in compliance with the MCCG and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and should be read together with the Corporate Governance Report (“CG Report”) of the Company which provides details on how the Company applied each Practice as set out in the MCCG during the financial year 2023. The Company’s CG Report is available on the Company’s website, www.msmelt.com.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

1.1 Strategic Aims, Values and Standards

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:

- to promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- 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 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.

To ensure the proper discharge of its stewardship role, the Board has established Board Committees, namely the Audit & Risk Management Committee (“ARMC”) and Nominating & Remuneration Committee (“NRC”) and further entrusted to them, specific responsibilities to oversee the Group’s affairs and authority to act on the Board’s behalf in accordance with their respective terms of reference. The Chairman of the relevant Board Committees also report to the Board on key issues deliberated at their respective meetings. The ultimate responsibility for decision making, however, lies with the Board.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD RESPONSIBILITIES (CONT'D)

1.1 Strategic Aims, Values and Standards (cont'd)

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.

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 Board Charter and Code of Ethics can be found at the Company's website at www.msmelt.com.

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, Key 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 ARMC 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.

The Board recognises the importance of adhering to the Code of Ethics by all personnel in the Group and has the overall responsibility of overseeing the execution of the Whistle-Blowing Policy. The Board had also formalised the Anti-Corruption Manual, Fit and Proper Policy and Dividend Policy which are also published on the Company's website for stakeholders' information.

1.2 Chairman and Chief Executive Officer

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.

Chairman

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.

In carrying out her role, the Chairman works with Key Management and promote effective relations with stakeholders and shareholders besides managing the Board.

CEO

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. BOARD RESPONSIBILITIES (CONT'D)

1.3 Sustainability of Business

The Board is mindful of the importance of business sustainability and has incorporated the Corporate Sustainability Policy into its corporate strategy, considering its impacts on environmental, social and governance aspects. Additionally, the Company's Sustainability Statement is disclosed on pages 24 to 52 of this Annual Report.

1.4 Access to Information and Advice

The Board has full and independent access to Management, the Company Secretary, the Internal Auditors, the External Auditors and other consultants for information needed to effectively carry out its duties.

Management provides the Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments. Directors also have unrestricted access to the advice and services of the Company Secretary. The Board is regularly updated and advised by a Company Secretary who is qualified, experienced and competent, on corporate governance, new statutory and regulatory requirements, and their resultant implications to the Company and Directors in relation to the duties and responsibilities of the Board.

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. Key Management and external parties such as the auditors, solicitors and consultants are invited to attend Board meetings when there is a need for additional insights and professional views, advice and explanations on specific items on the meeting agenda. Independent professional advice may be sought in the furtherance of the Directors' duties and responsibilities at the Company's expense, if considered necessary, in accordance with established procedures set out in the Board Charter.

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.

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.

2. BOARD COMPOSITION

2.1 Board of Directors

As at the date of this Statement, the Board comprises seven (7) members, comprising one (1) Executive Director and six (6) Non-Executive Directors, five (5) of whom are Independent. The Board is chaired by a Non-Independent Non-Executive Director. The Board comprises a majority of Independent Directors where the Chairman of the Board is not an Independent Director. The Independent Directors provide the necessary check and balances in the Board exercising their functions and decision making process.

This composition fulfills the requirements set out under the Main Market Listing Requirements of Bursa Malaysia, which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent.

The Board members are from different backgrounds with diverse perspectives. The mix of skills and experience is essential for successful attainment of corporate plans and objectives of the Group. A brief description of each of the Director's background is set out in the Profile of Directors on pages 7 to 10 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.2 Tenure of Independent Director

The Independent Directors bring objective and independent views, advice and judgment on interests, not only of the Group, but also of the shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business. Independent Directors are essential for protecting the interests of shareholders and can make significant contributions to the Group's decision making by bringing in the quality of detached impartiality.

For the independent director of whom the tenure exceeds a cumulative term of nine (9) years, the independent director may continue to serve the Board subject to the director's re-designation as a non-independent director upon his/her completion of the nine (9) years. The Directors' Independence Policy serves as a guide in limiting the tenure of the independent director to nine (9) years and ensuring the independence of directors. Two-tier voting process will be applied in the Annual General Meeting ("AGM") for retaining any Independent Directors serving beyond nine (9) years.

However, the Board may, in exceptional circumstances decide that a director remains as an independent director after serving a cumulative term of nine (9) years, subject to the following:

- (i) assessment by the NRC, regarding the independence and contribution of the said Director; and
- (ii) shareholders' approval in a general meeting, where the Board, assisted by the NRC, provides strong justification on such recommendation.

2.3 Diversity of Board and Key Management

The appointments of Board and Key Management are based on merit, skills and working experience and due regard is placed for diversity in terms of skills, experience and cultural background.

The Board Diversity Policy serves as a guide in ensuring the diversity of the Board which enhances the effective contribution of all Directors. 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.

Please refer to the Profile of Directors and Key Management on pages 7 to 10 and 11 to 12 respectively for further information.

2.4 Nominating & Remuneration Committee

Mr. Chia Chee Ming, Timothy PBM was the Chairman of the NRC until last AGM held on 26 May 2023. Upon his retirement, the position is replaced by Mr. John Mathew A/L Mathai, currently the Senior Independent Director of the Company. The Committee is primarily responsible to advise the Board on the nomination of new Board members and/or Board member and assessment of the effectiveness of the Board as a whole, the Committees of the Board, to conduct an assessment and evaluation on the contribution of each individual director and effectiveness of the ARMC and Environmental, Social & Governance (ESG) Committee.

The 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 management.

The Terms of Reference of the NRC are set out in the Board Charter and is available on the Company's website at www.msmelt.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.5 Recruitment Process and Annual Assessment of Directors

In discharging its responsibilities, the NRC has developed certain criteria for use in the recruitment and annual assessment of Directors. The suitability of candidates is evaluated for recommendation to the Board and the NRC takes into consideration, inter-alia, the competency, commitment (including time commitment), contribution and performance of the candidates, including, where appropriate, the criteria on assessing the independence of candidates' appointments as Independent Directors. The NRC met with each of the newly appointed Directors during the financial year under review, in person prior to recommending their appointment to the Board.

Following the appointment of a new Director, the NRC ensures that an induction programme is arranged for, which includes establishing rapport with other Directors, furnishing the Director with necessary information for a better understanding of the business, e.g. Board minutes and management reports, the Board Charter and arranging visits to key sites.

The Company's Constitution provides that one-third (1/3) of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires whether adjourned or not.

The NRC 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 NRC reviews the size and composition of the Board with particular consideration on the impact on the effective functioning of the Board.

The evaluation of the suitability of candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. Nevertheless, the Board takes cognisance of the policy of the Government advocating for more women directors on the Board of PLCs and shall give due considerations when assessing their candidature. Presently, there is two (2) women directors in the Board.

The NRC reviews and evaluates the performance of individual Director including Independent Directors, Board as a whole and Board Committees on an annual basis with the aim of providing individual contribution effectiveness of the Board and its Committees, identify gaps, maximise strengths and address weaknesses of the Board.

The assessment criteria used in the assessment of Board, Board Committees and individual Director includes mix of skills and experience and size of the Board, quality of inputs, understanding of their roles, duties and responsibilities and etc.

The assessment of the independence of Independent Directors is in accordance with the criteria as set out in the Main Market Listing Requirements of Bursa Malaysia.

The Board had on 18 May 2022 adopted a Fit and Proper Policy to serve 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 Director who are seeking re-election.

During the financial year under review, the Board met four times. The details of the attendance of the Board members are as follows:

Directors	No. of meetings attended
1. Ms. Chew Gek Khim PJG (<i>Chairman</i>)	4/4
2. Mr. John Mathew A/L Mathai	4/4
3. Mr. Yap Seng Chong	4/4
4. Datuk Kamaruddin Bin Taib	4/4
5. Dato' Roslina Binti Zainal	4/4
6. Datuk Lim Hong Tat	4/4
7. Dato' Dr. (Ir.) Patrick Yong Mian Thong	4/4

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.6 Board Committees

The Board Committees are as follows:

- (i) Audit & Risk Management Committee ("ARMC");
- (ii) Nominating & Remuneration Committee ("NRC");
- (iii) Environmental, Social & Governance Committee ("ESGC"); and
- (iv) Executive Committee ("EXCO").

The following are directors who served as members of the committees during the financial year 2023 and as the date of this report. The attendance of each member of the committees for the meetings held in the financial year 2023 are as detailed below:

(i) ARMC

Directors	No. of meetings attended
1. Mr. Yap Seng Chong (<i>Chairman</i>)	4/4
2. Datuk Kamaruddin Bin Taib	4/4
3. Datuk Lim Hong Tat	4/4

(ii) NRC

Directors	No. of meetings attended
1. Mr. John Mathew A/L Mathai (<i>Chairman</i>) (<i>Redesignated as Chairman on 26 May 2023</i>)	4/4
2. Dato' Roslina Binti Zainal	4/4
3. Mr. Yap Seng Chong (<i>Appointed as a member on 25 August 2023</i>)	2/2
4. Mr. Chia Chee Ming, Timothy PBM (<i>Retired on 26 May 2023</i>)	2/2

(iii) ESGC

Directors	No. of meetings attended
1. Dato' Roslina Binti Zainal (<i>Chairman</i>)	2/2
2. Mr. John Mathew A/L Mathai (<i>Appointed on 12 September 2023</i>)	1/1
3. Datuk Kamaruddin Bin Taib (<i>Appointed on 12 September 2023</i>)	1/1
4. Datuk Lim Hong Tat (<i>Resigned on 12 September 2023</i>)	1/1
5. Dato' Dr. (Ir.) Patrick Yong Mian Thong (<i>Resigned on 12 September 2023</i>)	1/1

(iv) EXCO

Directors	No. of meetings attended
1. Ms. Chew Gek Khim PJG (<i>Chairman</i>)	10/10
2. Datuk Lim Hong Tat	6/6
3. Dato' Dr. (Ir.) Patrick Yong Mian Thong	10/10
4. Mr. Chia Chee Ming, Timothy PBM (<i>Retired on 26 May 2023</i>)	4/4

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.6 Board Committees (cont'd)

The Board is satisfied with the time commitment given by the Directors. All directors do not hold more than 5 directorships as required under Paragraph 15.06 of the Main Market Listing Requirements of Bursa Malaysia.

All directors have attended the Mandatory Accreditation Programme as required by the Main Market Listing Requirements of Bursa Malaysia.

During the course of the financial year, they have also attended other training programmes which include conferences, forums, seminars, workshops and briefings, apart from the briefings conducted by the Company Secretary pertaining to updates on the Main Market Listing Requirements of Bursa Malaysia. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standard that affects the Group's financial statements.

Details of the training programmes attended/participated on areas include the following:

Directors	Title of Training/Course Attended	Date
1. Ms. Chew Gek Khim PJG	1. Geopolitics Conference at Yale-NUS College	23 Mar 2023
	2. Sustainability Training for Directors of REIT Manager	3 May 2023
	3. CBD Women Leaders Event "Getting Comfortable with Making Tough Decisions in a Rapidly Changing World"	31 Aug 2023
2. Mr. John Mathew A/L Mathai	1. Seminar on "[SSM Webinar] Registration of Businesses (ROB, Companies and Limited Liability Partnership (LLP) & Commons Offences under ROB Act 1956, Companies Act 2016 and LLP Act 2012"	16 Feb 2023
	2. CLO Training - Do's and Don'ts of ChatGPT	8 May 2023
	3. CLO Legal Conference – The Legal 360 Competition Law-Proposed Amendments to the Competition Act 2010. Emerging Trends and Merger Control	15 Nov 2023
3. Mr. Yap Seng Chong	1. PwC's Global-Health Industries Year-End Accounting and Reporting Hot Topics	8 Jan 2023
	2. PwC's Quarterly Accounting Webcast Q4 2023	22 Jan 2023
	3. IFRS Year End Accounting Webcast	23 Jan 2023
	4. ISSB Corporate Reporting Webinar Series - Better Information for Better Decision	27 Jan 2023
	5. Integrated Reporting by Nova Fusion Sdn Bhd	8 Feb 2023
	6. Briefing by EY Consulting Sdn Bhd on Recent Developments on Environmental, Social & Governance ("ESG")	17 Feb 2023
	7. Earning Trust Through Data Privacy and Protection	12 Mar 2023
	8. Re-establishing Trust: Crypto Crimes and Risk Management Considerations	27 Mar 2023
	9. EY ASEAN Tax Forum 2023	16 & 17 May 2023
	10. PwC's Q1 2023 Accounting Webcast	26 Jun 2023
	11. EY Webinar – ESG - Bursa Malaysia's Enhanced Sustainability Reporting Requirements	12 Jul 2023
	12. PwC's Q2 2023 Accounting Webcast	31 Jul 2023
	13. A New Era of Transparency - Preparing for Securities and Exchange Commission (SEC) Cyber Disclosure Requirements	20 Aug 2023
	14. Bursa Malaysia's Advocacy Sessions for Directors and CEOs	19 Sep 2023
	15. Internal Audit: How to Remain Relevant Amid Disruption	13 Oct 2023
	16. IFRS S1 and S2 Readiness Briefing by Deloitte Consulting	29 Nov 2023
	17. How to be Human in the Age of AI Webcast by PwC Global	6 Dec 2023
	18. Mandatory Accreditation Programme Part II : Leading for Impact (LIP)	11 & 12 Dec 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.6 Board Committees (cont'd)

Details of the training programmes attended/participated on areas include the following:

Directors	Title of Training/Course Attended	Date
4. Datuk Kamaruddin Bin Taib	1. Trimester 2 - Financial Crime	4 Jan 2023
	Introduction Know Your Customer Look for the Signs Be Accountable	
	2. Trimester 3 - Data Values	4 Jan 2023
	Succeeding Together	
	3. Business Continuity Management	9 Jan 2023
	4. Can America Stop China's Rise?	12 Jan 2023
	Will ASEAN be Damaged?	
	5. Malaysia Venture-Building Forum	24 Feb 2023
	6. Rohit Talwar	1 Mar 2023
	7. Roundtable on Licensing & Regulatory Framework for Digital Insurers & Takaful Operators Exposure Draft	11 Apr 2023
	8. CyberSecurity	18 Apr 2023
	9. Digital Sustainability	18 Apr 2023
	10. Sustainable Agriculture and Dairy Farming	18 Jun 2023
	11. Fiduciary Duty on Climate Risk Management	22 Jun 2023
	12. MFRS 17 : Transition, Parallel Runs & Other Updates	22 Jun 2023
	13. - Bribery Prevention	7 Aug 2023
	- Business Ethics & Integrity	
	- Code of Conduct	
	- Fraud Prevention	
	- Whistleblowing	
	14. Operationalising Resolution Planning - A Perspective from the Trenches	17 Aug 2023
	15. The Global Economic Outlook & How It Will Impact on Credit Outlook in Malaysia	22 Aug 2023
	16. CyberSecurity for the Cloud	29 Aug 2023
	17. Standing Limits in Managing Financial Risk	29 Aug 2023
18. Environmental Awareness	2 Sep 2023	
19. Climate Risk : Financed Emission & Decarbonisation Solutions	8 Sep 2023	
20. The Cooler Earth Sustainability Summit: Opportunities for a Better Tomorrow	11 Sep 2023	
21. The Critical Role of the Board in Accelerating Sustainability	12 Sep 2023	
22. Integrating Sustainability into Financial Planning and Decision-Making	12 Sep 2023	
23. Getting your Business to Operational Net Zero	12 Sep 2023	
24. EU Supply Chain Regulations & How ASEAN Businesses will be Affected	12 Sep 2023	

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.6 Board Committees (cont'd)

Details of the training programmes attended/participated on areas include the following:

Directors	Title of Training/Course Attended	Date
4. Datuk Kamaruddin Bin Taib (cont'd)	25. Learning@Work: Human Learning in the Age of Machine Learning	13 Sep 2023
	26. Sustainability in the Digital Age	14 Sep 2023
	27. CyberSecurity Board Awareness & Ransomware Incident Response Walkthrough	18 Sep 2023
	28. Sustainable Growth	3 Oct 2023
	29. AI & the Future of Work	12 Oct 2023
	30. PIDM National Resolution Symposium: Empowering Resilience through Resolution Planning	18 & 19 Oct 2023
	31. Joint Committee on Climate Change ("JC3") Journey to Zero Conference 2023	23 Oct 2023
	32. JC3 Breakout Session 1 Food Security	24 Oct 2023
	33. JC3 MasterClass 1 Mastering Transparency: Navigating Disclosure and Strategic Reporting	24 Oct 2023
	34. JC3 MasterClass 4 Balancing the Books of Nature: Techniques for Climate and Biodiversity Accounting	24 Oct 2023
	35. RAM Forum Emerging Risk ; How Can Malaysia Steer Ahead	31 Oct 2023
	36. 2nd Distinguished Board Leadership Series 2023 - Empowering Change through Diversity, Equity & Inclusion ("DEI")	2 Nov 2023
	37. AI & Financial Institutions : Friend or Foe	9 Nov 2023
	38. The New Era of Board Duties	16 Nov 2023
	39. Bank Negara Malaysia - FIDE Forum Dialogue	22 Nov 2023
	(i) Cloud Requirements in Risk Management in Technology (RMIT) Policy Document	
	(ii) Artificial Intelligence & Machine Learning (AI/ML) Adoption Landscape in the Industry	
	40. (i) Global Principles	27 Nov 2023
	(ii) Fighting Financial Crime	
	41. (i) Climate Risk	28 Nov 2023
	(ii) Digital Assets	
	42. The Wirecard Scandal – A Whistleblower's Perspective	4 Dec 2023
	43. Financing the Digital Economy: Supporting the Madani Framework	12 Dec 2023
	44. Digital Trade and Standardization: Views from Korea	18 Dec 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. BOARD COMPOSITION (CONT'D)

2.6 Board Committees (cont'd)

Details of the training programmes attended/participated on areas include the following:

Directors	Title of Training/Course Attended	Date
5. Dato' Roslina Binti Zainal	1. ESG Leadership and Sustainability	7 Feb 2023
	2. Speed Mentoring Session with Women Leaders	15 Mar 2023
	3. Multi Utility in Practice	23 Jun 2023
	4. Navigating the Road Ahead - Energising the Future Path	12 Jul 2023
	5. The Law Behind Corporate Governance	4 Sep 2023
	6. Board Development programme	8 Sep 2023
	7. Conflict of Interest	12 Sep 2023
	8. Mandatory Accreditation Programme Part II : Leading for Impact (LIP)	13 & 14 Sep 2023
	9. Energy Transition Conference	28 & 29 Aug 2023
	10. Khazanah Megatrend	2 & 3 Oct 2023
	11. Malaysian Carbon Market Forum	5 Oct 2023
	12. Malaysia Board of Technologies (MBOT) Woman Technologist Chapter (WTC) Red Lips Mentorship Program	15 Dec 2023
6. Datuk Lim Hong Tat	1. Bankers Institute of the Philippines, Inc. General Membership Meeting and Executive Learning Series – The 2023 Philippine Economic Outlook	27 Jan 2023
	2. Managing Cyber Risk by Mr Steve Ledzian, Vice President and Chief Technology Officer (Asia Pacific & Japan) of Mandiant	15 Feb 2023
	3. Agile Thinking Training for Non-Executive Directors of Maybank Board of Directors	10 Mar 2023
	4. Annual Maybank Board Risk Workshop for FY2023	6 Jul 2023
	5. Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) & Sanctions Training for Maybank Board of Directors	15 Aug 2023
	6. The Future Risk Management Workshop for Maybank Board of Directors	13 Oct 2023

3. REMUNERATION

3.1 Remuneration Policy

The determination of remuneration of Non-Executive Directors is a matter for the Board, as a whole to decide with individual directors abstaining from the discussion of his/her own remuneration.

In line with the Directors' Remuneration Policy, the Board in deciding, the appropriate level of fees of each Non-Executive Director, also 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.

In deciding the remuneration for key management, the Board takes into consideration the skills, qualification, roles and working experience of the key management besides the business performance of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. REMUNERATION (CONT'D)

3.2 Details of Directors' Remuneration

Pursuant to the Main Market Listing Requirements of Bursa Malaysia, the details of the remuneration received by the Directors of the Company, on a named basis, during the financial year ended 31 December 2023 are disclosed as follows:

Directors	Fees (RM'000)	Salaries (RM'000)	Allowance (RM'000)	Benefits in kind (RM'000)	Other emoluments (RM'000)	Total (RM'000)
Non-Executive Directors						
Ms. Chew Gek Khim PJG	97.5	–	30.0	–	–	127.5
Mr. John Mathew A/L Mathai	78.6	–	16.0	–	–	94.6
Mr. Yap Seng Chong	113.2	–	18.0	–	–	131.2
Datuk Kamaruddin Bin Taib	88.5	–	20.0	–	–	108.5
Dato' Roslina Binti Zainal	76.5	–	18.0	–	–	94.5
Datuk Lim Hong Tat	88.5	–	26.0	–	–	114.5
Mr. Chia Chee Ming, Timothy PBM *	59.8	–	22.0	–	–	81.8
Total	602.6	–	150.0	–	–	752.6
Executive Director						
Dato' Dr. (Ir.) Patrick Yong Mian Thong	–	1,104.0	–	27.9	1,369.0	2,500.9
Total	–	1,104.0	–	27.9	1,369.0	2,500.9

Note:

* Retired as a Director of the Company on 26 May 2023.

3.3 Remuneration of Top Three Key Management

The Board is of the view that disclosing the top three key management'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.

Accordingly, the remuneration of the top three Key Management of the Company in bands of RM50,000 is as follows:

Range of Remuneration (RM)	No. of Key Management
850,001 - 900,000	1
800,001 - 850,000	1
750,001 - 800,000	1
Total	3

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AUDIT & RISK MANAGEMENT COMMITTEE

In assisting the Board to discharge its duties on financial reporting, the Board established an Audit Committee which was subsequently renamed as the Audit & Risk Management Committee on 7 November 2018. The ARMC is chaired by the independent director.

On the composition and terms of reference of the ARMC, please refer to the Audit & Risk Management Committee Report on pages 69 to 71 for further information.

2. ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

The Board, via the ARMC, has annually assessed the suitability and independence of the External Auditors.

It is also a requirement for our External Auditors, Ernst & Young PLT 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).

In this regard, the ARMC has assessed the suitability and independence of Ernst & Young PLT as External Auditors of the Company for the financial year ended 31 December 2023.

Having satisfied itself 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 AGM.

3. RISK MANAGEMENT AND INTERNAL CONTROLS

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.

The ARMC assists 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.

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 2023.

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. Lau Ee Chin, the Head of Group Internal Audit who reports directly to the ARMC. 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. During the financial year under review, apart from himself, he is supported by two (2) staffs 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.

Details of the Company's internal control system and its framework including the scope of work during the financial year under review are provided in the Statement on Risk Management and Internal Control of the Group on pages 72 to 75 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. COMMUNICATION AND ENGAGEMENT WITH STAKEHOLDERS

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 ("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.

2. CONDUCT OF GENERAL MEETINGS

The AGM, which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's annual report and pose questions to the Board for clarification. At the AGM, the shareholders participate in deliberating on resolutions being proposed or on the Group's operations in general. During the last AGM, a question & answer session was held in the presence of directors, where the Chairman invited shareholders to raise questions with responses from the Board.

The Company dispatches its notice of 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.

Shareholders are invited to ask questions regarding the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general.

The minutes of 44th AGM was made available to shareholders on the Company's website.

This Statement is made in accordance with the resolution of the Board of Directors dated 15 April 2024.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with the Main Market Listing Requirements of Bursa Malaysia.

Audit Fees and Non-Audit Fees

The audit fees paid/payable to the external auditors, Ernst & Young PLT in relation to the audit and non-audit services rendered to the Company and its subsidiaries for the financial year ended 31 December 2023 are as follows:

	The Group (RM'000)	The Company (RM'000)
Audit Fees	1,012	497
Non-Audit Fees	13	13

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors, Chief Executive and Major Shareholders' interest during the financial year ended 31 December 2023.

Recurrent Related Party Transactions of Revenue or Trading Nature

During the financial year, the Company and its subsidiaries had not entered into any recurrent related party transactions, which are of revenue or trading nature, which would require shareholders' mandate.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit Committee was established on 30 August 1994 with the principal objective to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to corporate governance, system of internal controls and financial reporting practices of the Group. Subsequently, the Audit Committee was renamed as Audit & Risk Management Committee on 7 November 2018.

In performing their duties and discharging their responsibilities, the Audit & Risk Management Committee ("ARMC" or "Committee") is guided by its Terms of Reference ("TOR"). The Committee's TOR are available at the Company's website at www.msmelt.com.

Composition and Meetings of the Audit & Risk Management Committee

The ARMC of the Company currently comprises solely three (3) Independent Non-Executive Directors.

There were four (4) meetings held during the financial year under review, and the attendances of each member of the Committee are as follows:

Members	No. of meetings attended
Mr. Yap Seng Chong <i>Chairman, Independent Non-Executive Director</i>	4/4
Datuk Kamaruddin Bin Taib <i>Member, Independent Non-Executive Director</i>	4/4
Datuk Lim Hong Tat <i>Member, Independent Non-Executive Director</i>	4/4

The meetings were appropriately structured through the use of agenda and meeting papers, which contained sufficient information, were distributed to the Committee members with proper notification in writing.

The Company Secretary, as the secretary of the Committee, was present at all meetings. Representatives of the External Auditors, Ernst & Young PLT, the Internal Auditors, as well as the Group CEO, Group Chief Financial Officer ("Group CFO") and other Key Management staff also attended the meetings, where appropriate, at the invitation of the Committee.

At each Board meeting, the Chairman of the Committee briefs the Board pertaining to significant matters discussed at the meetings of the Committee and the minutes of Committee meeting were circulated to the Board for their notation.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Training and Continuous Engagement

Members of the Committee have attended relevant training programmes and seminars to enhance their competency in fulfilling their functions and duties more effectively, including trainings which are relevant to the discharge of their duties as Committee members. Details of training attended by each member are set out on pages 61 to 64 of this Annual Report.

During the financial year, the Chairman of the Committee continuously engaged with Key Management and both External and Internal Auditors by way of telephone conversations, virtual and in-person meetings, in order to be kept informed of matters affecting the Group. Through such engagements, relevant issues were brought to the attention of the Committee in a timely manner.

Summary of Activities during the Financial Year under Review

The Committee carried out its duties in accordance with its terms of reference during the financial year under review. The main activities undertaken by the Committee were as follows:

A) External Audit

1. Reviewed with the External Auditors:
 - a) Audit plan for the financial year to ensure adequate coverage of the activities of the Company and Group prior to commencement of audit fieldwork;
 - b) The results of the audit, the External Auditors' report, and management letter points together with the responses from Management; and
 - c) The Directors' Report and the audited financial statements of the Company and Group prior to submission to the Board for consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016. The Committee also met with the External Auditors at least once during the financial year, without the presence of Management, to discuss problems and reservations if any, arising from the audit and other matters which the External Auditors wished to discuss with the Committee;
2. Reviewed the independence, suitability, objectivity and effectiveness of the External Auditors and the services provided, including non-audit services. The Committee has obtained written assurance from the External Auditors that they remained independent throughout the conduct of the audit engagement in accordance with relevant professional and regulatory requirements. Non-audit fees totalling RM13,000.00 were paid to the External Auditors during the financial year for the provision of services in respect of the Group's Statement on Risk Management and Internal Control; and
3. Considered and recommended to the Board on the re-appointment of the External Auditors and the audit fees payable to the External Auditors for the Board's submission to shareholders for approval at the Annual General Meeting.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

B) Internal Audit Function (both in-house and outsourced)

The Committee is supported by both an in-house internal audit team and the outsourced internal auditors, Crowe Governance Sdn. Bhd., in the discharge of its duties and responsibilities. The Committee is tasked to review the performance and competency of the Group Internal Audit function.

The Internal Audit function provides assurance on the adequacy and integrity of the risk management, internal control and governance processes.

The Internal Auditors, who report directly to the Committee, are responsible for the regular review and appraisal of the effectiveness of the risk management, internal control and governance processes of the Company and Group.

A summary of the work undertaken by the Internal Audit function during the financial year is as follows:

1. Prepared the annual risk-based internal audit plan for the Committee's approval;
2. Carried out internal audits on significant operational and financial processes for all key operating units of the Company and Group to determine adequacy and effectiveness of internal controls and to assess compliance with established policies and procedures with;
3. Issued internal audit reports to the Committee on the state of internal control of the key operating units within the Group and the extent of compliance with the Group's established 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 Auditors attended all Committee meetings and presented reports on areas of audit concern for the Committee's deliberation;
4. Monitored remedial actions undertaken by Management in response to recommendations by Internal Auditors to address internal control deficiencies/ improvement opportunities identified with; and
5. Reviewed the adequacy and effectiveness of the governance and risk management processes as well as the internal control system through risk assessment reports from Crowe Governance Sdn. Bhd. and the internal audit function. The Committee also reviewed the risk assessment updates for significant operating subsidiaries within the Group and assessed the appropriateness of the mitigation action plans to address the principal risks. Significant risk issues were then summarised and communicated to the Board for consideration and resolution.

The total cost incurred for the Internal Audit function for the financial year ended 31 December 2023 was RM910,000.00.

Further details of the activities of the Internal Audit function are set out in the Statement on Risk Management and Internal Control on pages 72 to 75 of this Annual Report.

C) Financial Reporting

In addition to the review of annual audited financial statements as highlighted in Section A above, the Committee also undertook the following activities during the financial year under the review:

1. Reviewed the quarterly financial results against budget and the results of the preceding year;
2. Reviewed the quarterly unaudited financial results announcements prior to recommending them to the Board for consideration and approval for release to Bursa Malaysia and SGX. The review and discussions were conducted with the Group CEO, Group CFO and other Key Management; and
3. Reviewed transactions with related parties (both within and outside the Group) and conflict of interest ('COI') situations, if any. There has been no actual or perceived COI situations identified during the year under review.

This Report is made in accordance with the resolution of the Board of Directors dated 15 April 2024.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Paragraph 15.26(b) of the Bursa Malaysia's Main Market Listing Requirements requires the board of directors of listed issuer to include in its annual report a "statement about the state of risk management and internal control of the listed issuer as a group". The Board of the Company is committed to maintaining an effective system of risk management and internal control in Malaysia Smelting Corporation Berhad ("MSC") and its subsidiaries (collectively referred to as the "Group") and is pleased to provide the following Statement on Risk Management and Internal Control ("this Statement"), which outlines the nature and scope of the risk management and internal control system of the Group during the financial year ended 31 December 2023.

For the purpose of disclosure, the Board has taken into consideration the enumerations encapsulated in the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" (the "Guidelines"), a publication endorsed by Bursa Malaysia pursuant to Paragraph 15.26(b) of the Bursa Malaysia's Main Market Listing Requirements.

Board's Responsibility

The Board acknowledges its responsibility for maintaining as well as reviewing the adequacy and integrity of the risk management and internal control system to safeguard its shareholders' investment and other stakeholders' interests. The system of internal control covers not only financial controls but also non-financial controls such as operational and compliance controls and risk management procedures.

In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage risks within tolerable and knowledgeable limits, rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance, against material misstatement or loss.

In evaluating the adequacy of the Group's system of risk management and internal control, the Board is assisted by the Audit & Risk Management Committee ("ARMC") which comprises solely of three (3) Independent Directors. Notwithstanding the delegated responsibilities, the Board acknowledges its overall responsibility in the establishment and oversight of the Group's risk management and internal control system.

The Board affirms that there is an on-going process for identifying, assessing, managing, monitoring and reporting significant risks faced by the Group. The Board, through its ARMC, regularly reviews the results of this process, including mitigation measures taken by Management, to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

Risk Management

The Board is guided by Practices 9.1 and 9.2 of the Malaysian Code on Corporate Governance ("MCCG") 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, who operates across the Group.

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:-

- A risk management structure which outlines the reporting lines and establishes the responsibilities at different levels, i.e. the Board, ARMC and Management, as follows:
 - > Board and ARMC – ensure that there is a sound framework for internal controls and risk management;
 - > Management and key staff for all key business units/divisions – to review the risk profiles and performance of business units and report to the Group Chief Executive Officer ("Group CEO").

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management (cont'd)

- Identification of principal risks (present and potential) faced by business units in the Group and Management's plans to mitigate or manage these risks were 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 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.
- 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 utilisation of internal audit procedures, as further discussed below.

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.

Internal Audit Function

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.

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. The ARMC evaluates the Internal Auditors to assess its effectiveness in discharging its responsibilities.

Further details of the work undertaken by the Internal Auditors are set out in the ARMC Report on pages 69 to 71 of this Annual Report as well as the Corporate Governance Overview Statement of MSC which is made available on the Company's website.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Internal Control

The key elements of the Group's internal control system are described below:

a) Code of Ethics and Whistleblowing Policy and Procedures

- The Board is responsible for setting the ethical tone of the Group and engendering a healthy corporate culture. A Code of Ethics has been put in place 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 Board has formalised a set of Whistleblowing Policy and Procedures to provide avenues for stakeholders of the Group to raise legitimate concerns relating to potential breaches of legislation malpractices in an objective manner without fear of reprisal.

b) Lines of Responsibility and Delegation of Authority

- A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability.
- The establishment of limits of authority through Expenditure Controls and Delegation of Authority Limits Policy for both the Company and its subsidiaries. In designing and implementing these limits of authority structures and systems, the Group is guided by the principle that no one individual should have unfettered powers.

c) Written Policies and Procedures

- The establishment of policies and procedures on health and safety, training and development, equal employment opportunities, staff performance and handling of misconducts; and
- The establishment of operational and financial policies and procedures for major subsidiaries, covering core processes like tin smelting, tin trading activities, mining, asset management, purchasing, payment, inventory management and payroll.

d) Planning, Monitoring and Reporting

- The Group CEO reports to the Board on significant changes in the business and the external environment;
- The Group Chief Financial Officer ("Group CFO") provides the Board with quarterly financial reports, which includes key financial indicators;
- Management information, which includes the monthly management reports covering both key financial and operational information, is provided to Key Management for monitoring of performance against the business plan;
- Management meetings are held regularly to identify, discuss and resolve strategic, operational, financial and key management issues; and
- The ARMC reviews the Group's quarterly financial performance, together with Management, which is subsequently reported to the Board.

e) Insurance

- Insurance and physical safeguards over major assets are in place to ensure that the assets of the Group are covered against any mishaps that may result in material losses to the Group. The insurance coverage is reviewed at regular intervals to ensure its adequacy vis-à-vis the Group's risk appetite.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

These key elements are relevant across Group operations and provide continuous assurance to increasingly higher levels of Management and, ultimately, to the Board. The processes are reviewed by the Internal Auditors, which evaluate the adequacy and effectiveness of the system of internal controls. Planned corrective actions are independently monitored for timely completion.

Commentary on the Adequacy and Effectiveness of the Group's Risk Management and Internal Control Systems

The Board has received assurance in writing from the Group CEO and the Group CEO that the Group's risk management and internal control system has been operating adequately and effectively, in all material respects, during the financial year under review and up to the date of this Statement. Based on this assurance, the input from external and internal auditors, as well as the Board's review, the Board is of the view that the risk management and internal control system is adequate to meet the needs of the Group in addressing financial, operational and compliance risks and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. Notwithstanding this, the Board and Key Management remain committed to strengthening the Group's control environment and processes. Ongoing measures and appropriate action plans will be put in place to enhance the Group's system of internal control as and when necessary.

Pursuant to Paragraph 15.23 of the Bursa Malaysia's Main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2023 and reported to the Board that nothing has come to their attention which caused them to believe that the Statement intended to be included in the Annual Report of the Company was not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines, nor was it factually inaccurate. The review of this Statement by external auditors was performed in accordance with the scope set out in Audit and Assurance Practice Guides 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysia Institute of Accountants.

This Statement is made in accordance with the resolution of the Board of Directors dated 15 April 2024.

STATEMENT OF RESPONSIBILITY BY DIRECTORS

IN RESPECT OF THE PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance with the requirements of the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and of the Company are prepared with reasonable accuracy from the accounting records which give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year ended 31 December 2023.

In preparing the annual audited financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent; and
- Made an assessment of the Group's and of the Company's ability to continue as a going concern.

The Directors also have a general responsibility to take reasonable steps to safeguard the assets of the Group and of the Company, to prevent and detect fraud and other irregularities.

This Statement is made in accordance with the resolution of the Board of Directors dated 15 April 2024.