

# **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5916  
**COMPANY NAME** : MALAYSIA SMELTING CORPORATION BERHAD  
**FINANCIAL YEAR** : December 31, 2024

## **OUTLINE:**

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

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

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

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	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.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 1.3

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

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

<b>Timeframe</b>	:		
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### Intended Outcome

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Chairman of the Company, Ms. Chew Gek Khim PJG is not a member of Audit & Risk Management Committee and Nominating & Remuneration Committee.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.5

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

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



### Intended Outcome

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

### Practice 1.6

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

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

### Intended Outcome

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

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

### Practice 2.1

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

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

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

### Intended Outcome

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

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

### Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>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.</p> <p>The salient features of the Code of Ethics can be found at the Company’s website at <a href="http://www.msmelt.com">www.msmelt.com</a>.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

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

**Practice 3.2**

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

Application	:	Applied	
Explanation on application of the practice	:	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 Audit & Risk Management Committee following the form and specific conditions as prescribed under the policy. The policy also affirms that the identity of the whistle-blower will be kept confidential and protection will be accorded to the whistle-blower against any form of reprisal or retribution.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

### Practice 4.1

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is mindful of the importance of business sustainability and has incorporated the Corporate Sustainability Policy into its corporate strategy, considering three sustainability pillars of Economic, Environmental and Social.</p> <p>The sustainability leadership is led by MSC's Board of Directors ("Board"), who is responsible for overseeing the integration of sustainability efforts across the Group and ensuring adequate resources, systems and processes are in place to drive these initiatives.</p> <p>To ensure effective and efficient oversight, the Board has established an Environmental, Social and Governance ("ESG") Committee, tasked with monitoring and addressing sustainability-related matters. The ESG Committee is supported by MSC's Key Management team, who is responsible for monitoring, executing and reporting of the Group's sustainability initiatives and progress.</p> <p>Additionally, the Company's Sustainability Statement which provides an overview of the sustainability performance for the year 2024, is disclosed in the Annual Report 2024.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

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

**Practice 4.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company believes in transparency and open lines of communication with all the stakeholders. Transparency and communication is a fundamental component of good corporate governance and serve to build vital relationships of trust the Company maintained with its stakeholders.</p> <p>The Company engages with its stakeholders through various means of communication to enable them to better understand the Group's business operations and to gather feedback and input on matters relevant to them. For instance, MSC was in regular contact with regulators and suppliers to ensure smooth operations with the least disruptions.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board understands the importance of sustainability development. The Group Chief Executive Officer is the designated person to ensure the relevant Head of Departments addressed the sustainability issued relevant to the Group and its business in order to achieve sustainable long-term value.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 4.4**

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

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

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

### Intended Outcome

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

### Practice 4.5- Step Up

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

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

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

### Intended Outcome

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

### Practice 5.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nominating &amp; Remuneration Committee ("NRC") had performed Board assessment on annual basis to ensure that the right group of people with appropriate mix of skill was appointed.</p> <p>The Board has adopted a Fit and Proper Policy to serve as a guide for NRC and the Board in their review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking re-election.</p> <p>The NRC also conducted an assessment of Directors who are seeking for re-election at the forthcoming 46<sup>th</sup> Annual General Meeting ("AGM") and concluded that Dato' Dr. (Ir.) Yong Mian Thong and Datuk Lim Hong Tat are eligible for re-election pursuant to Clause 102 of the Company's Constitution.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.2

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

Application	:	Applied	
Explanation on application of the practice	:	During the financial year ended 31 December 2024, 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.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

### Practice 5.3

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

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

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

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

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

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

### Intended Outcome

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

### Practice 5.5

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The 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.</p> <p>The Board Diversity Policy serves as a guide in ensuring the diversity of the Board which enhances the effective contribution of all Directors.</p> <p>The Fit and Proper Policy adopted by the Board serves as a guide for the NRC and the Board in their review and assessment of candidates that are to be appointed as well as Directors who are seeking for re-election.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		



### Intended Outcome

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

### Practice 5.6

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nominating & Remuneration Committee ("NRC") is 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.  In considering potential candidates for appointment, the NRC will ensure candidates possess the appropriate skills, core competencies, experience and integrity to effectively discharge his or her role as a director. Potential candidates may be proposed by any current Board member, shareholder or Key management personnel as well as network of industry contacts including independent sources, when required.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The details of the Directors seeking re-election at the Annual General Meeting ("AGM") including their qualification, working experience, directorship in other public listed company, relationship with any director or major shareholder and conflict of interests with the Company are set out in the Profile of Directors section as disclosed in the Annual Report.</p> <p>The details of the interest of the Directors in the securities of the Company and attendance at Board of Directors' Meetings held during the financial year ended 31 December 2024 are also disclosed in the Annual Report.</p> <p>Based on the assessment of the Nominating &amp; Remuneration Committee, Dato' Dr. (Ir.) Yong Mian Thong and Datuk Lim Hong Tat are eligible for re-appointment, the Board had approved and resolved the re-appointment of the mentioned Directors at coming AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.8**

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

Application	:	Applied	
Explanation on application of the practice	:	Mr. John Mathew A/L Mathai, a Senior Independent Director was the Chairman of the Nominating & Remuneration Committee during the financial year ended 31 December 2024.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>During the financial year ended 31 December 2024, the Board comprised seven (7) Directors, of whom two (2) are female, providing a representation rate of 28.6% which complies with the listing requirement of Main Market Listing Requirements of Bursa Securities to have at least one (1) woman Director on the board.</p> <p>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.</p> <p>The Board is of the view that the interests of the Company and the Group are better served if the selection of suitable candidates is made based on the competency, skills and experience to facilitate board diversity.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	Choose an item.

**Intended Outcome**

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

**Practice 5.10**

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

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

## Intended Outcome

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

## Practice 6.1

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

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

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

<b>Timeframe</b>	:		
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### Intended Outcome

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

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

### Practice 7.1

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

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



### Intended Outcome

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

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

### Practice 7.2

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

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

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

**Intended Outcome**

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

**Practice 8.1**

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

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

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Ms. Chew Gek Khim PJG	Non-Executive Non-Independent Director	121.5	26.0	-	-	-	-	147.5	121.5	26.0	-	-	-	-	147.5
2	Mr. John Mathew A/L Mathai	Independent Director	111.5	20.0	-	-	-	-	131.5	111.5	20.0	-	-	-	-	131.5
3	Mr. Yap Seng Chong	Independent Director	123.5	26.0	-	-	-	-	149.5	123.5	26.0	-	-	-	-	149.5
4	Datuk Kamaruddin Bin Taib	Independent Director	100.0	20.0	-	-	-	-	120.0	100.0	20.0	-	-	-	-	120.0
5	Dato' Roslina Binti Zainal	Independent Director	94.0	20.0	-	-	-	-	114.0	94.0	20.0	-	-	-	-	114.0
6	Datuk Lim Hong Tat	Independent Director	112.5	34.0	-	-	-	-	146.5	112.5	34.0	-	-	-	-	146.5
7	Dato' Dr. (Ir.) Patrick Yong Mian Thong	Executive Director	-	-	1,104.0	-	35.3	1,369.0	2,508.3	-	-	1,104.0	-	35.3	1,369.0	2,508.3
8		Choose an item.														
9		Choose an item.														
10		Choose an item.														
11		Choose an item.														
12		Choose an item.														
13		Choose an item.														
14		Choose an item.														
15		Choose an item.														

### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board is of the view that disclosing the top five 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.</p> <p>Alternatively, the remuneration of the top five Key Management of the Company in bands of RM50,000 is set out in paragraph 3.3 of the Corporate Governance Overview Statement.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	Choose an item.

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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

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

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.

The company's financial statement is a reliable source of information.

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the board is Ms. Chew Gek Khim PJG.  Mr. Yap Seng Chong, an independent director is the Chairman of the Audit & Risk Management Committee during the financial year ended 31 December 2024.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.2

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

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, via the Audit &amp; Risk Management Committee ("ARMC"), has annually assessed the suitability and independence of the External Auditors.</p> <p>It is also a requirement for the company's External Auditors, Messrs Ernst &amp; Young to rotate the audit engagement partner as well as its other key audit partners from their audit of MSC and its subsidiaries once in every 7 years as set out in the Malaysian Institute of Accountants' By-Laws (on Professional Ethics, Conduct and Practice).</p> <p>In this regard, the ARMC has assessed the suitability and independence of Messrs Ernst &amp; Young as External Auditors of the Company for the financial year ended 31 December 2024.</p> <p>Having satisfied with their technical competency, audit independence and fulfillment of criteria as set out in its terms of reference, the ARMC has recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at the forthcoming Annual General Meeting.</p> <p>The policies and procedures to assess the suitability, objectivity and independence of the External Auditors is contained in the terms of reference of the ARMC.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Audit and Risk Management Committee ("ARMC") comprise solely of three (3) Independent Non-Executive Directors, which meets the requirements of Paragraphs 15.09(1)(a) and (b) of MMLR of Bursa Securities.</p> <p>Currently, the ARMC is led by the Independent Non-Executive Director, Mr. Yap Seng Chong.</p>

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.5

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The profile and background of the Audit &amp; Risk Management Committee (“ARMC”) members are disclosed in the Profile of Directors on pages 8 to 10 of the Annual Report 2024.</p> <p>The ARMC members have been devoting sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes so as to enable them to sustain their active participation during deliberations. The ARMC members have attended several training programmes which include conferences, forum, seminars, workshops and briefings during the course of the financial year.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Recognising the importance of risk management and internal controls, the Board has in past years formalised a structured risk management and internal control framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an ongoing basis. The key features of the risk management framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.</p> <p>On 7 November 2018, the Board has renamed the Audit Committee to Audit &amp; Risk Management Committee to assist the Board in reviewing the adequacy and operating effectiveness of the system of risk management and internal control in the Group besides overseeing financial reporting.</p> <p>The Company has also appointed Crowe Governance Sdn Bhd as the service provider for Enterprise Risk Management Update and Internal Control Review for the Group for financial year 2024.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 10.2

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

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

	<p>registers. For each principal risk, the assessment process considers the potential likelihood of occurrence and magnitude, effectiveness of controls in place (if any), and action plans taken to manage those risks to the desired level. The risk responses and internal controls that Management have taken and/or are taking are discussed at ARMC meetings.</p> <ul style="list-style-type: none"> <li>- 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;</li> <li>- 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</li> <li>- Preparation of action plans to address risk and control issues on an ongoing basis. The action plans include the utilization of internal audit procedures, as discussed in further detail below.</li> </ul> <p>Whilst the Board considers the risk management framework to be robust, the framework is still subject to periodic testing and continuous improvement, taking into consideration better practices and the changing business environment.</p> <p>The Company has also appointed Crowe Governance Sdn Bhd as the service provider for Enterprise Risk Management Update and Internal Control Review for the Group for financial year 2024.</p> <p><b><u>Internal Audit Function</u></b></p> <p>The Group has in place an independent in-house Internal Audit team. During the financial year, the Board appointed an independent professional services firm, Crowe Governance Sdn. Bhd., to support the in-house Internal Audit team (collectively referred to as the “Internal Auditors”). The Internal Auditors reports directly and provides assurance to the ARMC on the adequacy and effectiveness of risk management, internal control and governance systems. In carrying out its activities, the Internal Auditors has unrestricted access to the relevant records, personnel and physical properties.</p> <p>The Internal Auditors independently reviews the risk identification, assessment and control processes implemented by Management, and reports to ARMC on a quarterly basis the outcome thereof. The Internal Auditors also reviews the internal control system within the Group based on a risk-based annual internal audit plan approved by the ARMC. Its audit strategy and plan are based on the risk profiles of major business units of the Group.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>

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



### Intended Outcome

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

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

### Practice 10.3 - Step Up

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Audit Committee was renamed as the Audit &amp; Risk Management Committee ("ARMC") on 7 November 2018 to assist the Board in reviewing the adequacy and operating effectiveness of the system of risk management and internal control in the Group besides overseeing the financial reporting.</p> <p>Mr. Yap Seng Chong, an independent director is the Chairman of the ARMC during the financial year ended 31 December 2024.</p> <p>The ARMC comprises solely independent directors as follows: -</p> <ol style="list-style-type: none"><li>1) Mr. Yap Seng Chong;</li><li>2) Datuk Kamaruddin Bin Taib; and</li><li>3) Datuk Lim Hong Tat.</li></ol>

**Intended Outcome**

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

**Practice 11.1**

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

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

## Intended Outcome

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

## Practice 11.2

The board should disclose—

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In line with the MCCG and the Main Market Listing Requirements of Bursa Malaysia, the Board has an independent Internal Audit function which is led by Mr. Lau Ee Chin, the Head of Group Internal Audit who reports directly to the Audit &amp; Risk Management Committee.</p> <p>Mr. Lau is a fellow member of the Association of Chartered Certified Accountants (“ACCA”), and member of the Malaysia Institute of Accountants (“MIA”) with 17 years in MSC as Senior Finance Manager.</p> <p>During the financial year under review, apart from himself, he is supported by two (2) staff in the in-house Internal Audit Division and an external team of professional internal auditors on a co-sourced basis. The Internal Auditor does not have any conflict of interests with the Company.</p> <p>A summary of the work undertaken by the Internal Audit function during the financial year is as follows:</p> <ul style="list-style-type: none"><li>• Prepared the annual risk-based internal audit plan for the Committee’s approval;</li><li>• Carried out internal audits on significant operational and financial processes for all key operating units of the Group to determine adequacy and effectiveness of internal controls and to assess compliance with established policies and procedures;</li><li>• 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;</li></ul>

	<ul style="list-style-type: none"> <li>• Monitored remedial actions undertaken by Management in response to recommendations by Internal Auditors to address internal control deficiencies/ improvement opportunities identified with; and</li> <li>• 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 risks were then summarised and communicated to the Board for consideration and resolution.</li> </ul>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 12.1

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

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

**Intended Outcome**

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

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

**Practice 12.2**

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

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

**Intended Outcome**

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

**Practice 13.1**

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

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

**Intended Outcome**

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

**Practice 13.2**

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

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



### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate—

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Forty-Fifth ("45th") Annual General Meeting ("AGM") of the Company has been held physically at a location in the city area and accessible via public transport to encourage shareholders' attendance. Shareholders who could not attend the AGM in person had the option to appoint any persons as their proxies to attend, speak and vote on their behalf at the general meetings, in accordance with the relevant provisions of the Company's Constitution.</p> <p>The Board decided to hold the Company's 45th AGM physically for the following reasons:-</p> <p>(a) the Company believes that physical general meetings provide more opportunities for shareholders to interact face-to-face with the Board, Key Management and other shareholders, which enhances the quality and depth of engagement and communication;</p> <p>(b) physical meetings reduce the risk of potential technical issues, disruptions or cyberattacks that could affect the smooth conduct of virtual or hybrid general meetings and compromise the security and integrity of the meeting and voting process; and</p> <p>(c) the Company is also mindful of the accessibility and convenience of some shareholders, especially those who are not familiar or comfortable with using technology or do not have reliable internet access or devices to participate in virtual or hybrid general meetings.</p> <p>As an alternative practice, the Company had taken the following measures to ensure that shareholders were able to participate, engage and made informed voting decisions at the AGM:-</p> <p>(a) the AGM was held at a location in the city area and accessible via public transport to encourage shareholders' attendance;</p>

	<p>(b) the Company allowed shareholders who were unable to attend the AGM in person to appoint any persons as their proxies to attend, speak and vote on their behalf at the AGM, in accordance with the relevant provisions of the Company's Constitution;</p> <p>(c) the Company adopted electronic poll voting at the AGM for greater transparency and efficiency. All shareholders and proxies received a personalised passcode embedded wrist band from the Share Registrar upon registration. The poll administrator briefed the shareholders and proxies on the voting procedures, and an independent external party was appointed as scrutineer for the electronic poll voting process.</p> <p>(d) the Company published the minutes of the AGM, including the questions and answers, the voting results and the resolutions passed, on the Company's website within a reasonable timeframe.</p>			
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>				
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.		
<b>Timeframe</b>	:	<table border="1"> <tr> <td>Choose an item.</td> <td></td> </tr> </table>	Choose an item.	
Choose an item.				

### Intended Outcome

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

### Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>Shareholders are encouraged to interact directly with the Board and gain insights on the Company's business and financial position. It serves as a platform for shareholders to have a full understanding of the Company and of the Group.</p> <p>During the Annual General Meeting ("AGM"), the Chairman ensures that shareholders are given the opportunity to comment or raise issues and questions whether pertaining to issues on the agenda, the annual report, Group's strategy or developments in the Group.</p> <p>The Chairperson plays a vital role in fostering constructive dialogue between the Board and the shareholders. All the members of the Board and the respective Chairman of the Board Committees are present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility. The Company's External Auditors also attend the AGM and are available to answer questions from the shareholders pertaining to the audit matters and the auditor's report.</p> <p>The Directors and Management have answered all the questions submitted prior or during the meeting during the Questions and Answers session.</p>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.5

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

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.*

provide any reasons online entered by the meeting platform.			
Application	:	Not applicable – only physical general meetings were conducted in the financial year	
Explanation on application of the practice	:		
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

**Practice 13.6**

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

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

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

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

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