



SARAWAK PLANTATION BERHAD

Registration No. 199701035877 (451377-P)
Incorporated in Malaysia

Nurturing Sustainable Growth



ANNUAL REPORT
2022



Cover Rationale

The cover design depicts a germinated seed. Using methods in line with our sustainability agenda and harvesting the goodness of nature, these seeds will eventually transform into high oil yielding palm trees.

We believe that sustainable practices are essential for long-term value creation and that our efforts will benefit our business and the environment. We remain committed to ongoing improvement and hope to inspire others to join us in promoting a more sustainable future.



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CORPORATE PROFILE



Sarawak Plantation Berhad (SPB) was incorporated in Malaysia on 28 October 1997 as a private limited company under the name of Sarawak Plantation Sdn. Bhd. and commenced business in the same year. SPB was converted into a public company on 1 February 2000 and assumed its present name.

The Group is principally engaged in the cultivation and processing of oil palm into crude palm oil and palm kernel. Other businesses include seed production, cattle integration, provision of laboratory services, management and marketing services and property investment.

SPB is one of the pioneer players in the oil palm industry in Sarawak. Currently the Group has a total land bank of 42,185 hectares (ha), with a total plantable area of 35,656 ha and 412 ha (planted 405 ha) under a joint venture development with a government statutory body.

The Group also owns and operates 2 palm oil mills, with a total operating capacity of 140 metric tonne per hour (mt/hour), located at Niah and Mukah, respectively.

Details of the Group's business and operation are contained in the Management Review & Analysis by the Executive Director section of this Annual Report.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman

Datuk Amar Abdul Hamed bin Sepawi

Executive Director

Dato Wong Kuo Hea

Non-Independent Non-Executive Director

Hasmawati binti Sapawi

Independent Non-Executive Directors

Datu Haji Soedirman bin Haji Aini

Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired)

Dato Chia Chu Fatt

Dato Awang Bemee bin Awang Ali Basah

Company Secretary

Trina Tan Yang Li (0666-KT032)
SSM Practicing Certificate No. 202008004432

Registered Office

8th Floor, Wisma NAIM, 2½ Mile, Rock Road,
93200 Kuching, Sarawak, Malaysia.
Tel: 6 082-233550 Fax: 6 082-233670
Email: spb@spbgroup.com.my

Business Office

Wisma SPB, Lot 1174, Block 9,
MCLD Miri Waterfront, Jalan Permaisuri,
98000 Miri, Sarawak, Malaysia.
Tel: 6 085-413814 Fax: 6 085-416192
Email: spb@spbgroup.com.my

Company Website

www.spbgroup.com.my

Share Registrar

TRICOR INVESTOR & ISSUING HOUSE
SERVICES SDN. BHD.
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South No.8,
Jalan Kerinchi, 59200 Kuala Lumpur.
Tel: 6 03-27839299 Fax: 6 03-27839222

Auditors

KPMG PLT (LLP0010081-LCA & AF0758)
Level 2, Lee Onn Building,
Jalan Lapangan Terbang,
93250 Kuching, Sarawak, Malaysia.
Tel: 6 082-596200

Principal Bankers

AMBANK (M) BERHAD
No. 162, 164, 166 & 168,
1st Floor, Jalan Abell, 93100 Kuching
P.O. Box 3240, 93762 Kuching,
Sarawak, Malaysia.
Tel: 6 082-244791

CIMB BANK BERHAD

1st Floor, Lot 2691-2, Block 10 KLCD, 3rd Mile,
Rock Road, 93200 Kuching, Sarawak, Malaysia.
Tel: 6 082-419072

Stock Exchange Listing

MAIN MARKET OF BURSA MALAYSIA
SECURITIES BERHAD
on 28 August 2007
Sector: Plantation
Stock Code: 5135
Stock Name: SWKPLNT

VISION

**TO BE A FULLY INTEGRATED
HIGH PERFORMING ENTERPRISE
WITH DIVERSIFIED BUSINESSES**

MISSION

**WE MAXIMISE STAKEHOLDERS'
VALUES THROUGH SUSTAINABLE
DEVELOPMENT BY ACTIVELY
ENGAGING THE BEST BUSINESS
PRACTICES**

CORPORATE VALUES

INTEGRITY ...

**TRUSTWORTHY AND
ACCOUNTABLE**

WE STAND BY HIGH MORAL VALUES AND PRINCIPLES, EMPHASISING TRANSPARENCY IN ALL OUR CONDUCT, BEING FAITHFUL AND HONEST, AND BEING ACCOUNTABLE AND TAKING FULL RESPONSIBILITY FOR OUR BUSINESS DECISIONS AND RESULTS.

PROFESSIONALISM...

**ETHICAL APPLICATION
OF KNOWLEDGE**

WE STRESS ON ETHICAL CONDUCT IN THE DISCHARGE OF OUR DUTIES, ENSURING HIGH QUALITY SERVICE BOTH WITHIN AND OUTSIDE THE ORGANISATION.

EXCELLENCE & RESULT ORIENTED...

**ALWAYS BE DRIVEN
TO ACHIEVE RESULTS
BEYOND STAKEHOLDERS'
EXPECTATIONS**

WE ARE RESULT ORIENTED, SETTING HIGH PERFORMANCE STANDARDS FOR OURSELVES. WE FOCUS ON OUTCOMES AND ACHIEVEMENTS, DELIVERING SUPERIOR PERFORMANCE TO STAKEHOLDERS THROUGH SUSTAINABLE DEVELOPMENT, HENCE BUILDING A SOCIALLY RESPONSIBLE ORGANISATION.

TEAM SPIRIT...

RESPECT AND SHARING

WE RESPECT EACH OTHER AND RECOGNISE CONTRIBUTIONS BY EACH INDIVIDUAL. WE ENCOURAGE EFFECTIVE WORKING RELATIONSHIPS VIA AN ENVIRONMENT WHICH ENCOURAGES MUTUAL SUPPORT AND CARE, CO-OPERATION AND SHARING OF KNOWLEDGE AND EXPERIENCE.

INNOVATIVE...

**GROWING THROUGH
CHANGE AND MOVING
AHEAD OF THE TIMES**

WE ENCOURAGE CREATIVITY IN OUR BUSINESS TO PRODUCE SIGNIFICANT ORGANISATIONAL IMPROVEMENTS, WE WELCOME NEW IDEAS AND BELIEVE IN BEING FORWARD LOOKING IN OUR BUSINESS.

5 YEARS FINANCIAL HIGHLIGHTS

Year	2022	2021	2020	2019	2018
Revenue (RM'000)	710,912	790,524	465,750	347,528	310,787
Profit before tax (RM'000)	134,213	168,391	83,055	28,409	15,761
Profit attributable to owners of the Company (RM'000)	96,713	127,826	61,421	20,918	11,179
Total assets (RM'000)	950,677	974,683	878,007	833,996	854,567
Net assets (RM'000)	712,002	671,095	585,124	552,033	545,949
Total equity attributable to owners of the Company (RM'000)	712,002	671,095	585,124	552,033	545,949
Total number of shares ('000)	280,000	280,000	280,000	280,000	280,000
Net assets per share (RM)	2.55	2.40	2.09	1.97	1.95
Basic earnings per share (sen)	34.7	45.8	22.0	7.5	4.0
Dividend per share (sen)	15.0	20.0	10.0	5.0	5.0
Gearing (%)	2	10	18	22	29

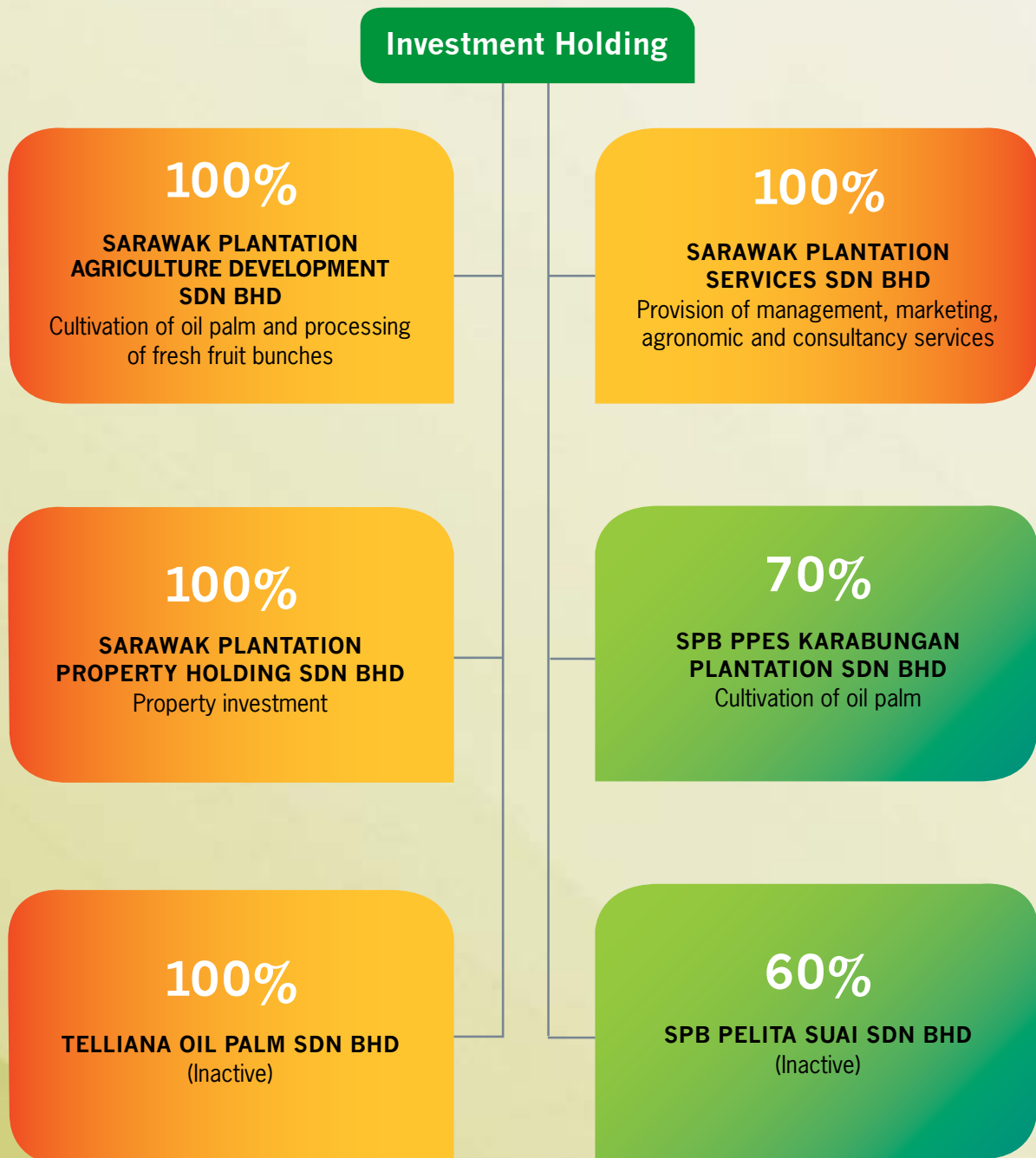
CORPORATE STRUCTURE



SARAWAK PLANTATION BERHAD

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ORGANISATIONAL STRUCTURE



SARAWAK PLANTATION BERHAD

Registration No. 199701035877 (451377-P)
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BOARD OF DIRECTORS



Datuk Amar Abdul Hamed Bin Sepawi

Non Independent Executive Chairman
Board Sustainability Committee, Chairman
Risk Management Committee, Member

Age: 74

Nationality: Malaysian

Datuk Amar Abdul Hamed (male), was appointed as our Director on 30 August 2005 and redesignated as Non Executive Chairman on 11 March 2011. On 1 November 2017, he was redesignated to the position of Executive Chairman.

Educated at Malay College, Kuala Kangsar, he holds a BSc from the University of Malaya, a BSc (Forestry) from the Australian National University, Canberra, and a Master's degree in Forest Products Utilisation from Oregon State University, United States.

He has more than 33 years of experience in forestry and plantation management and the manufacturing of forest products. For the last 26 years, he has been actively involved in various industries such as construction, property development, oil and gas, oil palm plantations and information and communication technology. In particular, in the area of planting of oil palm in Sarawak, he has more than 24 years of experience.

He was the recipient of the Sarawak State Entrepreneur of the Year Award for 2004 and 2005 and was nominated for the Malaysia Entrepreneur of the Year Award 2005.

He was awarded the Panglima Gemilang Bintang Kenyalang in September 1999 and the Datuk Amar Bintang Kenyalang in September 2012. In 2014, he was the winner of the Inaugural 2014 Sarawak State Outstanding Entrepreneurship Award and in 2015, he was adjudged The BrandLaureate "Man of the Year" Brand ICON Leadership Award. In 2022, he was awarded the "Outstanding Global Muslim Entrepreneur Lifetime Achievement Award" and in 2023 the "Malaysia Global Business Icon Leadership Award".

He is the Executive Chairman of Ta Ann Holdings Berhad, a forestry and plantation company based in Sarawak, Chairman of Naim Holdings Berhad, a property and construction company, both of which are listed on the Main Market of Bursa Malaysia. He is also the Chairman of Sarawak Energy Berhad, a power utility company wholly owned by the Sarawak State Government.

Family Relationship with any Director and/or major shareholder

None

Conflict of Interest

Please refer to page 17

Conviction of Offences within the past 5 years/ Public Sanction or Penalty

None

BOARD OF DIRECTORS

Dato Wong Kuo Hea

Executive Director
Remuneration Committee, Member
Board Sustainability Committee, Member

Age: 72
Nationality: Malaysian



Dato Wong Kuo Hea (male), was appointed as our Executive Director on 28 March 2018.

Dato Wong has vast exposure and experience in both the timber and oil palm industries.

His persistence and drive for excellence has steered the Company to better performance. At the forefront of management, Dato Wong communicates well and has the learning agility to quickly adapt to the everchanging landscape of the oil palm industry. His leadership skills have also put the Group in good standing in the marketplace.

Dato Wong was conferred the 2021 Sarawak State Entrepreneur of the Year Award in 2022.

Since 1999, he has held the position of Group Managing Director/Chief Executive Officer in Ta Ann Holdings Berhad, a company listed on the Main Market of Bursa Malaysia.

Family Relationship with any Director and/or major shareholder

None

Conflict of Interest

Please refer to page 18

Conviction of Offences within the past 5 years/ Public Sanction or Penalty

None

BOARD OF DIRECTORS



Hasmawati Binti Sapawi

Non Independent Non Executive Director
Nomination Committee, Member

Age: 55

Nationality: Malaysian

Hasmawati Sapawi (female), was appointed as our Director on 25 November 2011.

She holds a Bachelors of Arts (Hons, Economics) Canada, a Master of Business Administration Australia and a Master of Environment Management (Development Planning), Malaysia.

Hasmawati Sapawi was conferred the Pingat Perkhidmatan Cemerlang (Emas) in 2021.

She is currently the Deputy State Financial Secretary of Sarawak.

She joined the State Financial Secretary's Office in 2006, prior to which she had worked in a state agency and a government-linked company. She also sits on the Board of several state government-linked companies.

Family Relationship with any Director and/or major shareholder

None

Conflict of Interest

None

Conviction of Offences within the past 5 years/ Public Sanction or Penalty

None

BOARD OF DIRECTORS

Datu Haji Soedirman Bin Haji Aini

Independent Non Executive Director
Board Audit Committee, Chairman
Nomination Committee, Member
Remuneration Committee, Member
Risk Management Committee, Member

Age: 67

Nationality: Malaysian



Datu Haji Soedirman (male), was appointed as our Director on 1 March 2019.

He is a Fellow of the Association of Chartered Certified Accountants, UK and a Chartered Accountant of the Malaysian Institute of Accountants. He has attended the Macro Economic Policy and Management Program at Harvard University.

He started his career with Petronas in 1982 where he served in the Economic and Investment Evaluation Department, Corporate Planning Division and in its subsidiary company, ASEAN Bintulu Fertiliser Sdn. Bhd. After serving 13 years with Petronas, he resigned in 1995 to join the Sarawak State Government.

Prior to his retirement from the State Government on 31 December 2018, he held the position of General Manager of the Sarawak Economic Development Corporation (SEDC). His previous employment in the Sarawak Civil Service includes being the Permanent

Secretary of the Ministry of Social Development, Director of the State Implementation Monitoring Unit, Permanent Secretary of the Ministry of Industrial Development, Deputy State Financial Secretary and State Accountant-General. Between November 2002 and September 2003, he was seconded to Amanah Saham Sarawak Berhad as its Chief Executive Officer. During his tenure with the Sarawak Government, he served on the Boards of MLNG 3 and MIDA.

Datu Haji Soedirman is currently a Director of Permodalan Nasional Berhad. He also sits on the Board of various government-linked companies and Non-Governmental Organisations.

Family Relationship with any Director and/or major shareholder

None

Conflict of Interest

None

Conviction of Offences within the past 5 years/ Public Sanction or Penalty

None

BOARD OF DIRECTORS



Brigadier General Dato' Muhammad Daniel Bin Abdullah (Retired)

Independent Non Executive Director
Nomination Committee, Chairman
Board Audit Committee, Member
Remuneration Committee, Member
Risk Management Committee, Member

Age: 68

Nationality: Malaysian

Brigadier General Dato' Muhammad Daniel (male), was appointed as our Director on 1 March 2019.

Brigadier General Dato' Muhammad Daniel graduated from The Royal Military Academy Sandhurst (RMAS), Camberley, United Kingdom and is also a graduate in Defence and Strategic Studies from University of Malaya.

Brigadier General Dato' Muhammad Daniel had a distinguished career in the Malaysian Armed Forces for 39 years, before retiring from active military service on 15 June 2015. He served and held numerous Commands, Staff and Training appointments in the Malaysian Special Service Group, Malaysian Armed Forces and Ministry of Defence. He was also actively involved in a number of Civil Affairs activities, natural disaster relief activities, heart-and-mind and socio-communal activities notably amongst the indigenous tribes nationwide.

Internationally, Brigadier General Dato' Muhammad Daniel was appointed the Liaison Officer of Kuwait while serving as a Military Observer under the United Nations International Monitoring Group in Kuwait and Iraq (UNIKOM 1993-1994).

Family Relationship with any Director and/or major shareholder

None

Conflict of Interest

None

Conviction of Offences within the past 5 years/ Public Sanction or Penalty

None

BOARD OF DIRECTORS



Dato Chia Chu Fatt

Independent Non Executive Director
Risk Management Committee, Chairman
Board Audit Committee, Member

Age: 69

Nationality: Malaysian

Dato Chia Chu Fatt (male), was appointed as our Director on 5 April 2021.

An accountant by profession, Dato Chia Chu Fatt is a Fellow of the Chartered Association of Certified Accountants (UK), a member of the Malaysian Institute of Accountants and a member of the Chartered Tax Institute of Malaysia. He is also the proprietor of Andy Chia & Co., a chartered accountants firm which he established in 1987. He has 44 years of working experience in chartered accountants' firms, 4 of which were with a medium-sized firm in London, UK.

He was formerly a councillor of the Miri Municipal Council for 11 years. He served in various capacities as a Board Member of the Sarawak Land Development Board from 2008 to 2017 and was the former Chairman of the Miri Basketball Association. Currently, he serves as Secretary of the Piasau Camp Miri Nature Park Society.

He was conferred the honorary Johan Bintang Sarawak (JBS) and Ahli Bintang Sarawak (ABS) by T.Y.T Yang di-Pertua Negeri Sarawak in 2010 and 1994 respectively. In 2022, he was awarded the "Panglima Setia Bintang Sarawak" which carries the title "Dato".

Family Relationship with any Director and/or major shareholder

None

Conflict of Interest

None

Conviction of Offences within the past 5 years/ Public Sanction or Penalty

None

BOARD OF DIRECTORS



Dato Awang Bemee Bin Awang Ali Basah

Independent Non-Executive Director
Remuneration Committee, Chairman

Age: 64

Nationality: Malaysian

Dato Awang Bemee (male), was appointed as our Director on 15 September 2021.

He holds a Bachelors of Laws (Hons) degree from the University of Malaya.

He was admitted to the High Court of Borneo Sarawak in 1984 and has been practicing as an advocate and solicitor since. He is a partner in the legal firm, Messrs, Awang, Lai, Sandhu and Co. Currently he is the Chairman of the Kuching Port Authority.

Family Relationship with any Director and/or major shareholder

None

Conflict of Interest

Please refer to page 18

Conviction of Offences within the past 5 years/ Public Sanction or Penalty

None

CONFLICT OF INTEREST

Save as disclosed below, none of our Directors or substantial shareholders of our Company have any interest, direct or indirect, in any business carrying on a similar trade as our Group.

Company	Principal Activities	Major Products
Datuk Amar Abdul Hamed bin Sepawi		
Ta Ann Holdings Berhad	Investment holding (cultivation of oil palm and milling of palm oil via its subsidiaries)	Palm oil products
Ta Ann Plantation Sdn. Bhd.	Investment holding (cultivation of oil palm and milling of palm oil via its subsidiaries)	Palm oil products
Ta Ann Plywood Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Mega Bumimas Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Multi Maximum Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ta Ann Pelita Durin Plantation Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ta Ann Pelita Igan Plantation Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ta Ann Pelita Silas Plantation Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ta Ann Pelita Assan Plantation Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Pelitama Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ta Ann Pelita Baleh Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ta Ann Pelita Ngemah Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Butrasemari Sdn. Bhd.	Oil palm plantation	Palm oil products
Europalm Sdn. Bhd.	Oil palm plantation	Palm oil products
Zumida Oil Palm Sdn. Bhd.	Oil palm plantation	Palm oil products
Manis Oil Sdn. Bhd.	Operation of palm oil mill	Palm oil products
Igan Oil Mill Sdn. Bhd.	Operation of palm oil mill	Palm oil products
Palmhead Holdings Sdn. Bhd.	Investment holding (cultivation of oil palm and milling of palm oil via its subsidiaries)	Palm oil products
Ladang Selezu Sdn. Bhd.	Oil palm plantation	Palm oil products
Sebubu Sdn. Bhd.	Oil palm plantation	Palm oil products
Palmhead Sdn. Bhd.	Oil palm plantation	Palm oil products
Medan Sepadu Sdn. Bhd.	Investment holding The company holds 30% equity interest in KUB Sepadu Sdn. Bhd. whose principal activity is the cultivation of oil palm	Palm oil products
Pekan Semangat Sdn Bhd	Investment holding (cultivation of oil palm via its subsidiary)	Palm oil products
Agrogreen Ventures Sdn Bhd	Cultivation of oil palm	Palm oil products
TBS Oil Mill Sdn Bhd	Operation of palm oil mill	Palm oil products
PSS Oil Mill Sdn Bhd	Operation of palm oil mill	Palm oil products

CONFLICT OF INTEREST

Save as disclosed below, none of our Directors or substantial shareholders of our Company have any interest, direct or indirect, in any business carrying on a similar trade as our Group.

Company	Principal Activities	Major Product
Dato Wong Kuo Hea Ta Ann Holdings Berhad	Investment holding (cultivation of oil palm and milling of palm oil via its subsidiaries)	Palm oil products
Ta Ann Plantation Sdn. Bhd.	Investment holding (cultivation of oil palm and milling of palm oil via its subsidiaries)	Palm oil products
Ta Ann Plywood Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Mega Bumimas Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Multi Maximum Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ta Ann Pelita Durin Plantation Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ta Ann Pelita Igan Plantation Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ta Ann Pelita Silas Plantation Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ta Ann Pelita Assan Plantation Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Pelitama Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ta Ann Pelita Baleh Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ta Ann Pelita Ngemah Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Butrasemari Sdn. Bhd.	Oil palm plantation	Palm oil products
Europalm Sdn. Bhd.	Oil palm plantation	Palm oil products
Zumida Oil Palm Sdn. Bhd.	Oil palm plantation	Palm oil products
Manis Oil Sdn. Bhd.	Operation of palm oil mill	Palm oil products
Igan Oil Mill Sdn. Bhd.	Operation of palm oil mill	Palm oil products
Palmhead Holdings Sdn. Bhd.	Investment holding (cultivation of oil palm and milling of palm oil via its subsidiaries)	Palm oil products
Ladang Selezu Sdn. Bhd.	Oil palm plantation	Palm oil products
Sebubu Sdn. Bhd.	Oil palm plantation	Palm oil products
Palmhead Sdn. Bhd.	Oil palm plantation	Palm oil products
Agrogreen Ventures Sdn Bhd	Cultivation of oil palm	Palm oil products
TBS Oil Mill Sdn Bhd	Operation of palm oil mill	Palm oil products
PSS Oil Mill Sdn Bhd	Operation of palm oil mill	Palm oil products
Dato Awang Bemee bin Awang Ali Basah Ta Ann Pelita Baleh Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ta Ann Pelita Assan Plantation Sdn. Bhd.	Cultivation of oil palm	Palm oil products

Additional Information

- For our Directors' attendance at Board Meetings held during the year in review, please refer to page 67 of this Annual Report.
- For our Directors' securities holdings in SPB, please refer to page 176 of this Annual Report.

KEY MANAGEMENT PERSONNEL



Dato Wong Kuo Hea
Executive Director

Dato Wong Kuo Hea (male), aged 72, was appointed as the Executive Director of the Company on 28 March 2018. He leads the Management in running and managing the day to day operation of the Group. His detailed profile is in the Board of Directors section of this Annual Report.



Iswandi Bin Ayub
Chief Operating Officer

Iswandi Bin Ayub (male), aged 36, is one of our key management personnel since 22 August 2017. He holds a Bachelors of Engineering in Chemical and Nanotechnology from Massey University, New Zealand.

He worked as a Residential Advisor with Massey University Halls Community Group in 2009 - 2010 and as a Business Analyst with ANZ Bank in 2010 - 2011. He joined the Group in 2012 as a trainee at Niah Palm Oil Mill and was appointed as a Research Executive in 2013. He set up the Strategic Innovation Centre for the Group in 2014. He was appointed Acting Head Plantation Operation on 22 August 2017 and as the Chief Operating Officer on 2 April 2018.

He does not hold any directorships in public companies.

KEY MANAGEMENT PERSONNEL



Koay Bee Eng
Chief Financial Officer

Koay Bee Eng (female), aged 54, is one of our key management personnel since 2012. She holds a Bachelors Degree (Hons) in Accountancy from Universiti Utara Malaysia. She is a Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

She worked with PricewaterhouseCoopers from 1994 to 2006 and has accounting and auditing experience in various industries. She joined the Group as its Corporate Finance Manager in 2007. She was appointed the Chief Financial Officer in March 2014.

She does not hold any directorships in public companies.



Trina Tan Yang Li
Human Resource, Legal and Secretarial Manager

Trina Tan Yang Li (female), aged 56, is one of our key management personnel since 2008. She holds a Bachelors of Laws Degree (Hons) and a Master of Laws, both from Queen Mary College, University of London. She is a Member of the Middle Temple, London and has also been admitted to the High Court of Malaya and the High Court of Sabah and Sarawak.

She began practising law in 1992 and joined the Group as its Legal Officer in 2000. She was appointed the Corporate Legal and Secretarial Manager in February 2008 and the Human Resource, Legal and Secretarial Manager in August 2018.

She does not hold any directorships in public companies.

KEY MANAGEMENT PERSONNEL



Dayang Nong Ajibah Binti Awang Zaidi

Group Accounts Manager

Dayang Nong Ajibah binti Awang Zaidi (female), aged 52, holds a Bachelors Degree (Hons) in Management (Finance and Accounting) from Universiti Sains Malaysia. She worked with KPMG from 1994 to 2000 and has accounting and auditing experience in various industries. Prior to joining the Group, she joined the hotel industry in Sabah as an Account and Administration Manager. She joined the Group in 2004 and was promoted to Finance Manager in 2012 in charge of financial accounting and operation of the Group. She was redesignated as Group Accounts Manager in August 2018.

She does not hold any directorships in public companies.

- All Key Management Personnel are Malaysian citizens.
- None of our Key Management Personnel have been convicted of any offences in the past five years and no public sanction or penalty were imposed on any of our Key Management Personnel by the relevant regulatory bodies during the financial year.
- There is no family relationship between the Key Management Personnel and/or directors/major shareholders of the Company except Iswandi bin Ayub who is the grand nephew of our Executive Chairman.

MESSAGE TO OUR SHAREHOLDERS



ON BEHALF OF THE BOARD OF DIRECTORS, IT IS MY PLEASURE AND HONOUR TO PRESENT TO YOU THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022.

2022- Resilience through challenging times

2022 continued to be a challenging year for the Company. The world, including Malaysia, has faced a hike in inflation, driven by supply chain disruptions, short supply of energy and food caused by Russian-Ukraine war and labour supply limitations. Consequently, the Company experienced a surge in its operating and production costs. Further, the bullish crude palm oil (CPO) price during the first half of 2022 dropped sharply from a historical high of RM7,000 per metric tonne (mt) to below RM4,000 per mt in July 2022 and remained at this level till end of 2022.

Despite these challenging business circumstances, it is great to note that we remained focused on our core business objectives and developed prudent strategies to overcome these challenges.

MESSAGE TO OUR SHAREHOLDERS



2022 Financial Performance

Our team worked arduously to optimise our operations and to manage our costs at a reasonably acceptable level. Hence, we continued to deliver a decent set of results, with a net profit of RM96.7 million despite rising operating costs. This net profit translated into an earnings per share of around 35 sen.

Dividends

Based on these financial results, our Company is pleased to have declared two interim dividends totaling 15 sen per share for financial year 2022. These dividend payments reflect our commitment to rewarding our shareholders. The dividend payout of approximately 43% of the current year's net profit demonstrates our confidence in the future of our business and our ability to deliver long term value to our shareholders.

2022 Operating Performance

We have maintained a steady level of production despite operating in a constrained environment following manpower shortage and other operational challenges. With the on going efforts to improve yields and efficiency across our operations, we achieved a total fresh fruit bunches (FFB) production of 328,450 mt in 2022, a 3% growth from 319,999 mt recorded in 2021.

In addition, our mechanisation research has shown progress. Harvesting machines that were under trial had shown positive results in increasing the harvesting efficiency. Trials and expansion of area using these harvesting machines continue to be carried out.

MESSAGE TO OUR SHAREHOLDERS

THE BRANDLAUREATE BEST BRANDS AWARDS 2021 2022



Sustainability and Governance

The Group stresses the importance of upholding integrity, transparency and accountability in its operations and conduct.

We continue to enhance our sustainable practices in all of our business conducts and operations. We recognise the importance of preserving the environment and the communities in which we operate and we have always placed the focus on environmental protection, employees' health and safety, community development initiatives as well as adopting best possible practices in corporate governance.

Our sustainable practices have been recognised by stakeholders as well as certification bodies. Our operating estates and mills are fully certified under the Malaysian Sustainable Palm Oil ("MSPO").

Our dedication to sustainability remains steadfast and we are committed to further strengthen our zeal towards our sustainability agenda despite challenges ahead.

Our long term commitment is to nurture sustainable growth through effective sustainable practices and be an environmentally responsible corporate citizen.

Recognition

I am delighted to share that our Company has been recognised with the Brandlaureate Bestbrands Award 2021-2022 - Nation's Pride (Agribusiness Enterprise). Further, under the Edge Malaysia Centurion Club Awards 2022, our Company is honoured to be granted two awards, namely the highest growth in profit after tax over three years and the highest returns to shareholders over three years in the plantation category. These awards are testament to the dedication of our employees and support from our stakeholders. We believe that these recognitions underscore our pledge to excellence and our desire to continuously deliver the highest level of performance to our shareholders.



MESSAGE TO OUR SHAREHOLDERS

Prospects and Outlook

Looking ahead, we are optimistic about the oil palm industry. The oil palm industry continues to be one of the key contributors to Malaysia's economic growth despite challenges such as climate change and sustainability concerns. Global demand for palm oil is anticipated to grow post COVID-19 pandemic and in tandem with the reopening of major economies of the world.

Moving forward, we are cautiously positive about the year ahead. We will continue to focus on driving growth through enhancing operational efficiency and improving effective cost management. We believe that our sustainable practices coupled with our ongoing efforts and commitment will enable us to continue to deliver up to the mark financial performance and ultimately maximise value for our shareholders.

On the other hand, as we continue to pursue growth opportunities, we also recognise the importance of prudence and caution. Therefore, we are cautious in evaluating any expansion potentials to ensure that it aligns with our strategic objectives and complement our existing capabilities.

Appreciation

I would like to express my gratitude to our valuable shareholders, our supportive stakeholders and SPB Group's dedicated directors and employees for their ongoing support and belief in Sarawak Plantation Berhad.

On behalf of the Board and the Management, I would like to express our sincere appreciation to Datu Haji Soedirman Bin Haji Aini, who will be retiring from our Board at this Annual General Meeting, for his many years of contribution and commitment to our Group.

Lastly, I am confident that with continued support and commitment, from every one of you, we will emerge stronger, more resilient and be well positioned to nurture the sustainable growth of the Company.

Thank you.

Datuk Amar Abdul Hamed Bin Sepawi
Executive Chairman



MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR

OVERVIEW OF BUSINESS AND OPERATION

Core Businesses

Oil Palm Plantation and Mill Operation

Sarawak Plantation Group's principal businesses are cultivation of oil palm and processing of fresh fruit bunches (FFB) into crude palm oil (CPO) and palm kernel (PK). The oil palm business has two core operations, namely estate operation and mill operation. This contributes over 99% of the Group's revenue and earnings. The Group owns 13 oil palm estates with total land bank of 42,185 hectares (ha).

In the year under review, the total plantable hectareage was 35,656 ha. In addition, the Group also has another estate with the size of 412 ha (planted 405 ha) under a joint venture with one of the Sarawak State Agencies.

The Group owns and operates 2 palm oil mills located at Niah and Mukah, respectively. During the current financial year, Niah Palm Oil Mill's capacity was expanded from 60 metric tonne per hour (mt/hr) to 80 mt/hr, leading to the Group's total milling capacity of 140 mt/hr.



MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR



Other Activities

Seed Production Unit/Nurseries

The Group's oil palm seed production unit produces high yielding seeds which carry the brand name "Surea DxP". Its genetically superior seeds are proven to be high FFB and oil yielding and having high oil quality. In addition, they have been tested and proven to have moderately slow height increment.

These seeds are certified by SIRIM and licensed for sale by the Malaysian Palm Oil Board ("MPOB").

High quality seeds will ensure consistent yield over time and help to reduce the risk of disease outbreak in the estates.

Over the past years, the Seed Production Unit and Nursery have been supplying good quality seeds and seedlings to the Group's own estates as well as selling to oil palm companies in Sarawak.

During the current financial year, the Group focuses on increasing its brand name's exposure and awareness through participating in exhibitions and forums. It has also expanded the sale of its seeds to Sabah.

Moving forward, the Group continues to breed high quality seeds through right Dura mother palm selection, proper management practices and effective seed production techniques. In addition, the Group aggressively explores opportunities for innovation to enhance quality and increase productivity.

The Group's nurseries provide conducive environments for seedling growth. Its quality control and management practices help produce high quality seedlings that are less prone to pest attack and diseases infection and with better growth rate as well as improving overall efficiency.

During the current financial year, the Group expanded its nursery capacity in Northern Region and has also established a new nursery in Central Region. These nurseries cater mainly for the Group's own replanting needs.

Cattle Integration

The Group's well planned cattle integration is an effective and sustainable weed control approach that benefits the participating estates. Through cattle integration, chemical usage in weed control programme is reduced. Further, cattle grazing can help to improve soil fertility. This remains one of our environmentally friendly practices and sustainability initiatives.

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR



Strategic Innovation/Productivity Centre

The Board of Directors and the Management always believe that research and development is a crucial innovation strategy in moving forward to a sustainable future.

The Group's Strategic Innovation/Productivity Centre's main objective is to provide a platform for productivity improvements through creativity and innovation. The main focus of estate mechanisation is to improve operational efficiency, reduce dependency on labour while simultaneously improve yield and productivity.

Through collaboration with technical partners, the harvesting machines that are currently under trial have shown a positive result in terms of harvesting efficiency.

With the steadfast commitment from the Board and the Management, the Strategic Innovation/Productivity Centre will continue its collaboration with the technical partners and suppliers to expand the production of harvesting machines that are suited for the Group's harvesting areas.

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR



PERFORMANCE OVERVIEW

The world has seen a record high inflation in 2022, brought about by various factors including the consequences from the Russian - Ukraine War.

The high inflation is set as a key challenge to the oil palm industry. Escalating costs, in particular, fertiliser, labour, fuel and other operating costs, affected the profitability of oil palm companies.

The Group is no exception and was hit by the rising operating costs. Despite operating in this high cost inflationary environment, the Group managed to record a satisfactory profit level in 2022 contributed by strong CPO price and reasonable production achievement.

REVIEW OF FINANCIAL PERFORMANCE

The Group recorded a decline of 10% in revenue in 2022 compared to 2021. Revenue was RM710.9 million for the financial year ended 31 December 2022 compared to revenue of RM790.5 million for the financial year ended 31 December 2021.

The Group achieved an operating profit before tax of RM138.5 million in 2022 compared to RM147.7 million in 2021, a contraction of 6%.

Net profit of the Group declined by 24% from RM127.8 million in 2021 to RM96.7 million in 2022 principally attributable to higher production and operating costs despite higher selling prices coupled with a loss on fair value changes in biological assets of RM6.8 million, as opposed to a gain of RM21.4 million in preceding year.

REVIEW OF OPERATING PERFORMANCE

In 2022, the easing of COVID-19 restrictions led to the reopening of businesses and the borders of most of the countries in the world. The Group adapts to the new normal positively and has been able to conduct its businesses and operations without adverse disruption.

Physical operational meetings and field visits that were carried out provided the Management valuable insights to the operations. Through these meetings and visits, performances of the estates and mills were assessed, areas of improvements were identified and issues were deliberated and promptly resolved.

On the other hand, monthly costing meetings were held to discuss and analyse costs and financial performances of the estates and mills. By reviewing costs, operational inefficiencies and cost savings initiatives can be identified to achieve optimum cost level and further enhance the performances of the estates and mills.

Aside from the above, the Group continues to leverage on information technology to enhance communications with the stakeholders, strengthen and facilitate data driven decision making, improve work flows and optimise business processes.

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR



REVIEW OF OPERATING PERFORMANCE (continued)

Estate Performance

Consolidation of the estates

During the current financial year, the Group merged its estates in the Northern Region, from 8 estates to 5 estates.

Through the merging of the estates, resources were consolidated and operations were streamlined. This contributes to economies of scale which reduces cost, improves productivity and optimises the use of resources.

In addition, the consolidation of the estates also improved co-ordination, communication and the decision making process.

Normalisation of enhancement areas

Since 2018, the Group started to identify areas in need of improvement and enhancement. The common issues faced at such enhancement areas include stunted palm growth, inaccessibility due to high weed, flooding and other upkeep issues. These areas are mostly young mature fields in critical need of rehabilitation.

A total of around 6,000 ha were identified for enhancement in prior years. As at 31 December 2022, approximately 87% of such areas have been normalised, inclusive of around 400 ha normalised in 2022.

As at end of 2022, around 700 ha remains as enhancement areas and is expected to be normalised gradually within these 2 years.

Replanting activities

Replanting has been an important key milestone for the Group over the last few years. Replanting activities were carried out to phase out old mature fields as well as severe ganoderma infested areas.

The replanted areas will lead to production growth when palms attain maturity, yield increase in the long run and enable the Group to achieve higher productivity and profitability.

During the financial year, the Group replanted around 550 ha.

The Group recognises the value and the long term benefits of mechanising its operations. Therefore, it adopted replanting strategies that allow for future mechanisation whilst not compromising potential yield.

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR

REVIEW OF OPERATING PERFORMANCE

(continued)

Estate Performance (continued)

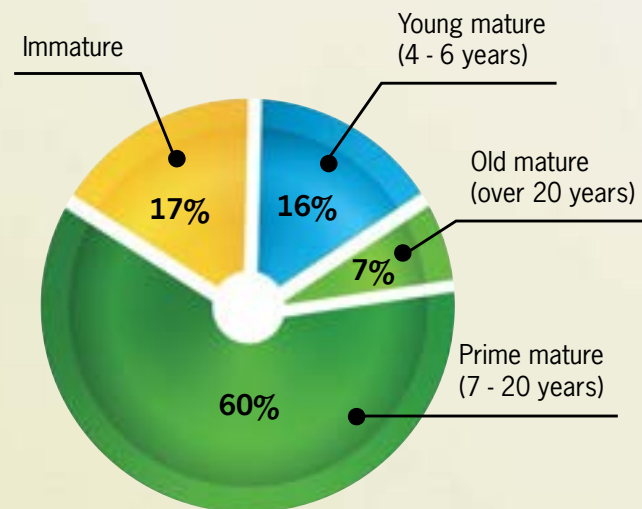
Recovery of part of encumbered areas

Certain areas of the Group's estates were encumbered by the locals from previous years. Since 2018, the Group's dedicated team engaged with the locals at these affected areas and successfully recovered around 3,700 ha to date of which approximately 500 ha were recovered during the current financial year. As at 31 December 2022, the matured areas remaining encumbered were around 2,800 ha.

Barring any unforeseen circumstances, the Group remains positive to be able to recover all or at least part of these encumbered areas.

Age profile for immature, harvestable and enhancement areas

Young mature fields include around 1,500 ha of newly declared matured fields during the current financial year. Both young and prime mature areas represent 76% of the total immature, harvestable and enhancement areas of 25,259 ha. These areas are expected to contribute to production growth favourably.



FFB production and yield

Region	2022 Harvestable WHa	2021 Harvestable WHa	2022 FFB Mt	2021 FFB Mt	Changes %
Northern Region	9,948	11,452	157,374	157,118	0.2
Central Region	10,101	8,934	171,076	162,881	5
Total	20,049	20,386	328,450	319,999	3

Region	2022 Yield Mt/WHa	2021 Yield Mt/WHa	Changes %
Northern Region	15.82	13.72	15
Central Region	16.94	18.23	-7
Total	16.38	15.70	4

WHa - Weighted average hectarage

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR

REVIEW OF OPERATING PERFORMANCE (continued)

Estate Performance (continued)

FFB production and yield (continued)

Despite labour shortage and inclement weather conditions especially the rainy season in Quarter 1 and Quarter 4 of 2022 causing difficulties in harvesting and evacuation, the Group managed to achieve a marginal increase in production growth.

The Group recorded a growth of 3% in its production, improved from 319,999 mt in 2021 to 328,450 mt in 2022. Similarly, FFB yield increased by 4% compared to 2021.

Labour shortage continued to be a challenge to the Group. In addressing this unavoidable challenge, the Group continued its mitigating measures to prioritise and focus on harvesting works at high yielding areas and to deploy general workers for harvesting at scout harvesting and young mature fields.

Further, the Group provided trainings to the workers to equip them with relevant skills to be more efficient in their work.

The Group also provided conducive accommodation equipped with modern facilities and infrastructure as one of the key efforts to retain its work force.

As for workers' recruitment, the Group adopted a proactive approach of engaging with the relevant authorities to expedite the recruitment processes as well as offering competitive wages and benefits to the new and existing workers.

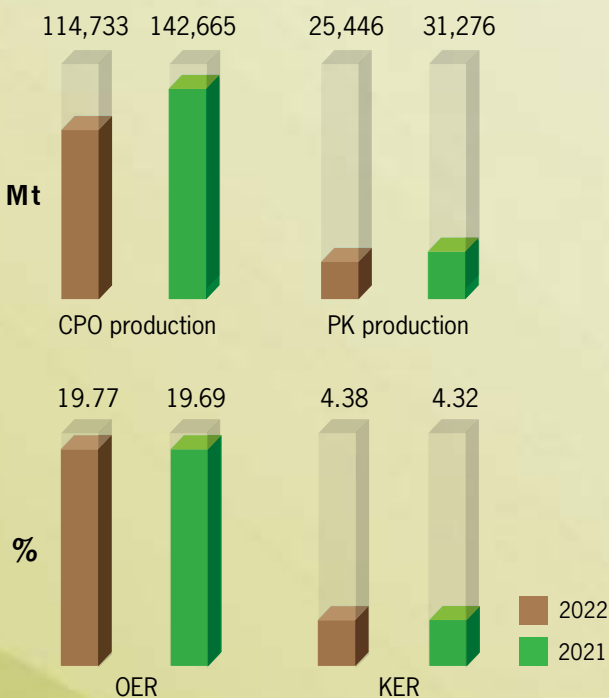


MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR



REVIEW OF OPERATING PERFORMANCE (continued)

Mill Performance



Niah Palm Oil Mill		2022	2021	Changes (%)
FFB processed	Mt	381,739	426,545	-11
CPO production	Mt	76,187	86,076	-11
PK production	Mt	16,347	18,172	-10
OER	%	19.96	20.18	-1
KER	%	4.28	4.26	0.5

Mukah Palm Oil Mill		2022	2021	Changes (%)
FFB processed	Mt	198,642	297,921	-33
CPO production	Mt	38,546	56,589	-32
PK production	Mt	9,099	13,104	-31
OER	%	19.40	18.99	2
KER	%	4.58	4.40	4

Both mills of the Group processed FFB from its own estates as well as those purchased from external parties. Around 55% of the FFB processed by both mills were sourced from the external parties.

FFB processed for both mills declined during the current financial year principally attributable to the change of the Group's purchasing strategies to focus on quality instead of quantity. The mill profit margin has improved despite the decline in FFB processed.

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR



STRATEGIES

The Group's core business objective is to increase yield per hectare resulting in production growth and maximising profitability.

The Group's strategies in achieving its core business objective include but are not limited to:

- Enhance efficient use of its resources including manpower, material and equipment;
- Use high yielding seedlings produced by own nurseries which are equipped with facilities and infrastructure;
- Optimise planting density through proper planting planning and management at the replanting stage;
- Analyse palm health and soil condition progressively and develop suitable manuring programmes; and
- Promote close supervision and monitoring of the performance.

Further, mechanisation and automation of the operation of our mills and estates play important roles in achieving the Group's core business objective. Facilities and equipment are upgraded when necessary to enhance operational efficiency and maximise output.

The Group focuses on research and development activities to explore opportunities of mechanising its operation as far as it can.

On the other hand, the Group always acknowledges the importance of having a healthy and safe work force. Emphasis has always been placed on the wellbeing of its employees hence a safe and conducive working environment is provided.

Employees are encouraged to contribute innovative ideas that can help the Group to improve its operations and business processes.

In order to maintain an efficient work force and for long term talent management purpose, the Group provides adequate trainings and development opportunities to its employees to improve their skills and knowledge. These trainings are provided either in house or outsourced. In addition, on-the-job trainings and coaching by superiors are also provided to the employees, leading to improved performance and quality of their work.

Succession planning is important to ensure business continuity and sustainability of the business and operation of the Group. The Succession Planning Policy which entails succession planning principles and processes is in place to ensure continuity in the leadership within the Group to meet future challenges and opportunities.

Most importantly, the Group holds the belief that sustainable practices will ensure long term business viability and success of the Group. In view thereof, all conducts of the Group are carried out with the ESG principles in mind. The Group's sustainability initiatives are built on integrity, transparency and accountability. These principles are embedded in the policies and procedures in running the operation and management of the Group.

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR

RISKS

Among the key obstacles and challenges faced by the Group during the year were escalating costs resulting from inflationary forces, manpower shortages, inclement weather conditions and other operational and business risks presented to the Group.

With the resilient attitude and a dedicated work force, the Group adapted to changes as necessary and was able to overcome these issues confidently. The Board of Directors and the Management together with the employees hold a positive outlook even in difficult times. The team is adaptive, proactive and committed in dealing with the challenges faced accordingly.

Risk Management practices are embedded in the daily operations. Further details are contained in the Statement of Risk Management and Internal Control of this Annual Report.

MOVING TOWARDS 2023

As part of our sustainability agenda in responding to environmental aspects such as climate change and to ensure sustainable oil palm cultivation, the Group ceased new planting on peat land since prior years.

In view thereof, the production growth of the Group will lean heavily on yield improvement. The Group will continue to focus on the following areas:

- Increase production and yield of existing and newly matured areas;
- Raise workers' productivity, focus on supervision and monitoring;
- Continue to improve facilities and infrastructure of the estates and pursue opportunities for mechanisation and automation of our operations;
- Continue replanting activities in areas with low yield and recover encumbered areas;
- Expand seed production and persist with aggressive marketing strategies for the promotion of own produced seeds;
- Expand nurseries with effective nursery management and necessary facilities to cater for own replanting needs; and
- Leverage on technological advancement to enhance communication, monitoring and reporting.

OUTLOOK AND PROSPECTS

The Group has relatively young and prime mature fields and therefore there is an upside potential to its production abilities and capabilities. Replanting activities and efforts in the past and current years are also expected to contribute positively to production growth. Hence, the Group is well positioned for continued growth and profitability.

Whilst the Group focuses on maintaining stability of capital and resources for existing core businesses, exploring new business opportunities to diversify into other related businesses remains one of the Group's expansion strategies too. Priority is given to downstream activities which can complement or be directly integrated into its core businesses.



FINANCIAL REVIEW BY THE CHIEF FINANCIAL OFFICER

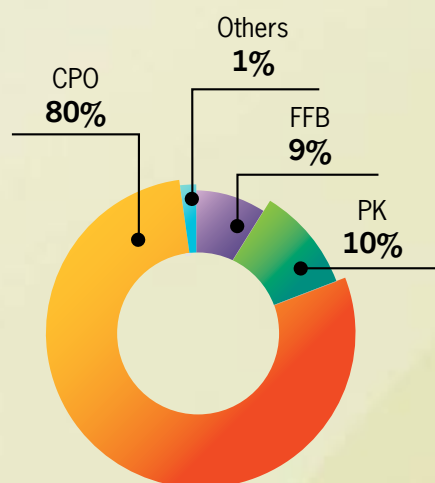
1. FINANCIAL RESULTS FOR THE YEAR - GROUP

	Note	2022 RM'000	2021 RM'000	Change %
Revenue	(a)	710,912	790,524	-10
Cost of sales	(b)	(505,739)	(578,963)	-13
Gross profit		205,173	211,561	-3
Results from operating activities (Operating profit)	(c)	138,509	147,700	-6
Profit before tax	(d)	134,213	168,391	-20
Profit attributable to Owners of the Company (Net profit)		96,713	127,826	-24

	%	%	Change %
Operating profit margin	19.5	18.7	4
Profit before tax margin	18.9	21.3	-11
Net profit margin	13.6	16.2	-16

(a) Revenue

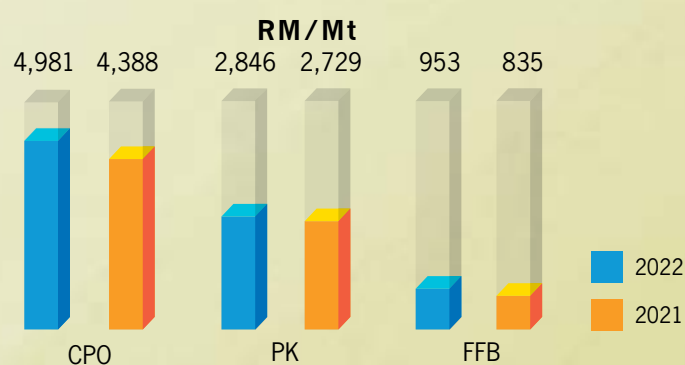
99% of the Group's total revenue was mainly derived from the sale of CPO, PK and FFB.



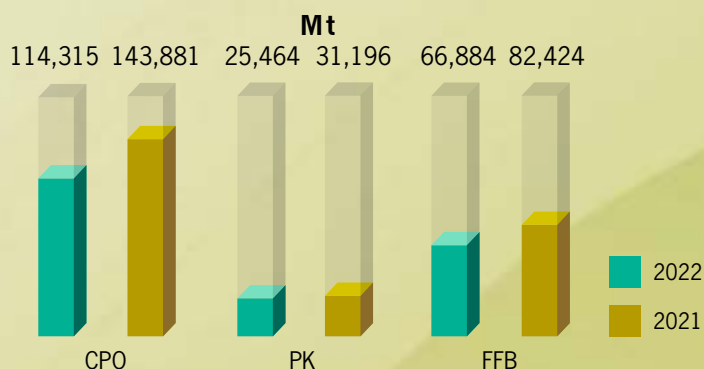
Majority of the FFB harvested from the Group's estates were delivered to its own mills at Niah and Mukah whilst some were sold to external mills.

The decline in revenue from RM790.5 million in 2021 to RM710.9 million in 2022 was mainly due to lower sales volume despite higher selling prices.

Average selling price



Sale volume



CPO, PK and FFB average selling prices increased by 14%, 4% and 14% respectively whereas CPO, PK and FFB sales volume decreased by 21%, 18% and 19% respectively.

FINANCIAL REVIEW BY THE CHIEF FINANCIAL OFFICER

1. FINANCIAL RESULTS FOR THE YEAR - GROUP (continued)

(b) Cost of sales

Lower cost of sales mainly resulted from lower fresh fruit bunches (FFB) purchase cost by 28% following lower purchase volume despite higher purchase price. The effect of lower purchase cost was partially offset by higher other production and operating costs.

(c) Results from operating activities (Operating profit)

The Group recorded an operating profit of RM138.5 million at a profit margin of 19.5% for the financial year ended 31 December 2022 compared to 2021 of RM147.7 million or profit margin of 18.7% respectively.

(d) Profit before tax

The Group achieved a profit before tax of RM134.2 million or a profit margin of 18.9% for the current financial year, as compared to a profit before tax of RM168.4 million or a profit margin of 21.3% in the preceding year. Lower profit before tax for the current financial year compared against the preceding year is as shown below:

	2022 RM'000	2021 RM'000	Particulars
Results from operating activities	138,509	147,700	
ADD: Other non-operating income	-	21,402	Changes in fair value of biological assets
LESS: Other non-operating expenses	(6,764)	-	Changes in fair value of biological assets
	-	(1,989)	Impairment losses on bearer plants and property, plant and equipment
ADD: Net finance income	2,468	1,278	
Profit before tax	134,213	168,391	

FINANCIAL REVIEW BY THE CHIEF FINANCIAL OFFICER

2. FINANCIAL POSITION AS AT 31 DECEMBER 2022 - GROUP

Analysis of major items

2.1 TOTAL ASSETS

Asset Type	Note	31.12.2022 RM'000	31.12.2021 RM'000	Change %
Property, plant and equipment	2.1.1	262,664	263,811	-0.4
Bearer plants	2.1.2	330,169	330,647	-0.1
Right-of-use assets	2.1.3	95,226	95,135	0.1
Investment properties		5,224	5,456	-4.2
Biological assets	2.1.4	56,828	63,999	-11
Inventories	2.1.5	18,182	19,523	-7
Trade and other receivables		13,459	13,735	-2
Prepayment and other assets		7,380	6,931	6
Other investments	2.1.6	35,560	61,825	-42
Cash and cash equivalents	2.1.7	125,985	113,621	11
Total		950,677	974,683	-2

2.1.1 Property, plant and equipment

Net movement of property, plant and equipment ('PPE') was mainly in respect of the following:

	RM'000
Additions	18,554
LESS: Depreciation for the financial year	(18,726)
LESS: Write off	(954)
LESS: Expense off	(21)
Net movement	(1,147)

2.1.2 Bearer plants

Net movement of bearer plants was mainly in respect of the following:

	RM'000
Additions	21,578
LESS: Depreciation for the financial year	(22,056)
Net movement	(478)

FINANCIAL REVIEW BY THE CHIEF FINANCIAL OFFICER

2. FINANCIAL POSITION AS AT 31 DECEMBER 2022 - GROUP (continued)

2.1 TOTAL ASSETS (continued)

2.1.3 Right-of-use assets

Net movement was mainly in respect of the following:

	RM'000
Additions	2,269
LESS: Depreciation for the financial year	(2,178)
Net movement	91

2.1.4 Biological assets

Biological assets are as below:

	31.12.2022 RM'000	31.12.2021 RM'000	Change %
Fresh fruit bunches	53,066	60,874	-13
Living livestock	3,762	3,125	20
Total	56,828	63,999	-11

2.1.5 Inventories

Inventories breakdown is as follows:

	31.12.2022 RM'000	31.12.2021 RM'000	Change %
Crude palm oil and palm kernel	5,961	5,551	7
Stores and consumables	8,055	10,428	-23
Oil palm nursery	2,880	1,132	155
Oil palm seeds	547	363	51
Oil palm fresh fruit bunches	739	2,049	-64
Total	18,182	19,523	-7

FINANCIAL REVIEW BY THE CHIEF FINANCIAL OFFICER

2. FINANCIAL POSITION AS AT 31 DECEMBER 2022 - GROUP (continued)

2.1 TOTAL ASSETS (continued)

2.1.6 Other investments

Other investments represent deposits with original maturities exceeding three months.

2.1.7 Cash and cash equivalents

Cash and cash equivalents comprise the following:

	31.12.2022 RM'000	31.12.2021 RM'000	Change %
Cash in hand and at banks	1,934	2,416	-20
Deposits with original maturities not exceeding three months	124,051	111,205	12
Total	125,985	113,621	11

2.2 TOTAL LIABILITIES

Liability type	Note	31.12.2022 RM'000	31.12.2021 RM'000	Change %
Loans and Borrowings	2.2.1	11,594	66,752	-83
Deferred tax liabilities		123,007	126,013	-2
Trade and other payables		64,928	69,429	-6
Lease liabilities		2,473	2,509	-1
Current tax payable		14,816	17,506	-15
Dividend payable		27,903	27,903	-
Total		244,721	310,112	-21

2.2.1 Loans and borrowings

By type of facility	31.12.2022 RM'000	31.12.2021 RM'000	Change %
Term loan	-	54,000	-100
Revolving credit	8,000	8,000	-
Hire purchase	3,594	4,752	-24
Total	11,594	66,752	-83

Loans and borrowings declined by 83% following repayments made during the current financial year.

FINANCIAL REVIEW BY THE CHIEF FINANCIAL OFFICER

3. RATIO ANALYSIS - GROUP

	2022	2021	Change %
Liquidity			
• Current Ratio	2.18	1.55	41
Leverage			
• Gearing	2%	10%	-80
Profitability			
• Return on Assets (ROA)	10.2%	13.1%	-22
• Return on Equity (ROE)	13.6%	19.0%	-28
• Earnings per share (EPS)	34.66 sen	45.81 sen	-24
Dividend			
• Dividend per share	15 sen	20 sen	-25
• Dividend yield*	7.1%	8.1%	-12
Net assets per share	RM2.55	RM2.40	6

* Based on share price as at year end.

4. CONCLUSION

The auditors, KPMG PLT, had rendered an unqualified opinion on the financial statements for the financial year ended 31 December 2022.

The financial position of the Group stands healthy and stable with total assets of RM950.7 million and a total equity attributable to Owners of the Company of RM712.0 million. Net assets per share enhanced from RM2.40 to RM2.55.

Despite rising operating costs, the Group managed to maintain its Return on Assets (ROA) and Return on Equity (ROE) at double digit, namely 10.2% and 13.6% respectively. Earnings per share was 34.66 sen per ordinary share in 2022 compared to 45.81 sen in 2021.

Nevertheless, the Group's liquidity and gearing were strengthened. Current ratio was at 2.18 compared to 1.55 for 2021 whereas gearing decreased from 10% in 2021 to 2% in 2022.

Dividend per share of 15 sen posted a yield of 7.1% based on the Company's share price as at year end.

The Group anticipates to continue facing challenges of escalating cost in the coming year. The Group carefully evaluates key strategies for cost rationalisation measures as well as efficiency improvements and streamlining operation in order to achieve better profitability.

SUSTAINABILITY STATEMENT

1. INTRODUCTION

Our Approach to Sustainability

As a producer of Certified Sustainable Palm Oil (CSPO), we are committed to achieve excellence in sustainability by continuing to adopt a proactive and prudent approach of integrating sustainable practices into every level of our business activities. In furtherance of our sustainability agenda we endeavour to strike a balance between these four pillars - environmental impact, working environment, marketplace engagement and community investment.

Key Performance Highlight/Milestone

An overview of our achievements and progress is presented below, along with our targets for 2023.

2021

- Maintained MSPO and MSPO-SCCS certification for all estates and mills. Ladang Surea merged with Bukit Peninjau and renamed as Peninjau Estate.
- Continued to focus on CSR programmes which emphasised on environmental protection, safety and health.
- Managed all operating units with ZERO Covid-19 cases.

2022

- Maintained MSPO and MSPO-SCCS certification for all estates and mills. Sungai Tangit, Ladang 3 and Ladang Kosa merged into 1 estate and renamed as Ladang 3 Estate. Subis 2 and Subis 3 Estates also merged into 1 estate and renamed Subis Estate.
- Focused on CSR programmes with emphasis towards environmental protection, safety and health.
- Staff development and continuous improvement programmes were implemented.

2023
TARGET

Marketplace

- Continue to maintain the existing certifications until recertification for all estates and mills.
- Remain certified and carry out annual audits.
- Full recertification is done every 5 years.

Social Aspects

- Maintain and ensure employees' health, safety and welfare are well guarded.
- Adopt, if any, new changes of statutory requirements.
- Continue with Staff development programmes and improvement programmes at Operating Unit

Environment Aspects

- Ensure all Operation units adhere to relevant legal requirements and maintain sustainable practices.

Community Aspects

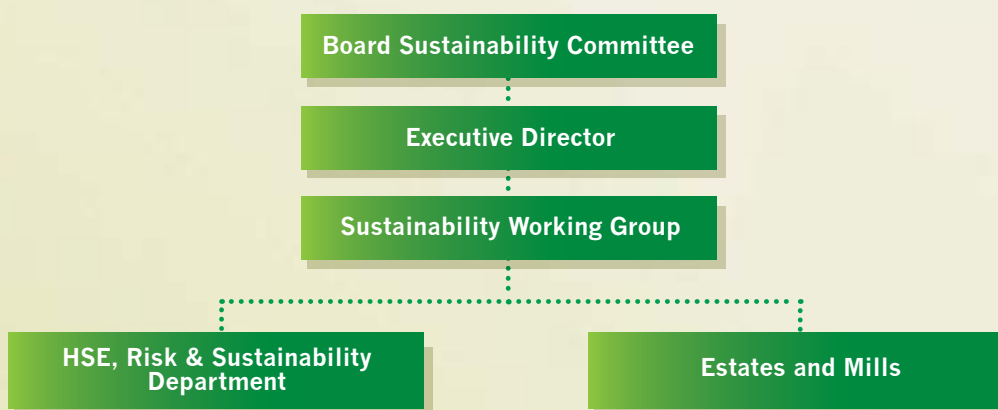
- Provide job opportunities to surrounding communities.
- Provide access road, where reasonably possible.
- Preserve High Conservation Value (HCV) areas for local community's basic needs and traditional cultural identity.

SUSTAINABILITY STATEMENT

2. SUSTAINABILITY GOVERNANCE

The Board takes the lead role on sustainability matters of the Group. The Management led by the Executive Director formulates sustainability strategies and other material matters based on environmental, social and governance matters that impact the Group. The strategies proposed are then further reviewed and endorsed by the Board Sustainability Committee, while the HSE & Sustainability Department together with Estate and Mill Management, both an integral part of the management structure, implement sustainability strategies and programmes.

The rules and practices that govern our sustainability initiatives are built on transparency, fairness and accountability. The principles of good corporate governance are embedded in our policies and procedures to effectively and efficiently fulfil our sustainability responsibilities.



3. MATERIALITY PROCESS

Stakeholder Engagement

We recognise engagement with stakeholders as fundamental to the way we do business. We engage with our stakeholders through multiple channels. Our key stakeholder groups have been identified to include shareholders, employees, customers, local communities, government agencies, suppliers and contractors and certification bodies. Our engagement approach is not only through formal meetings but also informal means such as surveys, websites, social media and market research.

An overview of our engagement activities in current year and issues/concerns raised are listed below:-

Stakeholder	Method of Engagement	Issues/Concerns Raised in 2022	Response to Issues and Outcome
Shareholders	<ul style="list-style-type: none"> Annual General Meetings Corporate website 	<ul style="list-style-type: none"> No issues were raised 	<ul style="list-style-type: none"> N/A
Employees	<ul style="list-style-type: none"> Trainings Monthly Operational Meetings Management Review Events, functions Updates via email and KEREDAS whatsapp group Establishment of HSE Committee at all SPB Operation Unit Quarterly HSE Committee Meeting Annual performance appraisals 	<ul style="list-style-type: none"> Company vision and strategy Operational performance and productivity MSPO audit findings, progress of continuous improvement plans, CSR programmes and trainings Employee rights and well being Remuneration matters 	<ul style="list-style-type: none"> Performance Review Briefing and training on sustainability, health and safety as well as sustainability direction Provide regular updates on operational performance and productivity Monitor issues related to health and safety Organise activities to strengthen the friendship of HQ staff and estates and mills Organise appreciation dinner Feedback from annual performances

SUSTAINABILITY STATEMENT

3. MATERIALITY PROCESS (continued)

Stakeholder Engagement (continued)

Stakeholder	Method of Engagement	Issues/Concerns Raised in 2022	Response to Issues and Outcomes
Local Communities	<ul style="list-style-type: none"> Briefing on Company's policy and related procedure during stakeholder meetings CSR Programmes Regular telephone calls, text messages 	<ul style="list-style-type: none"> Road accessibility Community programme Land-related claims and compensation CSR Environmental impact 	<ul style="list-style-type: none"> Maintain good road conditions Encourage volunteerism and participation in community engagement amongst our employees Help local communities through CSR programmes Conduct assessments such as Social Impact Assessment
Government Agencies	<ul style="list-style-type: none"> Stakeholder meetings Correspondence via emails, letters, etc Support government transformation policies and initiatives 	<ul style="list-style-type: none"> No issues were raised 	<ul style="list-style-type: none"> N/A
Customers	<ul style="list-style-type: none"> Formal and informal briefings and meetings Customer feedback/complaint channel via email Marketing plans via brochures, social media 	<ul style="list-style-type: none"> Product and service quality Health and safety 	<ul style="list-style-type: none"> Provided a channel for customer feedback/complaints Conduct continuous improvement activities towards enhancing customer experience and addressing customer needs
Suppliers and Contractors	<ul style="list-style-type: none"> Contract/agreements Online meetings, emails, telephone calls 	<ul style="list-style-type: none"> Awareness on MSPO Standards, Health, Safety Policy and SOPs Commitment towards MSPO requirements and Anti Bribery and Anti Corruption Policy 	<ul style="list-style-type: none"> Continue training suppliers and contractors on MSPO requirements Commitment to adhere to Company's Anti-Bribery and Anti-Corruption Policy which is embedded into contracts with suppliers and contractors
Certification bodies and consultants	<ul style="list-style-type: none"> Site visits and assessment 	<ul style="list-style-type: none"> Audit and certification Compliance with policies and latest changes in standards 	<ul style="list-style-type: none"> Issue raised in Surveillance Audit findings were resolved and closed Have in place continuous improvement plans

SUSTAINABILITY STATEMENT

4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS

Our Sustainability Agenda - Marketplace, Workplace, Community and Environment

Sustainability is a fundamental aspect of our operations and business strategies. Our main focus is to continuously strengthen our policies and guide to fulfill our sustainability commitments in all aspects of our business.

Marketplace

Responsible Business and Practices

The vision of Sarawak Plantation Berhad (SPB) is to be a fully integrated high performing enterprise with diversified businesses with the mission to maximise stakeholders' values through sustainable development by actively engaging the best business practices.

Anti Bribery and Anti Corruption Policy

SPB's commitment to work against corruption in all its form in its dealings internally, externally and external parties' dealing with it, is embodied in its Anti Bribery and Anti Corruption Policy. In dealings with external parties, the latter has to agree to abide by our Anti Bribery and Anti Corruption Policy. Our definition of corruption includes extortion and bribery. In addition, Employees must not participate in any corrupt activities such as extortion, collusion, breach of trust, abuse of power, trading under influence, embezzlement, fraud or money laundering. Any benefits or gifts must be declared to the immediate superior.

Directors and Employees should avoid or deal appropriately with situations in which personal interest could conflict with obligations or duties. Directors and Employees must not use their position, official working hours, Group's resources and assets for personal gain or to the Group's disadvantage. When confronted with conflict of interest situations, Employees are required to inform their immediate superior immediately and refrain from all discussion, evaluation or considerations relating to the subject matter.

Whistle Blowing Policy

The Board has formulated a whistleblowing policy to provide the avenue for all employees of the Company and members of the public to disclose any unethical or illegal conduct within the Company using proper procedures provided and in a confidential manner without compromising the identity and safety of the employee or any member of the public who reports such allegations. Any report made must be channelled through the procedures as provided under the Company's whistle blowing policy.

Platform for Open Dialogue

The Annual General Meeting (AGM) is the main platform for dialogue and interaction with our shareholders. This platform provides shareholders with an opportunity to openly discuss matters of interest and concerns directly with the Board.

Apart from the AGM, Stakeholders' Meeting with local communities, government agencies, customers, suppliers and contractors are also conducted by estates and mills. The objective is to maintain open and transparent communication and consultation between Stakeholders and the Group on operational matters associated with mill processes and estates operations. With communication and consultation procedures in place, relevant stakeholders will be consulted on matters affecting them and they will have the opportunity to have their views considered on changes that impact them directly or indirectly.

SUSTAINABILITY STATEMENT

4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

Marketplace (continued)

Platform for Open Dialogues



Meeting and Workplace visit with SOCSO



Meeting with Local Communities



Meeting with Jabatan Bomba & Penyelamat



MPOB Smallholder Conference Seminar 2022



SPB Seed Production Unit & Nursery Exhibitions



MSP0 Surveillance Audit via virtual discussions

SUSTAINABILITY STATEMENT

4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

Marketplace (continued)

Malaysian Sustainable Palm Oil (MSPO) Certification

MSPO is a mandatory national sustainability certification scheme for the oil palm industry in Malaysia. It covers the whole supply chain from oil palm plantations to downstream facilities. The estates and mills operations are certified under this national mandatory scheme. In addition, our mills were also certified under the MSPO Supply Chain Certification Standard ("MSPO SCCS") before the mandatory dateline of 1 January 2020. The standard is applicable to the oil palm downstream industry covering management and traceability requirements in the production of the raw materials to processing and manufacturing of palm oil-based products throughout the supply chain. The mills also monitor the progress of MSPO certification of its external FFB suppliers and engage with those who have not initiated the certification process.

We are pleased to announce that all our mills and estates have successfully obtained the MSPO Certificates. In year 2022, there were estates which have merged and become 1 estate.

OPU - MSPO

NIAH PALM OIL MILL	SAWAI (SW)	BAKAU (BK)	MUKAH 1 (M1)
LADANG 3 (LE)	PINJI MEWAH (PM)	BUKUT (BT)	TULAI (TL)
PENINJAU (PE)	KARABUNGAN (KA)	MUKAH 3 (M3)	MELUGU (ML)
SUBIS (SE)	MATADENG (MT)	MUKAH PALM OIL MILL	

MSPO SCCS Certification

NIAH PALM OIL MILL

MUKAH PALM OIL MILL

Commitment to Traceability

We are committed to implementing a fully traceable and transparent supply chain whereby our products can be traced back to its source. For that purpose, SPB has established Standard Operating Procedures (SOP) in 2017 to monitor the traceability of our products and had developed and implemented the "Traceability and Supply Chain Management Procedure". The objectives of the SOP are:

1. To trace the process flow at point where the estate dispatches daily crop production from the field until FFB weighbridge ticket is produced by mill and key-in in the Estate Management System (EMS).
2. Ensure transparent and clear reporting for verifiable operational data that can be directly attributable to mill and estate operation; and
3. To ensure a secure supply chain where there is clear identification of certified products upon leaving the facility. This SOP for supply chain system is to ensure effective implementation of all the requirements.

SUSTAINABILITY STATEMENT

4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

Workplace

Workforce

As an employer, we want to be recognised as diverse and attractive by all, regardless of race, ethnicity or gender. In 2022, our workforce breakdown is as below:

Employees

	Race			Gender	
	Malay	Chinese	Dayak	Male	Female
2021	34%	15%	51%	70%	30%
2022	34%	15%	51%	71%	29%

Number of Women in Board/Management Positions

	Malay	Chinese	Dayak	Male	Female
(a) Board of Directors					
2021	1	-	-	86%	14%
2022	1	-	-	86%	14%
(b) Management					
2021	1	2	-	40%	60%
2022	1	2	-	40%	60%
(c) Executive					
2021	4	7	6	80%	20%
2022	4	7	5	83%	17%

Diversity and Equal Opportunities

With regard to diversity and inclusivity, SPB is committed to ensure equal opportunities are given to all employees irrespective of their gender, age, racial, religious, disabilities, socio-economic background or nationality. We consistently nurture the development of our human capital by fostering an inclusive culture and promoting cultural diversity as well as having active employee engagements. The Group does not tolerate any form of discrimination or harassment. At SPB, our employment policies and practices are inclusive and do not discriminate on the basis of gender, age, sex and ethnicity. We also promote transparency between management and our employees through various open communication channels that strengthen inter-personal relationships in the workplace.

SUSTAINABILITY STATEMENT

4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

Workplace (continued)

Occupational Safety and Health

SPB adopts a proactive approach towards the prevention of accidents with programmes and tailor made activities conducted throughout the year to raise awareness on occupational safety and health. Employees' welfare and rights as well as the provision of a safe and healthy workplace are of key importance in every aspect of our operations. SPB's Safety and Health policy and procedures endeavours to safeguard our employees, customers, visitors and other relevant stakeholders against any unforeseen health and safety concerns. Composition of the Company's Safety and Health Committees is in compliance with the requirements of Malaysian laws. The said committees have representatives from both management and non-management employees. Health and Safety is always the top priority for the Company and it is the target of the Company to ensure "Zero Harm to People, Asset and to Environment". We remain focused on safety leadership and strategies targeting risk reduction as we value the lives and wellbeing of our employees, contractors, visitors and local communities throughout our operations.



Occupational Safety and Health Committee Meeting in progress



Occupational Safety and Health Workplace Audit with Department of Occupational Safety and Health (DOSH)

SPB HSE Department continuously reviews the system that is in place, and if necessary, new measures are introduced to improve conditions of work safety and/or minimise workplace accidents. SPB HSE Department also carries out joint workplace audit with the Department of Occupational Safety and Health (DOSH) to ensure all the Company's operations comply and implement the statutory requirements.

SUSTAINABILITY STATEMENT

4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

Workplace (continued)

Occupational Safety and Health (continued)

To enhance our safety at workplace, our employees are also given awareness training on safe practices and preventive skills from time to time. Training schedules are reviewed by our HSE Department on a regular basis. HSE trainings attended by workers and staff in year 2022 are as highlighted below:

Name of training	Content of training	Frequency of training	Attended by
Awareness of Company policies and objectives (Safety and Health Policy)	Communicated and implemented Safety and Health Policy	Once/year or new employment	Staff and workers
Awareness of Health, Safety and Environmental SOP	All HSE SOP/ Safe Working Practice	Once/year or any changes/new employment	Staff and workers
Basic First Aid and its inventory management	Basic First Aid and its inventory management	Once/year	Staff and workers
Hazard Identification, Risk Assessment and Risk Control Awareness	All Hazard Identification, Risk Assessment and Risk Control by work activity	Once/year or any changes/new employment	Staff and workers
Accident Investigation and Emergency Response	Accident investigation and response during emergency	Once/year or any changes/new employment	HSE Committee and Emergency Response Team

To create safe and healthy work conditions, SPB places great importance on the ability and capacity of our employees to respond to workplace incidents. This includes ensuring all our workers have basic emergency response knowledge. All our workers must understand that safety is everyone's responsibility, which includes being able to assist the people around them.



Emergency Response training with BOMBA

SUSTAINABILITY STATEMENT

4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

Workplace (continued)

Occupational Safety and Health (continued)



Basic Occupational First Aid Training with Red Crescent Malaysia

In our effort to assist our staff perform their job more effectively and efficiently thereby improving our Company's performance, in-house and outsourced trainings are arranged for our staff throughout the year. In-house trainings were conducted for Field Supervisors, Division In-Charges and other staffs from the support and service departments. These trainings were conducted at our SP Training Centre, Miri and at the estates. The objective of the trainings was to develop participants' competency level in operation and supervision of estates. The theory portion of the lessons were conducted at SP Training Center while the practical aspects through field visits to various estates at the northern region. At the end of the training sessions, the participants were assessed to determine their competency level and the effectiveness of the training programme.



Field Supervisor - Field and In-House Trainings

SUSTAINABILITY STATEMENT

4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

Workplace (continued)

Human Resource

To foster closer relationship between staff members from Operation and Support Services from HQ and as well as to encourage a healthy lifestyle, improve communication, morale, motivation, productivity and creating better relationships among SPB employees, SPB organised Field Day Programmes and social activities such as team building, loose fruit collecting, weeding, fronds stacking, sports day, hash run, annual dinner, etc. These activities keep employees energized, knitted closely and create a healthy working environment. All the team were rewarded with a token of appreciation by the Management for their effort and participation in these events.



Field Day Programme - Work out before field activity



Field Day Programme at Peninjau Estate



Gotong - royong activities

SUSTAINABILITY STATEMENT

4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

Workplace (continued)

Human Resource (continued)



Bowling and Football Friendly Tournament between HQ & Estates/Mills



Annual Dinner December 2022

SUSTAINABILITY STATEMENT

4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

Workplace (continued)

Human Resource (continued)



Annual Dinner Committee - Collaboration between HQ, Mill & Northern Region Management and Staff

Community Investment

On the social front, the Company conducts socialisation exercises to promote sustainable practices especially for those surrounding our operation. This socialisation exercise includes the management of human-wildlife conflict, creating awareness of the importance of no hunting or poaching of endangered wildlife animals and plants, the prevention of forest fires and the avoidance of use of fires in their agricultural practices. As a socially responsible company, SPB makes regular charitable donations to local communities, schools, foundations, associations and government agencies.



Donation to Schools and Pusat Kebajikan (Peryatim)

SUSTAINABILITY STATEMENT

4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

Community Investment



Donation to BOMBA in conjunction with BOMBA charity event for Persatuan Orang Kurang Upaya Fikial (POKUFM), Miri.

Festivals are times for celebration, as well as remembering the underprivileged and marginalised communities. The Group celebrates the main festivals with these communities by distributing festive goodies and fulfilling some of their wishes.



Festive goodies distribution

SUSTAINABILITY STATEMENT

4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

Environmental, Natural Resources, Biodiversity & Ecosystem

Policy

SPB is committed to protect the ecosystems and biodiversity in its operations and the surrounding landscapes. SPB has an Environmental and Biodiversity Policy which emphasises its commitment to protect biodiversity and minimise environmental footprints, through the following:

- Complying with all relevant legal requirements with respect to environmental preservation;
- Adopting good agricultural and manufacturing practices;
- Committing to adopt best practices in plantation development such as zero burning and protection of the environment in and around its plantations;
- Committing to employ best agricultural practices to maintain soil fertility, control erosion or degradation;
- Giving full commitment to preventing environmental pollution;
- Preserving the natural biodiversity and ecosystem habitats of flora and fauna;
- Informing and promoting environmental awareness to all stakeholders and nearby communities and encourage their participation in the process.

Environment Management

All activities which contribute to pollution of the environment have been identified and assessed. Management plans in line with legal requirements have been established to mitigate adverse environmental impacts in all operating units.

Monitor and Control All Polluting Activities



Appointed consultant carrying out sampling for Quarterly Environmental Monitoring Report

The management plan monitored the polluting activities in all operating units that could affect the environment and those which promote beneficial impacts. Training programmes were conducted in each operating unit to ensure all employees understand the policy and plans.

Compliance to Legal Requirement Report

In line with SPB's commitment to protect the environment, a registered consultant was appointed to carry out assessment on compliance with Environmental Legal Requirements in all operating units. Mitigation plans were implemented as an internal periodical monitoring programme to maintain compliance with the legal requirement.



Training and briefing programme carried out in operating unit

SUSTAINABILITY STATEMENT

4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

Environmental, Natural Resources, Biodiversity & Ecosystem (continued)

Waste Management & Disposal

All waste products and sources of pollution have been identified and documented through the management plan. The purpose of the plan is to prevent (where possible) and minimise pollution in all operating units. Scheduled waste generated in each operation unit are stored in a designated area and all requirement enforced in the Scheduled Waste Regulation are strictly monitored and complied with. All municipal waste generated within the operation unit are handled according to established standard operating procedures and waste management plans. Other related legal requirements enforced by the Local Authority on waste management are strictly observed. The operating units practice disposal of municipal waste in designated dumping pits which are managed according to established standard operating procedures.

In contributing to the national commitment for climate change, the source of emission and the consumption of non-renewable energy in both estates and mills are recorded and monitored. We are committed to manage and reduce non-renewable energy usage and optimise the consumption of renewable energy to minimise the impact of our operations' activities on climate change.



Designated Scheduled Waste store



Designated Dumping site for municipal waste

SUSTAINABILITY STATEMENT

4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

Environmental, Natural Resources, Biodiversity & Ecosystem (continued)

Water Recourse and Water Quality Monitoring

Water management plans have been established and implemented to maintain the quality and availability of water resources. The assessment of outgoing water quality is conducted periodically in both oil palm estates and palm oil mills by the authorised consultant as part of the Company's commitment towards minimising the pollution in the natural water sources.

We also continuously maintain the riparian buffer zone and protect it from any chemical activities such as manuring and spraying. As part of our efforts to conserve water resources and minimise wastage, we have in place a programme where water tanks are provided in workers' housing area for rain water harvesting. This is beneficial especially during prolonged dry weather.



Water quality monitoring by appointed consultant



Rain harvesting practices at workers' residence

SUSTAINABILITY STATEMENT

4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

Environmental, Natural Resources, Biodiversity & Ecosystem (continued)

Prohibition against Open Burning

The use of fire for waste disposal activities is strictly prohibited in all operating units. The prohibition is a legal requirement and also a MSPO standard needed in all plantation activities, including replanting activities within the estates.

In replanting activities which involve land clearing, the trunks and fronds are chipped and stacked in the field and left to decompose providing additional nutrients for new plants. This will contribute to soil fertility, reduce agrochemical usage and also helps to reduce greenhouse gas emissions and air pollutions.



Practice of felling, chipping and stacking implemented in replanting areas



Environmental Conservation & Protection

The identification and protection of species or habitat of High Conservation Value (HCV) are strictly monitored. Any legal requirement relating to the protection of the species are observed and complied with. SPB strictly prohibits any illegal hunting activities. Instead it encourages maintaining and enrichment of the riparian buffer zone to help sustain wild life population of rare, treated or endangered species in and around its operating units.

Towards Improvement of Sustainability Commitment

SPB continues to pledge its commitment towards operating in a way that creates sustainable growth and development. Preservation of environmental, social and economic values are rudimentary for society and important for our long-term value creation. We will embrace vigorously our policies on environment, labour, human rights and anti-corruption believing that these are fundamental elements towards sustainable economic growth and development.

AUDIT COMMITTEE'S REPORT

The Board of Sarawak Plantation Berhad is pleased to present the Audit Committee's ("the Committee") Report for the financial year ended 31 December 2022.

1. MEMBERS AND MEETINGS

The Committee Members during the financial year are as follows:-

No.	Name	Status of Directorship	Independent	Appointment/Resignation
1	Datu Haji Soedirman bin Haji Aini	Chairman - Independent Non Executive Director	Yes	Appointed on 27 March 2019
2	Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired)	Member - Independent Non Executive Director	Yes	Appointed on 27 March 2019
3	Dato Chia Chu Fatt	Member - Independent Non Executive Director	Yes	Appointed on 13 August 2021

During the financial year, the Committee conducted 7 meetings. The details are as follows:-

No.	Name	No. of Meetings Attended	Attendance
1	Datu Haji Soedirman bin Haji Aini	7/7	100%
2	Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired)	7/7	100%
3	Dato Chia Chu Fatt	7/7	100%

The Group's internal and external auditors and certain members of the Key Management Personnel attended the meetings by invitation during the financial year.

The details of the Committee Members' profiles are found in the Board of Directors section of this Annual Report.

AUDIT COMMITTEE'S REPORT

2. SUMMARY OF WORK

The primary purpose of the Committee is to provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations.

In addition, the Committee is authorized to carry out duties as mentioned below and has unrestricted access to all of the Group's records, properties and personnel to enable it to discharge its duties.

The summary of work carried out by the Committee included the following:

i. Financial Reporting and Compliance Statements

- Reviewed the quarterly results and annual financial statements of the Group and recommended the same to the Board for approval.

ii. Internal Control and Statutory Compliance

- Evaluated existing policies, established audit quality and ensured compliance with the Group's policies;
- Provided assurance that the Group's goal and objectives were achieved and assets were safeguarded;
- Ensured that proper processes and procedures were in place to comply with all laws, regulations and rules established by relevant regulatory bodies;
- Reviewed related party transactions and conflict of interest situations that could have arisen within the Group including any transactions, procedures or course of conduct that raises questions of management integrity.

iii. Internal Audit

- Ensured internal audit has unrestricted scope and access to information to enable it to fulfil its mandate;
- Ensured there is open communication between different functions as part of its internal audit plan;
- Ensured that the internal audit function is equipped to perform in accordance with appropriate professional standards for internal auditors;
- Approved the risk-based internal audit plan;
- Approved the internal audit budget and resource plan;
- Received communications from the Internal Audit Manager on the internal audit activity's performance, its plan and other matters;
- Evaluated and appraised the performance of the Internal Audit Manager;
- Made inquiries of the Management and the Internal Audit Manager to determine appropriateness of audit scope and ensured adequacy of resources;
- Ensured the internal audit activity was free from interference in determining the scope of internal auditing, performing work and communicating results.

iv. External Audit

- Reviewed the findings of the external auditors in relation to audit and accounting issues which arose from the audit and updates of new developments on accounting standards issued by the Malaysian Accounting Standard Board (MASB);
- Met independently with the external auditors.

AUDIT COMMITTEE'S REPORT

3. INTERNAL AUDIT FUNCTION

The Group has an internal audit function whose primary responsibility is to undertake regular and systematic reviews of the system of internal control so as to provide reasonable assurance that this system continues to operate satisfactorily and effectively within the Group. The internal audit function adopts a risk-based audit methodology which is aligned with the risks of the Group to ensure that relevant controls addressing those risks are reviewed on a rotational basis.

The activities carried out by the internal audit include, amongst others:

- Reviewed the adequacy of risk management and the system of internal control for effectiveness and efficiency;
- Assessed compliance with established rules, guidelines, law and regulations;
- Reviewed the reliability and integrity of information and means of safeguarding assets.

The Internal Audit Manager is responsible for the organisational independence of the internal audit activity. The Internal Audit Manager reports directly to the Board Audit Committee.

The total costs incurred for the Group's internal audit function in respect of the financial year ended 31 December 2022 amounted to RM352,652.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors remains committed to maintaining high standards of good corporate governance practices in the discharge of its duties and responsibilities towards the Company and its shareholders. The Board believes that good governance practices protect and enhance shareholders' value and financial performance of the Company. It also provides sustainability to the business.

This Overview Statement conveys how the Company has put in practice the principles and practices issued under the Malaysian Code of Corporate Governance (as at 28 April 2021) (the Code) in respect of the financial year ended 31 December 2022. The Board will constantly review its conduct, processes and procedures in order to adhere to the Code.

The details of how the Code was applied during the financial year under review are set out in the Corporate Governance Report and is published on the Company's website at www.spbgroup.com.my.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is collectively responsible for the overall governance of the Group. It sets the vision and the strategies of the Company to achieve long term success and ultimately enhance shareholders' value and investors' confidence but without compromising good corporate governance practices.

To achieve the above, the Board sets the framework within which the Group shall operate, in particular, the areas of corporate governance, anti corruption, sustainability, internal controls, risk management, succession planning, business and investment strategies. The Board converges its diverse expertise and experience to render advice and mentoring to the Company to realise its visions and strategies.

With 26 years of experience, the Chairman of the Board is well versed in the oil palm sector. Hence, he is well qualified to lead the Board in the vision, strategic direction and business development of the Company. Hand in hand with independent directors of differing background on board, he can also be guided by their knowledge thus providing balance in the decision making process of the Board.

The Chairman is also the driver of the good governance practices within the Board and the Group. The Chairman ensures that information received by the Directors are complete, accurate and timely so that decisions made are based on the right premise.

The Chairman presides over every board meeting and ensures that the directors' opinions are heard. He allows sufficient time for each agenda to be deliberated and provides every director opportunity to actively participate in all discussions.

In line with good corporate governance practices, the Chairman has never been a member of the Audit Committee, Nomination Committee or the Remuneration Committee. In this manner, the possibility of self review is negated. Further it promotes check and balance as well as objectivity at the Board level when reviewing and deliberating observations and recommendations from these committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I. Board Responsibilities (continued)

As part of the governance structure of the Company, the following Board Committees are in place:

- a. Board Audit Committee;
- b. Nomination Committee;
- c. Remuneration Committee;
- d. Risk Management Committee; and
- e. Board Sustainability Committee.

These committees review matters within their terms of reference but the ultimate responsibility for the final decision rests with the Board.

The positions of the Chairman and the Executive Director / Chief Executive Officer are held by 2 different individuals with clear delineation of duties.

While the Board sets the policies and strategies, the implementation and management of the day to day administration and operation of the Group is delegated to the Executive Director and the Key Management Personnel. The Executive Director and the Key Management Personnel carry out the directives of the Board but are subject to the control of the Board.

In year 2022, physical visits to the estates and mills by the Executive Director and Key Management Personnel resumed and were in full swing. Virtual meetings continued to be employed in cases where urgent issues arise and need to be addressed quickly. Certain meetings where a physical presence on the ground is not imperative, continue to be held virtually. The Covid-19 restrictions imposed on us for the past 2 years have taught us that some types of meeting are more time and cost effective when held virtually.

The Company has in place a Code of Ethics which sets the standard of acceptable behavior in the Company. The Company also has in place a Corporate Disclosure Policy which governs dissemination of confidential information and how confidentiality of such information is to be maintained and safeguarded. To further enhance good governance, the Fit and Proper Policy, the Anti Bribery and Anti Corruption Policy, Whistle Blowing Policy, Safety and Health Policy, Environmental and Biodiversity Policy, Social Policy, Sustainability and Succession Planning Policy have also been established.

Sustainable practices are inherent across all segments of the business operations of the Group, particularly at the estates and the mills. The Management Discussion and Analysis section and the Sustainability Statement set out in this Annual Report give further details on the Group's sustainability practices.

The Board is supported by a suitably qualified and competent Company Secretary who is also legally qualified. Apart from the administrative job scope of a Company Secretary, she also provides the Board with guidance on matters relating to good corporate governance practices, eg. disclosures, compliance, accountability and transparency.

The Company Secretary also attends all Board and Board Committee meetings and takes the minutes of these meetings. These minutes are circulated to the directors on the same day as the day the meetings are held.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I. Board Responsibilities (continued)

The Directors have attended the following trainings in order to better equip themselves to execute their duties and responsibilities:

Name of Director	Brief Description of Training
Datuk Amar Abdul Hamed bin Sepawi	- None attended due to exigencies of work
Dato Wong Kuo Hea	- Virtual Briefing on Economic and Monetary Review 2021 - Compliance With Listing Requirements - Reporting of Financial Statements
Hasmawati binti Sapawi	- Virtual Briefing on Economic and Monetary Review 2021 - Developing Malaysia's Roadmap to Net Zero
Datu Haji Soedirman bin Haji Aini	- Risk Based Internal Audit Programme - Virtual MIA International Accountants Conference 2022 - Global Muslim Business Forum 2022 : The Rise of the Global Islamic Economy : Refocussing, Resetting and Recovering in the Post Endemic Era - How the Audit Committees and Auditors can work together towards reliable audited financial statements
Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired)	- Virtual Briefing on Economic and Monetary Review 2021 - Developing Malaysia's Roadmap to Net Zero - Risk Based Internal Audit Programme - Global Muslim Business Forum 2022 : The Rise of the Global Islamic Economy : Refocussing, Resetting and Recovering in the Post Endemic Era - How the Audit Committees and Auditors can work together towards reliable audited financial statements - 2022 MFRS Updates Seminar
Dato Chia Chu Fatt	- ESG Oversight for Boards - Risk Based Internal Audit Programme - How the Audit Committees and Auditors can work together towards reliable audited financial statements
Dato Awang Bemei bin Awang Ali Basah	- 2022 MFRS Updates Seminar - TCDF 101 - Introduction to Climate related Financial Disclosures - TCDF 102 - Building Experience and Expertise on Climate related Financial Disclosures

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II. Board Composition

The Board is comfortable with its size and level of effectiveness with at least half the Board comprising of independent directors. The diverse background of the 7 members on Board gives it a right mix of skills, knowledge, experience and independence to maintain the Company on a competitive edge. The profile of each of the Directors is set out in this Annual Report.

The different background of the directors allows various perspectives of any proposal put before the Board to be adequately considered thus leading to a balanced decision. Even where the discussions are on review of financial and operational information or progress reports, the diversity of expertise will make the decisions made better thought through.

The Board is aware that the Code prescribes that the tenure of an independent director must not exceed a cumulative term limit of 9 years.

The Board Charter stated that the tenure of an independent director may not exceed a cumulative term of 9 years. Upon completion of the 9 years, if an independent director continues to serve on the Board, it will be in the capacity of a non-independent director. If the Board intends to retain an independent director beyond 9 years, it will justify and seek annual shareholders' approval, through a 2 tier voting process.

The Directors have also shown their commitment to carry out their fiduciary duties and their duty to use reasonable care, skill and diligence towards the Company in their attendance and active participations at Board Meetings throughout the year in review.

Below shows the details of the attendance of all the directors at Board Meetings held in 2022:

Name of Director	Designation	Meetings Attended	
		Number	(%)
Datuk Amar Abdul Hamed bin Sepawi	Executive Chairman	3/5	60
Dato Wong Kuo Hea	Executive Director	5/5	100
Hasmawati binti Sapawi	Non Independent Non Executive Director	5/5	100
Datu Haji Soedirman bin Haji Aini	Independent Non Executive Director	5/5	100
Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired)	Independent Non Executive Director	5/5	100
Dato Chia Chu Fatt	Independent Non Executive Director	5/5	100
Dato Awang Bemee bin Awang Ali Basah	Independent Non Executive Director	5/5	100

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II. Board Composition (continued)

Members of the Board and Key Management Personnel are appointed after thorough assessment by the Nomination Committee through a formal and transparent process. For appointment and re-appointment of Directors, the Nomination Committee is also guided by the criteria set out in the Fit and Proper Policy which is found on the Company's website. The Nomination Committee will then make its recommendation to the Board on the suitability of the candidates and the Board will have the final say in the appointment of the candidate.

In assessing a potential candidate, the Nomination Committee will take the following factors into account:

- a. Skills, knowledge, expertise and experience;
- b. Professionalism;
- c. Character and Integrity;
- d. Time and Commitment;
- e. Potential to contribute to achieve the Company's goal and objectives; and
- e. Where candidates are to be appointed as Independent Non Executive Directors, the Nomination Committee will also assess the candidates' ability to discharge his/her responsibilities as required of an Independent Non Executive Director.

As a potential candidate must possess the above qualities, the Board has not established a formal policy on gender, ethnicity and age group thus far. The Board believes that gender ethnicity and age group diversity should be balanced with meritocracy of the potential candidate. Hence, the Board believes that the Group is not disadvantaged in any manner without this policy as it is committed to provide fair and equal opportunities to all.

The Nomination Committee comprises exclusively of non executive directors, the majority of whom are independent. They are:

- a. Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired) (Chairman);
- b. Datu Haji Soedirman bin Haji Aini (Member); and
- c. Hasmawati binti Sapawi (Member).

The Terms of Reference of the Nomination Committee are found on the Company's website.

In the year under review, the activities of the Nomination Committee included the following:

- (a) Pursuant to the amendments to the Main Market Listing Requirements, the Fit and Proper Policy was drafted. After due review by the Nomination Committee, it was proposed for adoption by the Board. Read together with the Board Charter, the Fit and Proper Policy sets out the criteria to guide the Board and the Nomination Committee when carrying out assessment of candidates for new appointment or re-appointment as a Director.

The Fit and Proper Policy is published on the Company's website.

- (b) Formal assessment of the contribution of each Director and that of the Chairman. When deliberating on the performance of an individual Director as a Director, that Director who also happens to be a member of the Nomination Committee will abstain from all discussions. The areas where Directors are assessed include character and integrity, commitment and preparedness, skill and competence. Independent Directors are also assessed on their ability to exercise independent judgement.

The results of the assessment are made available to the Board. The Nomination Committee also gave its recommendation on Directors who are seeking re-election under Article 91 of the Company's Constitution at the forthcoming Annual General Meeting of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II. Board Composition (continued)

- (c) Formal assessment of the Board's effectiveness as a whole and that of the various Board Committees. The performance of each Board Committee was also evaluated. When deliberating on the performance of an individual Director as a Member of a particular Board Committee, that Director who also happens to be a member of the Nomination Committee will abstain from all discussions. The criteria used by the Nomination Committee in this assessment include mix of skills and expertise, decision making process and how the Board / Board Committee relates to the Management.
- (d) Evaluated whether the Independent Directors continue to be able to exercise independent judgement without being unduly influenced. The Nomination Committee satisfied itself that all the Independent Directors continue to be able to discharge their duties satisfactorily. As is the standard requirement, when the conduct of the evaluation of an Independent Director who is also a member of the Nomination Committee is carried out, that Independent Director concerned will abstain from all deliberations.

III. Remuneration

The Remuneration Committee has in place remuneration policies which attract, maintain and retain a set of Directors and Key Management Personnel of requisite caliber to move the Company towards greater prospects and growth.

The Remuneration Committee comprises a majority of independent directors. They are:

- a. Dato Awang Bemee bin Awang Ali Basah (Chairman);
- b. Datu Haji Soedirman bin Haji Aini (Member);
- c. Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired) (Member); and
- d. Dato Wong Kuo Hea (Member).

The Terms of Reference of the Remuneration Committee are found on the Company's website.

In the year under review, the activities of the Remuneration Committee included the following:

- a. Reviewed the remuneration of the Executive Directors and the Key Management Personnel.

The details of the Company's directors' remuneration received during the year are disclosed in the CG Report for financial year ended 31 December 2022.

The Company's directors' remuneration was approved by the shareholders at the 25th Annual General Meeting of the Company held on 27 May 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee was established on 11 November 2000. It is chaired by an Independent Director, Datu Haji Soedirman bin Haji Aini.

The Audit Committee comprises exclusively of independent directors, namely:

- a. Datu Haji Soedirman bin Haji Aini (Chairman);
- b. Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired) (Member); and
- c. Dato Chia Chu Fatt (Member).

It is an established practice of the Audit Committee not to appoint a former audit partner or any former consultants, for that matter, who have been auditing the Company's financial statements or advising the Company, as a member of the Audit Committee or on boarded as an independent director unless a 3 years' cooling off period has been observed.

More details on the activities of the Audit Committee can be found in the Audit Committee's Report as set out in this Annual Report. The Terms of Reference of the Audit Committee are found on the Company's Website.

II. Risk Management and Internal Control Framework

The Risk Management Committee was established on 1 May 2007. It forms an integral part of the effective management of the Company and it seeks to identify and address risk areas which include business, corruption, business continuity, environment, human capital, safety, security, operation and sustainability of the Company with the aim of preventing, where possible, and mitigating these risks.

The Risk Management Committee comprises 4 directors, namely:

- a. Dato Chia Chu Fatt (Chairman);
- b. Datu Haji Soedirman bin Haji Aini (Member);
- c. Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired) (Member); and
- d. Datuk Amar Abdul Hamed bin Sepawi (Member).

The Risk Management Committee met once during the year to review the Group's risk profile. It paid close attention to risk areas like corruption, ESG and business continuity.

The Board confirms that its risk management and internal control system are operationally adequate and effective throughout the year under review and up to the date of this Annual Report.

The Terms of Reference of the Risk Management Committee are found on the Company's website. Features of the Company's risk management and internal control framework and the adequacy and effectiveness of this framework are described in the Statement on Risk Management and Internal Control as set out in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

I. Communication with Stakeholders

Recognizing the importance of keeping the investing community up to speed with the developments in the Company through effective communication, the Company chooses various forums to engage with its stakeholders. These include physical meetings, online discussions, announcements through Bursa Link and disclosures on the Company's website.

Further the investing community, comprising individuals, analysts, fund managers and other stakeholders also engage with the Company's representatives on a regular basis through visits to the operating units, telephone calls or other online platforms. This enables the investors to get a balanced understanding of the main issues and concerns affecting the Company. Such discussions are restricted to matters that are already in the public domain.

Whilst the Company endeavours to provide as much information as possible to its stakeholders, it is also conscious of the legal and regulatory framework governing the release of material and price sensitive information within which it must abide.

II. Conduct of General Meetings

The Annual General Meeting is one of the various means used by the Board to disseminate information on major corporate developments and events and also a forum for open and candid discussions with the shareholders.

Ample opportunities are given to shareholders including their proxies to address their queries and concerns to the Chairman, any Directors and also the Key Management Personnel. Before proceeding with the first resolution in the Agenda, the Chairman will always address questions which have been sent in earlier by the shareholders and thereafter open the time for open engagement with shareholders present at the meeting. Shareholders are encouraged not only to pose questions involving the Company's financial and non financial and long term strategies but also to share their views and opinions on the current position and future path of the Company for the Board and Key Management Personnel's consideration.

It has been the practice of the Company to give more than 21 days' notice to its shareholders before its Annual General Meeting is held. Since the 21st Annual General Meeting held in 2018, at least 28 days of notice had been given.

The Company's Annual General Meetings have also always been held at easily accessible venues for the convenience of the shareholders.

Since the 24th Annual General Meeting held on 13 August 2021, the minutes of the Annual General Meeting have been posted on the Company's website within 30 business days after the date of the Annual General Meeting.

This Statement was approved by the Board of Directors on 24 March 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement is made pursuant to the Listing Requirements of Bursa Malaysia and is guided by the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITIES

The Board acknowledges its responsibility towards the Group to maintain a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets. The Board is responsible for reviewing the adequacy and effectiveness of risk management and the system of internal control. A sound risk management and internal control system includes the establishment of an appropriate control environment and framework, encompassing financial, operational and compliance controls and management of risks throughout its operations.

Due to limitations inherent in any risk management and internal control system, the Group's system is designed to manage and mitigate risks that may impede the Group's achievements of its objectives rather than eliminate these risks. Accordingly, the system of risk management and internal control can only provide reasonable but not absolute assurance against any material misstatement or loss arising from the possibility of poor judgment in decision making, management overriding controls, loss and the occurrence of unforeseeable circumstances. The concept of reasonable assurance also recognises that the cost of control procedures should not exceed the expected benefits.

The Group has in place a risk management framework which is an ongoing process for identifying, evaluating and managing the risks faced by the Group in its achievement of objectives and strategies.

RISK MANAGEMENT

The Board regards risk management as an integral part of effective management of the business and operation of the Group which can directly affect its ability to implement its strategies and achieve its objectives.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee, comprise solely of representatives from the Board, assists the Board in strengthening and monitoring the risk management practices of the Group.

RISK MANAGEMENT POLICY & FRAMEWORK

The Group established its Risk Management Policy and Framework in 2008. The Group's approved Risk Management Policy and Framework outline the policies and procedures for implementing, reviewing, evaluating and monitoring the risk profile of the Group.

The approved Risk Register consists of identified risks, strategies, controls and management actions in addressing such risks, which include examining the business and operational risks in critical areas, potential impacts and identifying measures and time frame to mitigate those risks.

The Group's Risk Management Policy and Framework are applied and implemented in the routine day to day processes at all levels of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROLS

The Group's internal control system encompasses the following:-

- **Authority and Responsibilities**

There is a defined organisation structure with clearly established responsibilities and delegation of authority for the Management and Board Committees.

- **Policies and Procedures**

There are Standard Operating Policies and Procedures setting out the operating controls pertaining to plantation, mill operation, health and safety, finance, human resource, marketing, information technology, administration, procurement, anti-bribery and corruption and internal audit. These are reviewed and updated to reflect changes in the business environment and legal requirements.

- **Planning, Monitoring and Reporting**

Annual detailed budgeting is carried out whereby operating units prepare their budgets and business plans for consolidation and review by the Management.

The consolidated management budget is thereafter aligned to the corporate objectives and strategies of the Group and presented to the Board for deliberation and approval.

The Management held monthly operational meetings and field visits to estates and mills accompanied by Departmental Heads. At these meetings and visits, key operational issues are highlighted and reviewed. Decisions are given and swift execution of those decisions are carried out as the relevant Departmental Head is present to receive the instructions.

In addition, monthly financial meetings continued to be conducted to review and analyse the Group's financial performance.

INTERNAL AUDIT AND BOARD AUDIT COMMITTEE

The Internal Audit Department reports directly to the Board Audit Committee on the results of works carried out in accordance with its Audit Plan as approved by the Board Audit Committee on a quarterly basis or at additional meetings when they are convened. The internal audit function performs periodic reviews on critical business processes to identify any significant risks, non-compliance to the existing Standard Operating Policies and Procedures, assess the effectiveness and adequacy of the system of internal control and where necessary, recommends areas for improvement. The operational audit function is handled by the Operational Audit Department which reports directly to the Chief Operating Officer.

The Board Audit Committee receives reports from both internal and external auditors. The Audit Committee reviews the reports and holds discussion with the Management on the actions taken on identified internal control issues. Deliberations and recommendations by the Board Audit Committee are presented to the Board at the latter's scheduled meetings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONCLUSION

The Board confirms that its risk management and internal control system are operationally adequate and effective throughout the year under review and up to the date of approval of the Annual Report.

In addition, the Board remains committed towards operating an effective risk management framework and a sound system of internal control and recognises that these must continuously evolve to support the type of business and size of operations of the Group. As such, the Board, in striving for continuous improvement will put in place proper action plans, when necessary, to further enhance the Group's system of risk management and internal control.

The Group's system of risk management and internal control applies to the Company and its subsidiaries.

The Board has received assurance from the Executive Director, the Chief Operating Officer and the Chief Financial Officer that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk framework adopted by the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2022 and reported to the Board that nothing has come to their attention that caused them to believe that the statement to be included in the annual report of the Group, in all material respects:

- (a) Has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers; or
- (b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This Statement was approved by the Board of Directors on 24 March 2023.