

SARAWAK PLANTATION BERHAD

Registration No. 199701025877 (451377-P)
Incorporated in Malaysia



**INTEGRITY DRIVEN
SUSTAINABILITY
FOCUSED**

**ANNUAL REPORT
2023**



Cover Rationale



The cover features our emblematic logo. The Company navigated challenges with transparency, embraced sustainability and remained laser-focused on its strategic goals.

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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, laboratory services, 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 42,182 hectares (“ha”), with a total plantable area of 35,400 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 operations 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

Datu Hasmawati binti Sapawi

Independent Non-Executive Directors

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
Email: is.enquiry@my.tricorglobal.com

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	2023	2022	2021	2020	2019
Revenue (RM'000)	570,677	710,912	790,524	465,750	347,528
Profit before tax (RM'000)	87,443	134,213	168,391	83,055	28,409
Profit attributable to owners of the Company (RM'000)	64,443	96,713	127,826	61,421	20,918
Total assets (RM'000)	954,664	950,677	974,683	878,007	833,996
Net assets (RM'000)	748,541	712,002	671,095	585,124	552,033
Total equity attributable to owners of the Company (RM'000)	748,541	712,002	671,095	585,124	552,033
Total number of shares ('000)	280,000	280,000	280,000	280,000	280,000
Net assets per share (RM)	2.68	2.55	2.40	2.09	1.97
Basic earnings per share (sen)	23.1	34.7	45.8	22.0	7.5
Dividend per share (sen)	10.0	15.0	20.0	10.0	5.0
Gearing (%)	1	2	10	18	22

CORPORATE STRUCTURE

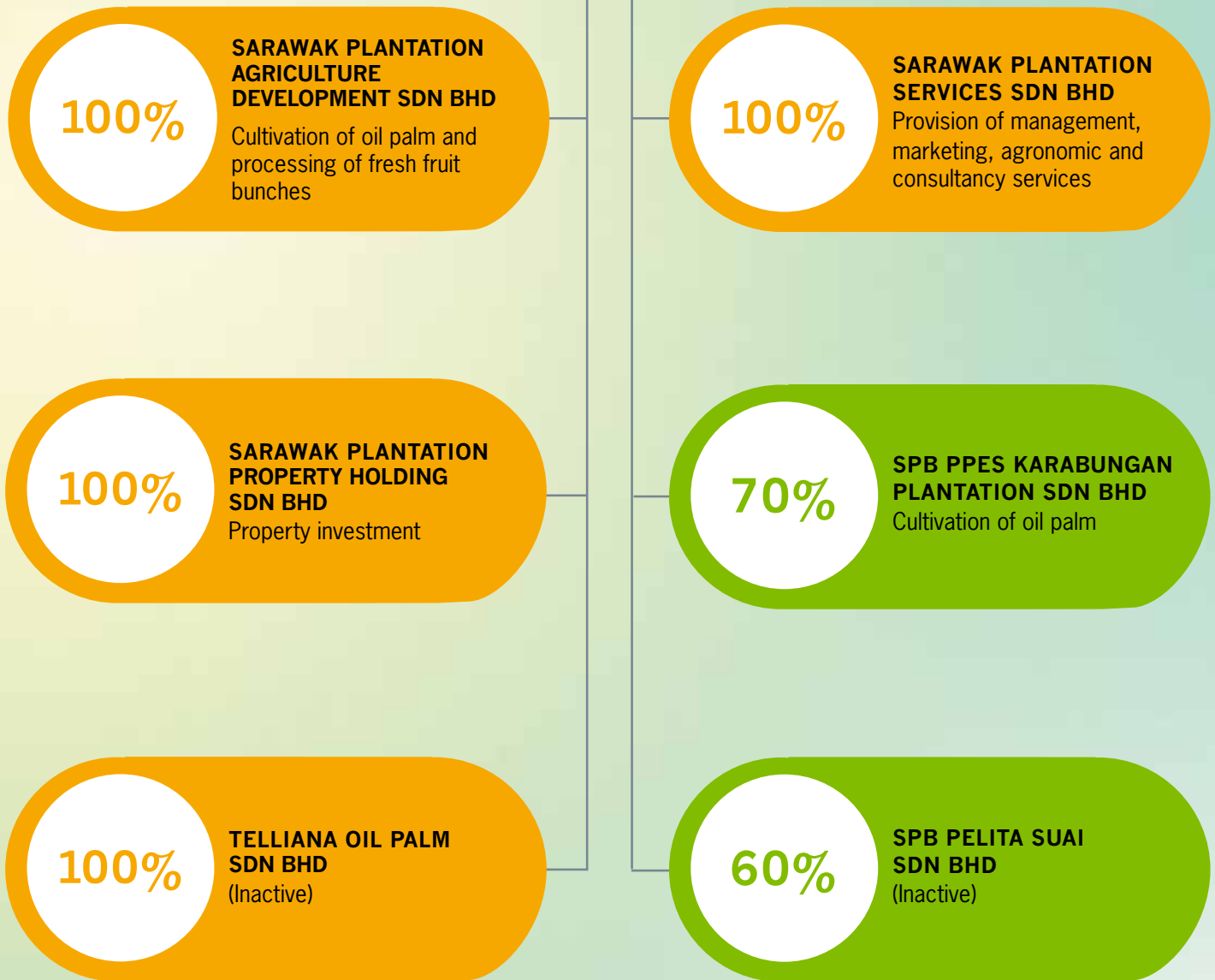


SARAWAK PLANTATION BERHAD

Registration No. 199701035877 (451377-P)

Incorporated in Malaysia

Investment Holding



ORGANISATIONAL STRUCTURE



SARAWAK PLANTATION BERHAD

Registration No. 199701035877 (451377-P)

Incorporated in Malaysia



BOARD OF DIRECTORS



Datuk Amar Abdul Hamed Bin Sepawi

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

Age: 75
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 34 years of experience in forestry and plantation management and the manufacturing of forest products. For the last 27 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 25 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" and the "Global Muslim Leader of the Year Award 2023". He also received from the State of Sarawak the "Diamond Jubilee Commemorative Independence Medal (Silver)" in 2023.

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 16

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: 73
Nationality: Malaysian

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

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

His persistence and drive for excellence has continuously 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 17

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

None

BOARD OF DIRECTORS



Datu Hasmawati Binti Sapawi

Non Independent Non Executive Director
Nomination Committee, Member

Age: 56

Nationality: Malaysian

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

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

Datu Hasmawati Sapawi was conferred the Pingat Perkhidmatan Cemerlang (Emas) in 2021 and the Darjah Jasa Bakti Sarawak in 2023.

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



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: 69
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, Chairman

Age: 70
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 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".

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.

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
Board Audit Committee, Member
Nomination Committee, Member

Age: 65
Nationality: Malaysian

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

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

He received from the State of Sarawak the “Diamond Jubilee Commemorative Independence Medal (Silver) in 2023.

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 17

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

None

CONFLICT OF INTEREST

This is a list of conflict of interest or potential conflict of interest, including interest in a competing business which the Directors named herein have with the Group. The companies listed here are in the same line of business with the Group hence the interest of the Directors may interfere or appear to interfere with the interest of the Group or alternatively the Director has interest that may make it difficult for him to perform his role objectively or effectively.

Save as disclosed below, none of our other Directors have any conflict of interest or potential conflict of interest, including interest in a competing business with the 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

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 82 of this Annual Report.
- For our Directors' securities holdings in SPB, please refer to page 177 of this Annual Report.

KEY MANAGEMENT PERSONNEL



Dato Wong Kuo Hea
Executive Director

Dato Wong Kuo Hea (male), aged 73, 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 37, is one of our key management personnel since 22 August 2017. He holds a Bachelor 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 55, is one of our key management personnel since 2012. She holds a Bachelor 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 57, is one of our key management personnel since 2008. She holds a Bachelor 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 53, holds a Bachelor 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:
 - Any conviction for offences in the past 5 years nor were any public sanction or penalty imposed on them by relevant regulatory bodies during the financial year;
 - Any conflict of interest or potential conflict of interest, including interest in any competing business with the Group (with the exception of the Executive Director whose conflict of interest or potential conflict of interest is declared on page 17 of this Annual Report);
 - Any family relationship with any Directors / Major Shareholders of the Group except Iswandi bin Ayub who is the grand nephew of the Executive Chairman.

MESSAGE TO OUR SHAREHOLDERS

Dear Shareholders,

**ON BEHALF OF THE BOARD OF DIRECTORS,
I AM PLEASED TO PRESENT TO YOU THE
COMPANY'S ANNUAL REPORT FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2023.**

2023 - A challenging year

2023 was another year filled with challenges. Whilst there were improvements in supply chain disruption and labour supply, the world encountered numerous challenges. These include rising geopolitical tensions, monetary policies tightening aimed at controlling inflation and growing concerns surrounding climate change and sustainability.

Financial Performance For the Year

Crude palm oil ("CPO") price experienced a declining trend in 2023, following a historically high level observed in the preceding year.

As an oil palm company principally involved in the cultivation of oil palm and processing of fresh fruit bunches ("FFB") into CPO and palm kernel, our financial performance for the current financial year was impacted by the lower CPO price resulting in lower revenue and net profit for the year.

Nevertheless, we delivered a satisfactory result with a net profit of RM64.4 million. This translated to an earnings per share of 23 sen.



MESSAGE TO OUR SHAREHOLDERS



Exhibition at Global Muslim Business Forum

Dividends

We have been consistently rewarding our esteemed shareholders with dividend payments over the past years. 2023 was no exception. Our Company is delighted to have declared two interim dividends totaling 10 sen per share. These dividend payments exemplify our commitment to distributing consistent returns to our shareholders. The dividend payout of approximately 44% of the current year's net profit showcases our confidence in the future prospects of our business and our ability to persistently deliver enduring value to our shareholders.

Operating Performance For the Year

Despite encountering multiple challenges, we continued to uphold a consistent level of production. We achieved a total FFB production of 318,775 metric tonne ("mt") in 2023, a marginal drop of 3% compared to 328,450 mt in 2022.

In pursuit of sustainable long term production growth, we continued our replanting endeavours, replacing aging palms and unproductive areas, resulting in the successful replanting of around 1,100 hectares ("ha") in 2023.

Additionally, our mechanisation research and development showed notable progress. Harvesting machines were put into operation during the year and yielded promising outcome.

Moving forward, we remain committed to advancing our research and development endeavours with the primary objective of enhancing productivity. The utilisation of harvesting machines will be further broaden by increasing the fleet as well as extending their operational coverage.

MESSAGE TO OUR SHAREHOLDERS



Replanting at Northern Region

Sustainability and Governance

The success in charting our sustainable growth lies in upholding integrity, transparency and accountability in all our conduct.

Continuous enhancement of our sustainability principles and practices across our business conduct and operations remains a primary focus.

Acknowledging the significance of environmental preservation and community investment, we have consistently prioritised and focused 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 estates and mills are fully certified under the Malaysian Sustainable Palm Oil ("MSPO").

We are steadfast in our determination to continuously strengthen our sustainability focus areas despite challenges ahead. Our long term commitment is to nurture sustainable growth through effective sustainable practices and be an environmentally responsible corporate citizen.

MESSAGE TO OUR SHAREHOLDERS



Prospects and Outlook

The palm oil industry is poised to enter 2024 with a brighter prospect backed by anticipated strong palm oil demand, resilient labour supply and projected better CPO price.

In general, the forecast CPO price in 2024 appears optimistic, driven by robust demand and expected constraints in supply due to adverse weather conditions and ageing plantations within the industry.

We will continue to foster growth through enhancing operational efficiency and improving effective cost management. We are confident that by conducting our business with integrity and maintaining a resolute focus on sustainability, we will sustain our record of delivering satisfactory performance in the upcoming year.

As we pursue growth opportunities, we remain mindful of the importance of prudence and caution. Consequently, we are cautious in evaluating any expansion potentials to ensure that it aligns with our strategic goals and complement our existing capabilities.

Appreciation

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

I firmly believe that with your dedicated support and unwavering commitment, we will fortify our resilience and emerge stronger, driven by integrity and a resolute focus on sustainable growth.

Thank you.

Datuk Amar Abdul Hamed Bin Sepawi
Executive Chairman

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR

OVERVIEW OF BUSINESS AND OPERATION

Core Businesses

Oil Palm Plantation and Mill Operation

The primary operations of the Group involve cultivation of oil palm and processing of fresh fruit bunches (“FFB”) into crude palm oil (“CPO”) and palm kernel (“PK”). The oil palm business consists of two core segments, 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 a total land size of 42,182 hectares (“ha”). Furthermore, the Group has another estate of 412 ha (planted 405 ha) under a joint venture with one Sarawak State Agency.

The estates are located at Northern Region and Central Region of Sarawak. The total plantable hectarage is around 35,400 ha.

The Group’s two palm oil mills are located at Niah and Mukah, respectively. Niah Palm Oil Mill’s capacity is 80 metric tonne per hour (“mt/hr”) whereas Mukah Palm Oil Mill has a capacity of 60 mt/hr, contributing to a total milling capacity of 140 mt/hr.



MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR



Pre Nursery

Other Activities

Seed Production Unit

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 have 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.

With the current production capacity of 2 million seed a year, the Seed Production Unit supplies good quality seeds to the Group's own estates as well as selling to other oil palm companies in Sarawak.



Our Surea DxP Seeds

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR



Oil Palm Nursery

The Group operates 3 oil palm nurseries with 2 located in Northern Region and 1 in Central Region respectively. These nurseries have a capacity of growing up to 1.2 million seedlings per year.

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.

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

Research and development is always 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.

With the unwavering commitment from the Board and the Management, the Group continues its collaboration with the technical partners in enhancing research and development in mechanisation that are suited for harvesting and field operations.



Harvesting Machine

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR



PERFORMANCE OVERVIEW

The average price of CPO in 2023 was recorded at approximately RM3,800 per mt, marking a decrease from the preceding year's average of around RM5,000 per mt.

Nevertheless, the Group registered a satisfactory profit level in 2023 through careful spending tactics and reasonable production achievement.

REVIEW OF FINANCIAL PERFORMANCE

Revenue and profits

Following lower CPO price, the Group recorded a lower revenue of RM570.7 million in 2023 compared to RM710.9 million in the preceding year. This translated into a drop of 20% in revenue in 2023.

Accordingly, the Group achieved an operating profit before tax of RM87.5 million compared to RM138.5 million in 2022, a fall of 37%.

Similarly, net profit of the Group decreased by 33% from RM96.7 million in 2022 to RM64.4 million in 2023.

Despite lower profits achieved in the current financial year, the Group's financial position remained strong with low gearing, high liquidity and was in net cash position as at year end.

Capital management

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain its investors', stakeholders' and market confidence and to sustain future development of the business.

The Group leverages on its strong financial position and has sufficient borrowing facilities to part finance its capital expenditure.

Capital expenditure

During the current financial year, the Group incurred RM25.1 million on replanting expenditure as well as maintenance of its existing immature areas. In addition, the Group also incurred other capital expenditure amounting to around RM18.8 million primarily on purchase of mobile equipment, plant and machinery and construction of quarters to cater for operation needs.

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR



Harvesting Machine

REVIEW OF OPERATING PERFORMANCE

Over the past one year, the Group continued to navigate through trying times and moments demonstrating its resilience, adaptability and commitment in delivering results.

The Group's operation team and supporting workforce remain dedicated in carrying out their responsibilities.

Physical operational meetings and field visits are crucial to provide the Management valuable insights to the operations. At these meetings and visits, issues were highlighted and deliberated. Strategies were explored and decisions were made to address these issues immediately. Estates' and mills' performance were also reviewed and areas of improvements were identified for further actions.

Furthermore, monthly costing meetings were held to discuss and analyse costs and financial performances of the estates and mills. Through in depth cost analysis, 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 strengthen data capturing and reporting. This facilitates data driven decision making, improve work flows and optimise business processes.

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR



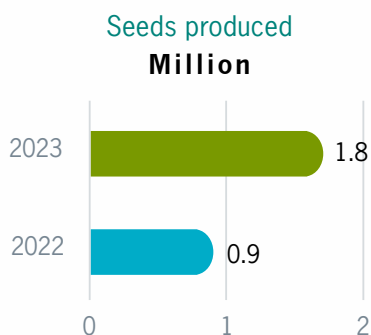
Exhibition at Global Muslim Business Forum

REVIEW OF OPERATING PERFORMANCE (continued)

Performance Highlights For The Year

Vigorous growth in seed production

In order to produce high quality seeds, the Group's Seed Production Unit carries out a series of production processes. Producing good quality seeds begins with the careful selection of mother palms. This is a crucial process to ensure genetic quality and health of the seeds produced subsequently. Performance of mother palms is closely monitored through yield recording, bunch analysis and vegetative measurement. Pollen viability tests and controlled pollination techniques are also in place to ensure high purity of the seeds.



At the Group's Seed Production Unit, harvested bunches from mother palms are transformed into premium seeds through various treatment and germination processes.

The Group recorded a production of 1.8 million seeds in 2023, representing about 100% growth from 0.9 million seeds in 2022. This significant growth was mainly due to increase in number of pollinated bunches and average seeds per bunch coupled with a good germination rate of more than 80%.

These seeds cater mainly for the Group's replanting programme within these 2 years.

With its proficient and highly skilled team, the Group continues to breed high quality seeds through right Dura mother palm selection, proper management practices and effective seed production techniques.

The Group plans to scale up its seed production capacity in order to fulfill its replanting needs as well as to expand its customer base leading to revenue growth.

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR



REVIEW OF OPERATING PERFORMANCE

(continued)

Performance Highlights For The Year

(continued)

Expansion of seedlings production

The Group expanded production of its oil palm nurseries during the current financial year. The number of seedlings sowed at the nurseries in 2023 was around 1.2 million compared to 0.5 million in 2022. As at the end of 2023, total seedlings inventories reached around 0.9 million. These will be allocated for gradual replanting.

Replanting achievement

Replanting is a significant milestone for the Group with the ultimate goal of maintaining sustainable growth. Low yielding old mature fields as well as severe ganoderma infested areas are replanted in stages.

These areas were replanted with high yielding seeds, leading to increased production over time. The Group adopts sustainable agriculture practices and improve upon existing practices through innovative approaches. 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. These various practices and measures optimise resources leading the Group to achieve higher productivity when palms attain maturity.



Replanting

During the financial year, the Group replanted around 1,100 ha. These replanted areas will contribute positively to the production growth in the years ahead.

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR



Dialogue with Community

REVIEW OF OPERATING PERFORMANCE (continued)

Performance Highlights For The Year (continued)

Accomplishment in mechanisation initiatives

Through collaboration over the years, the harvesting machines were assembled and constructed based on the design and structure worked out with the technical partners. Currently the Group operates 10 harvesting machines at its estates at Northern Region and had shown a positive result in increasing harvesters' productivity.

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 2023, the Group successfully normalised around 93% of such areas. This is inclusive of around 300 ha being normalised in 2023.

Only around 400 ha remain as enhancement areas at end of 2023 and these areas are expected to be normalised in the coming year.

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. Through their relentless efforts, the Group had successfully recovered around 4,200 ha to date of which approximately 500 ha were recovered during the current financial year. As at 31 December 2023, the matured areas remaining encumbered were around 2,200 ha.

Despite numerous challenges faced in recovering these encumbered areas, the Group is committed to strive its best to recover all or at least part of these encumbered areas.

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR

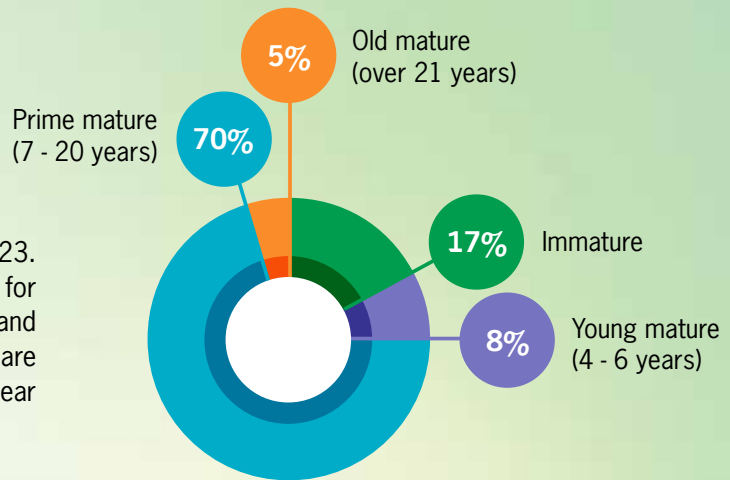
REVIEW OF OPERATING PERFORMANCE

(continued)

Estate Performance

Age profile for immature, harvestable and enhancement areas

About 1,100 ha were declared matured during 2023. Both young and prime mature fields account for around 78% of the total immature, harvestable and enhancement areas of 24,643 ha. These areas are anticipated to contribute to production growth in the near future.



FFB production and yield

Region	2023 Harvestable WHa	2022 Harvestable WHa	2023 FFB Mt	2022 FFB Mt	Changes %
Northern Region	9,149	9,948	147,005	157,374	-7
Central Region	10,358	10,101	171,770	171,076	0.4
Total	19,507	20,049	318,775	328,450	-3

Region	2023 Yield Mt/WHa	2022 Yield Mt/WHa	Changes %
Northern Region	16.07	15.82	2
Central Region	16.58	16.94	-2
Total	16.34	16.38	-0.2

WHa - Weighted average hectarage

Mt - Metric tonne

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR



REVIEW OF OPERATING PERFORMANCE

(continued)

Estate Performance (continued)

The Group recorded a slight decrease of 3% in its production, declined from 328,450 mt in 2022 to 318,775 mt in 2023. FFB yield dropped 0.2% compared to 2022. The decline in production was principally attributed to lower performance from old mature areas and less favourable weather conditions.

Weather factor aside, labour sufficiency is one of the key obstacles to the Group. In addressing this matter, the Group offers attractive remuneration and provides conducive accommodation equipped with reasonably good facilities and infrastructure to the workers as part of its workforce retention efforts.

On the job trainings are provided to equip the workers with relevant skills to be more efficient in their work. Further, incentives are granted to the workers based on their productivity and achievements.

As for workers' recruitment, the Group continued to adopt a proactive approach of engaging with the relevant authorities to ensure continuation of the recruitment drive.

Embracing mechanisation for harvesting and other field operations is a sustainable approach to reducing labour dependency. Mechanisation is carried out wherever feasible to increase the productivity of the harvesters and workers, thereby enhancing operational efficiency.

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR



REVIEW OF OPERATING PERFORMANCE

(continued)

Mill Performance



Niah Palm Oil Mill		2023	2022	Changes (%)
FFB processed	Mt	392,417	381,739	3
CPO production	Mt	79,805	76,187	5
PK production	Mt	17,777	16,347	9
Oil Extraction Rate ("OER")	%	20.34	19.96	2
Kernel Extraction Rate ("KER")	%	4.53	4.28	6

Mukah Palm Oil Mill		2023	2022	Changes (%)
FFB processed	Mt	225,270	198,642	13
CPO production	Mt	44,253	38,546	15
PK production	Mt	10,551	9,099	16
OER	%	19.64	19.40	1
KER	%	4.68	4.58	2

Both mills of the Group processed FFB from its own estates as well as those purchased from external parties. FFB purchased from external parties account for about 58% of the total FFB processed.

Both mills registered a growth in their FFB processed during the current financial year in particular Mukah Palm Oil Mill which recorded an increase of 13% compared to the preceding year. The growth was principally attributable to the intensified marketing efforts of the team.

The Group achieved a combined average OER of 20.08% in 2023 compared against 19.77% in 2022 primarily due to rigorous crop quality grading process as well as enhancement in mill efficiency. Notably, the OER of 20.08% was higher than the Sarawak average of 19.83%.

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR

RISKS

The Group encountered various challenges such as climate change risks, manpower sufficiency, disease outbreak, escalating operating costs and other operational and business risks.

With the resilient attitude and a dedicated workforce, the Group responds to changes timely and is able to address these challenges confidently. The team is adaptive, proactive and committed in dealing with the issues 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.

STRATEGIES

The Group's core business objective is to increase yield per hectare which will lead to production growth and maximising profitability through sustainable principles and practices.

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

Given this perspective, the production growth will heavily rely on yield improvement of the existing areas.

Key strategies of the Group are:

- Maximise production growth through replanting activities, maximise its land use and continuously adopting sustainable agriculture practices;
- Leverage its strength in the upstream activities such as production of oil palm seeds and seedlings;
- Prioritise mechanisation research and development initiatives with the ultimate objective to increase efficiency and productivity;
- Enhance efficient use of its resources including manpower, material and equipment;

- Maximise oil recovery through improvements in mills' machineries and processes;
- Leverage on technological advancement to enhance communication, monitoring and reporting; and
- Explore opportunities for business diversification.

Through empowerment and fostering a culture of integrity, accountability and team work spirit, action plans are developed and executed effectively in order to accomplish the goals and strategies outlined. Progress and performance are consistently monitored and strategies are realigned and adjusted as needed.

The Group has consistently been acknowledging the importance of having a healthy and safe workforce. Emphasis has always been placed on the wellbeing of its employees hence a safe and conducive working environment is provided.

In order to ensure the Group stays relevant and always adaptable to the rapid changing business environment, employees are encouraged to contribute innovative ideas that can help the Group to improve its operations and business processes.

In view thereof, the Group provides adequate trainings and development opportunities to its employees to improve their skills and knowledge.

In addition, the Group has a Succession Planning Policy in place which entails succession planning principles and processes 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. Hence, all conducts of the Group are carried out with the sustainability 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.

Further details on sustainability are elaborated in the Sustainability Statement of this Annual Report.

MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR



Replanting at Northern Region

2024 ROADMAPS

To accomplish the goals and strategies outlined above, the Group will continue to focus on the following areas in the coming year:

- Accelerate replanting of low yielding areas, areas with severe ganorderma infestation, areas with low palm stands, recovered encumbered areas and old mature fields;
- Execute effective replanting strategies to optimise planting density and expand harvesting path for future mechanised opportunities whilst maintain its yield potentials;
- Use high yielding seedlings produced by own nurseries in replanting;
- Expand seed production capacity and facilities;
- Intensify use of harvesting machines at suitable harvesting areas and continue monitoring of these machines' performance for further enhancement;
- Continuous application of sustainable agriculture practices in compliance with MSPO requirements;
- Raise productivity of processes through innovative strategies;
- Carry out regular maintenance at mills and upgrade machineries as needed;

- Adopt close supervision and monitoring of the performance and target achievements; and
- Upgrade information technology hardware and software to increase efficiency.

In addition, the Group's dedicated workforce work diligently to continue streamlining its operation and to manage costs efficiently.

LOOKING FORWARD

The Group has relatively young and prime mature fields and therefore there is an upside potential to its production growth. The continuous replanting efforts since past years are anticipated to contribute positively to gradual production growth. Together with the strong financial position, 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 agriculture sectors which can complement or be directly integrated into its core businesses.

FINANCIAL REVIEW BY THE CHIEF FINANCIAL OFFICER

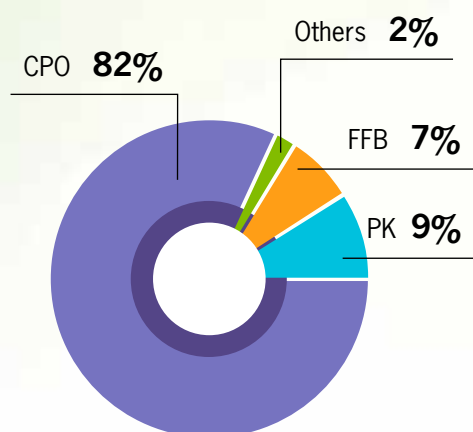
1. FINANCIAL RESULTS FOR THE YEAR - GROUP

	Note	2023 RM'000	2022 RM'000	Change %
Revenue	(a)	570,677	710,912	-20
Cost of sales	(b)	(437,629)	(505,739)	-13
Gross profit		133,048	205,173	-35
Results from operating activities (Operating profit)	(c)	87,500	138,509	-37
Profit before tax	(d)	87,443	134,213	-35
Profit attributable to Owners of the Company (Net profit)		64,443	96,713	-33

	%	%	Change %
Operating profit margin	15.3	19.5	-22
Profit before tax margin	15.3	18.9	-19
Net profit margin	11.3	13.6	-17

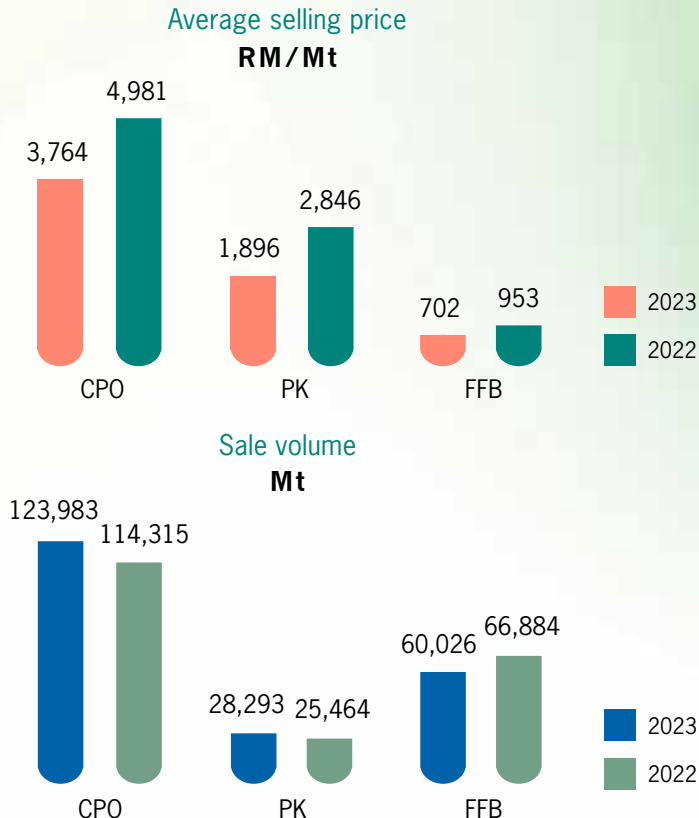
(a) Revenue

98% of the Group's total revenue was derived mainly 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 RM710.9 million in 2022 to RM570.7 million in 2023 was mainly due to lower selling prices despite higher sales volume of CPO and PK.



CPO, PK and FFB average selling prices declined by 24%, 33% and 26% respectively whereas CPO, PK sales volume improved by 8% and 11% respectively. FFB sale volume recorded a drop of 10% for the current financial year.

FINANCIAL REVIEW BY THE CHIEF FINANCIAL OFFICER

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

(b) Cost of sales

Lower cost of sales resulted mainly from lower FFB purchase cost by 18% following lower purchase price despite higher purchase volume coupled with lower other production and operating costs.

(c) Results from operating activities (Operating profit)

The Group recorded an operating profit of RM87.5 million at a profit margin of 15.3% for 2023 compared to 2022 of RM138.5 million or profit margin of 19.5% respectively.

(d) Profit before tax

The Group achieved a profit before tax of RM87.4 million or a profit margin of 15.3% for the current financial year, as compared to a profit before tax of RM134.2 million or a profit margin of 18.9% in the preceding year. Lower profit before tax for the current financial year compared against the preceding year is as shown below:

	2023 RM'000	2022 RM'000	Particulars
Results from operating activities	87,500	138,509	
LESS: Other non-operating expenses	(4,363)	(6,764)	Changes in fair value of biological assets
ADD: Net finance income	4,306	2,468	
Profit before tax	87,443	134,213	

FINANCIAL REVIEW BY THE CHIEF FINANCIAL OFFICER

2. FINANCIAL POSITION AS AT 31 DECEMBER 2023 - GROUP

Analysis of major items

2.1 TOTAL ASSETS

Asset Type	Note	31.12.2023 RM'000	31.12.2022 RM'000	Change %
Property, plant and equipment	2.1.1	261,774	262,664	- 0.3
Bearer plants	2.1.2	333,788	330,169	1
Right-of-use assets	2.1.3	91,840	95,226	-4
Investment properties		4,991	5,224	-4
Biological assets	2.1.4	51,981	56,828	-9
Inventories	2.1.5	23,777	18,182	31
Trade and other receivables		18,602	12,529	48
Prepayment and other assets		6,084	8,310	-27
Other investments	2.1.6	47,233	35,560	33
Cash and cash equivalents	2.1.7	114,594	125,985	-9
Total		954,664	950,677	0.4

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	18,830
LESS: Depreciation for the financial year	(19,519)
LESS: Write off	(26)
LESS: Disposal	(175)
Net movement	(890)

2.1.2 Bearer plants

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

	RM'000
Additions	25,061
LESS: Depreciation for the financial year	(21,442)
Net movement	3,619

FINANCIAL REVIEW BY THE CHIEF FINANCIAL OFFICER

2. FINANCIAL POSITION AS AT 31 DECEMBER 2023 - 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	124
LESS: Depreciation for the financial year	(2,149)
LESS: Disposal	(76)
LESS: Cost adjustment	(1,285)
Net movement	(3,386)

2.1.4 Biological assets

Biological assets are as below:

	31.12.2023 RM'000	31.12.2022 RM'000	Change %
Fresh fruit bunches	48,897	53,066	-8
Living livestock	3,084	3,762	-18
Total	51,981	56,828	-9

2.1.5 Inventories

Inventories breakdown is as follows:

	31.12.2023 RM'000	31.12.2022 RM'000	Change %
Crude palm oil and palm kernel	6,656	5,961	12
Stores and consumables	8,151	8,055	1
Oil palm nursery	6,640	2,880	131
Oil palm seeds	860	547	57
Oil palm fresh fruit bunches	1,470	739	99
Total	23,777	18,182	31

FINANCIAL REVIEW BY THE CHIEF FINANCIAL OFFICER

2. FINANCIAL POSITION AS AT 31 DECEMBER 2023 - 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:

	31.12.2023 RM'000	31.12.2022 RM'000	Change %
Cash in hand and at banks	5,710	1,934	195
Deposits with original maturities not exceeding three months	108,884	124,051	-12
Total	114,594	125,985	-9

2.2 TOTAL LIABILITIES

Liability type	Note	31.12.2023 RM'000	31.12.2022 RM'000	Change %
Loans and Borrowings	2.2.1	9,137	11,594	-21
Deferred tax liabilities		121,995	123,007	-1
Trade and other payables		57,428	64,928	-12
Lease liabilities		2,434	2,473	-2
Current tax payable		7,081	14,816	-52
Dividend payable		13,952	27,903	-50
Total		212,027	244,721	-13

2.2.1 Loans and borrowings

By type of facility	31.12.2023 RM'000	31.12.2022 RM'000	Change %
Term loan	7,606	-	100
Revolving credit	-	8,000	-100
Hire purchase	1,531	3,594	-57
Total	9,137	11,594	-21

FINANCIAL REVIEW BY THE CHIEF FINANCIAL OFFICER

3. RATIO ANALYSIS - GROUP

	2023	2022	Change %
Liquidity			
• Current Ratio	3.29	2.18	51
Leverage			
• Gearing	1%	2%	-50
Profitability			
• Return on Assets (ROA)	6.8%	10.2%	-33
• Return on Equity (ROE)	8.6%	13.6%	-37
• Earnings per share (EPS)	23.10 sen	34.66 sen	-33
Dividend			
• Dividend per share	10 sen	15 sen	-33
• Dividend yield*	4.8%	7.1%	-32
Net assets per share	RM2.68	RM2.55	5

* 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 2023.

Earnings per share was 23.10 sen per ordinary share in 2023.

The financial position of the Group stands healthy and stable with total assets of RM954.7 million and a total equity attributable to Owners of the Company of RM748.5 million. Net assets per share increased from RM2.55 to RM2.68.

Though the Group anticipates facing various challenges in the coming year, it will continue to adopt key strategies for cost rationalisation measures as well as streamlining operation in order to achieve better profitability.

SUSTAINABILITY STATEMENT

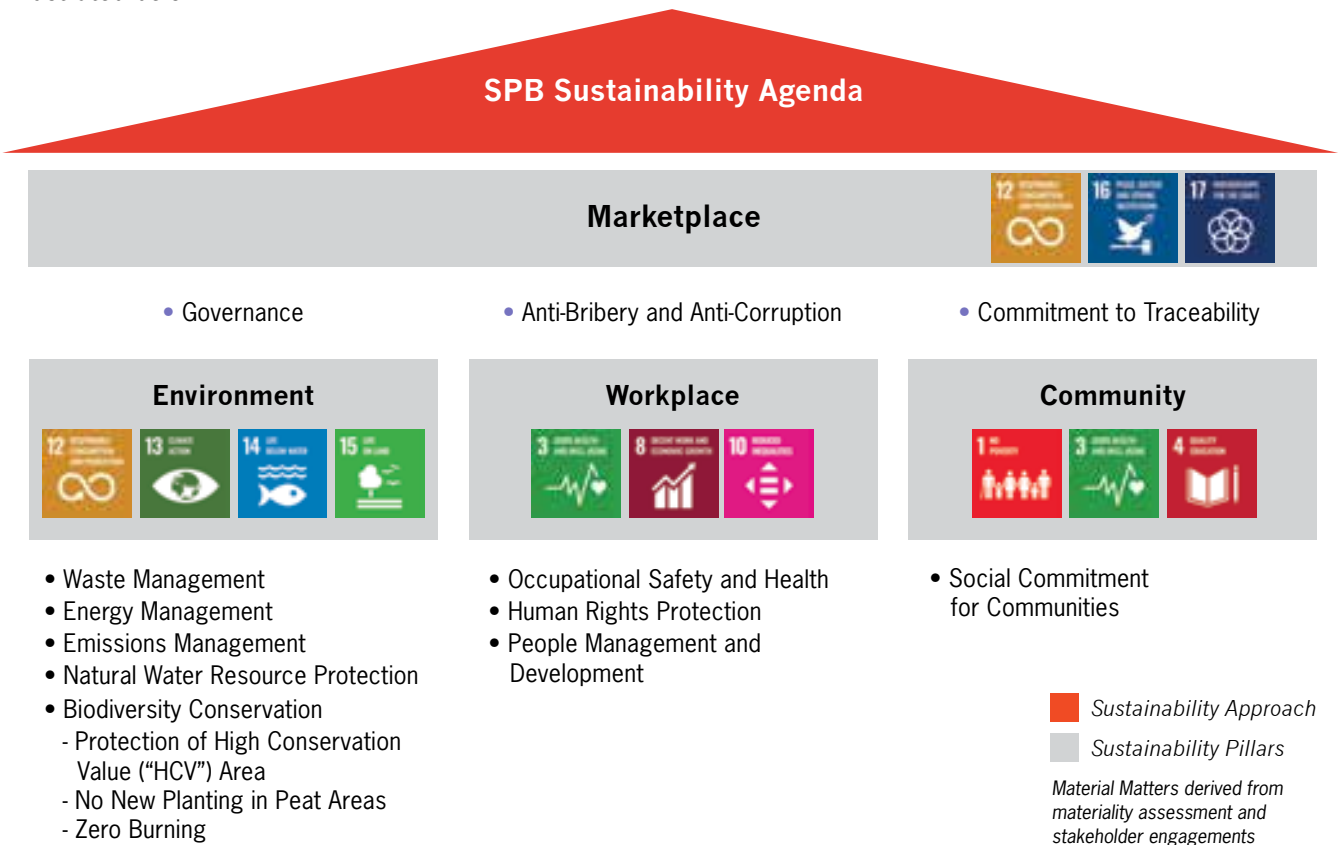
INTRODUCTION

Sarawak Plantation Berhad (“SPB”, “The Group” or “The Company”) has been built on the principles of integrity and professionalism. With these values, SPB strives for excellence, foster team spirit and encourage innovation to maximise value creation for our stakeholders. Simultaneously, we believe that embedding sustainable development and consideration is essential for long-term value creation for our stakeholders, propelling us towards becoming a fully integrated, high-performing enterprise with diversified business. We are committed to adopting a comprehensive and responsible approach that balances our economic pursuits with social and environmental concerns.

About this Statement

SPB is pleased to present its sustainability statement for the financial year ended 31 December 2023. This marks our 7th Sustainability Statement since 2017, showing our commitment to being transparent and accountable to our stakeholders regarding our sustainability progress and performance.

The statement is organised around the four sustainability pillars where we have grouped our material matters, as illustrated below:



We are grateful for the opportunity to update our stakeholders and value any feedback as we work towards a stronger, more sustainable future.

Reporting Scope and Boundary

The reporting period for this statement is from 1 January 2023 to 31 December 2023, which is aligned with our financial reporting period. Unless otherwise stated, this statement covers 100% of the Group’s operations and subsidiaries in Malaysia, as outlined in the Corporate Structure on page 8. We have excluded the inactive entities from the scope given that no business activities were conducted during the financial year.

SUSTAINABILITY STATEMENT

INTRODUCTION (continued)

Reporting Frameworks and Standards

This statement has been prepared in accordance with Bursa Malaysia’s Main Market Listing Requirements, with reference to Bursa Malaysia’s Sustainability Reporting Guide (3rd edition). Additionally, we have mapped our strategies and progress to the United Nations Sustainable Development Goals (“UN SDGs”) and have incorporated requirements under the Malaysian Sustainable Palm Oil (“MSPO”) standards wherever feasible, placing a strong emphasis on ensuring a transparent, traceable and sustainable palm oil supply chain within the Group’s operations.

Assurance Process

This statement has not been subjected to an assurance process. We will assess the necessity for internal and/or external assurance in the upcoming years.

MILESTONES AND ACHIEVEMENTS

2017	<ul style="list-style-type: none"> Established the Board Sustainability Committee to oversee the development, implementation and performance of sustainability strategies, as well as other related matters. Developed and approved a Sustainability Policy, covering various key areas such as sustainable plantation development, good agronomic practices, good manufacturing practices, compliance with applicable laws and regulations, respect employees and communities.
2018	<ul style="list-style-type: none"> Implemented the Sustainability Policy and incorporated sustainability requirements in our Standard Operating Procedures (“SOP”). Obtained MSPO Certifications for 3 sites: Niah Palm Oil Mill, Ladang Kosa and Ladang 3. Obtained MSPO-Supply Chain Certificate System (“SCCS”) certification for Niah Palm Oil Mill.
2019	<ul style="list-style-type: none"> Implemented the 3R (Reduce, Reuse and Recycle) programme. Obtained MSPO Certifications for 14 oil palm estates and 1 palm oil mill: Pinji Mewah, Ladang Surea, Sungai Tangit, Subis 2, Subis 3, Bakau, Tulai, Melugu, Bukit Peninjau, Mukah 1, Mukah 3, Matadeng, Karabungan, Sawai and Mukah Palm Oil Mill.
2020	<ul style="list-style-type: none"> Obtained MSPO-SCCS certification for Mukah Palm Oil Mill. Obtained MSPO Certifications for 2 oil palm estates (including 1 joint venture estate), with the latest addition being Bukut estate. Implemented Corporate Social Responsibility (“CSR”) programmes which focused on environmental protection, safety and health. Commissioned the environmental footprint assessment/reduction plan for all estates and mills. Fully observed COVID-19 restrictions imposed by the Government and implemented strategies for business continuity.
2021	<ul style="list-style-type: none"> Implemented precautionary measures to mitigate the spread of COVID-19. Constructed new workers quarters at Bakau and Bukut.
2022	<ul style="list-style-type: none"> Implemented staff development and continuous improvement programmes. Merged estates at Northern Region aimed at increasing efficiency and optimising resources.
2023	<ul style="list-style-type: none"> Transitioned from generator usage to utilising purchased electricity power for both mills. Increased trainings for employees. Organised more recreational activities for employees. Constructed new workers’ quarters and surau at Matadeng and Subis and upgraded existing quarters at Peninjau.

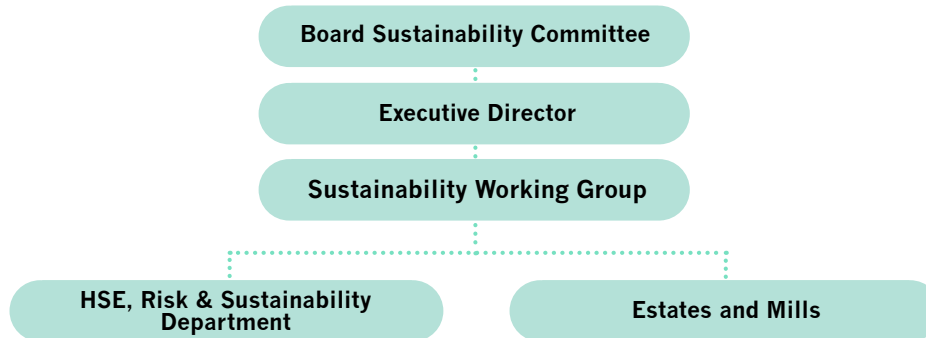
SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY APPROACH

The palm oil industry has long been under scrutiny due to concerns about its environmental and social impacts. Before the widespread adoption of sustainability practices, the industry had already begun collaborating to adopt more responsible practices through initiatives such as MSPO and Roundtable on Sustainable Palm Oil (“RSPO”). At SPB, we firmly believe that embracing sustainability offers a comprehensive and systematic approach that reinforces our commitment to responsible business practices. Hence, we are committed to integrating sustainability into all levels of our business activities. This includes putting in place a transparent governance structure, engaging stakeholders regularly and implementing a sustainability framework based on four pillars: marketplace, environment, workplace and community. We also set targets and monitor our performance whenever possible, ensuring both accountability and transparency in communicating our progress to stakeholders.

Sustainability Governance

Strong sustainability governance offers the oversight and support essential for the successful implementation of sustainability strategies. The Board of Directors (“the Board”) is ultimately accountable for the business to be conducted in a sustainable manner. The Board has established a dedicated Board Sustainability Committee, chaired by our Executive Chairman and tasked with formulating and overseeing the implementation of sustainability strategies. The responsibility is then cascaded down to the Executive Director, who, together with the rest of Senior Management, ensures successful execution and integration of sustainability across the organisation. The Executive Director is supported by the Sustainability Working Group, which is chaired by the Chief Operating Officer, and comprises members from the Health, Safety & Environment (“HSE”), Risk & Sustainability Department as well as the Estates and Mills.



Sustainability Agenda

We are committed to ensuring that our pursuit of profit aligns with responsible business ethics across four key areas: the marketplace, environment, workplace and community. These form the pillars of our sustainability agenda, providing an overarching framework to drive a concerted effort towards achieving our sustainability goals.

Sustainability Pillars	Strategic Objectives
Marketplace	Maintain stakeholder trust by consistently meeting their expectations and needs in governance, integrity, transparency and traceability.
Environment	Minimise our environmental impact and champion responsible practices, including efforts towards biodiversity conservation and enhancing the resilience of natural ecosystems.
Workplace	Prioritise employee wellbeing and growth through fostering personal development initiatives, cultivating a vibrant and supportive work environment and ensuring the protection and promotion of human rights.
Community	Actively engage in social responsibility efforts, supporting the development of sustainable livelihoods within communities.

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY APPROACH (continued)

Stakeholder Engagement

The Group recognises the fundamental role of stakeholder engagement in our business operations. Hence, we actively engage with our stakeholders, including shareholders, employees, local communities, government agencies, customers, suppliers and contractors, as well as the certification bodies, through diverse communication channels. Our comprehensive engagement strategy extends beyond formal meetings, covering informal approaches such as surveys, websites, social media and market research. We firmly believe that regular engagement with key stakeholders fosters mutual respect and understanding, aligning their expectations with the Group's ongoing efforts to achieve sustainability goals.

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

Stakeholder Groups	Frequency and Methods of Engagement	Issues/Concerns Raised in 2023	Responses to Issues and Outcomes
Shareholders	<p>Annually</p> <ul style="list-style-type: none"> Annual General Meeting ("AGM") <p>Ongoing</p> <ul style="list-style-type: none"> Corporate website Announcements through Bursa LINK 	<ul style="list-style-type: none"> Financial performance 	<ul style="list-style-type: none"> Annual Report Quarterly meetings with analysts
Employees	<p>Annually</p> <ul style="list-style-type: none"> Performance appraisals Dialogue with the Executive Director <p>Monthly</p> <ul style="list-style-type: none"> Operational meetings Costing meetings <p>Ongoing</p> <ul style="list-style-type: none"> Trainings Management reviews Events and functions Updates via email and other communication channels <p>Quarterly</p> <ul style="list-style-type: none"> HSE Committee Meetings 	<ul style="list-style-type: none"> Company vision and strategy Operational performance and productivity Costing and financial performance analysis MSPO audit findings and progress of continuous improvement plans CSR programmes Training and development plans Employee rights and wellbeing (including health and safety at work) Remuneration matters 	<ul style="list-style-type: none"> Performance review Briefings and trainings on sustainability, health and safety as well as overall sustainability direction Provide regular updates on operational performance and productivity Provide cost savings initiatives Monitor issues related to health and safety Organise activities to strengthen the relationship of HQ staff and estates and mills Organise appreciation dinners / lunches / get together events
Local Communities	<p>Ongoing</p> <ul style="list-style-type: none"> CSR Programmes Briefing on Company's policies and related procedures during stakeholder meetings Regular telephone calls and text messages 	<ul style="list-style-type: none"> Road accessibility Community programmes Land-related matters CSR matters Environmental impact Waste Management 	<ul style="list-style-type: none"> Maintain good road conditions Encourage volunteerism and participation in community engagement among our employees Help local communities through CSR programmes Conduct assessments such as Social Impact Assessment

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY APPROACH (continued)

Stakeholder Engagement (continued)

Stakeholder Groups	Frequency and Methods of Engagement	Issues/Concerns Raised in 2023	Responses to Issues and Outcomes
Government Agencies	<p>Ongoing</p> <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"> Regulatory compliance 	<ul style="list-style-type: none"> Keep abreast of regulatory development
Customers	<p>Ongoing</p> <ul style="list-style-type: none"> Formal and informal briefings and meetings Customer feedback/complaint channel via email 	<ul style="list-style-type: none"> Product and service quality Health and safety Traceability 	<ul style="list-style-type: none"> Provide a channel for customer feedback/complaints Conduct continuous improvement activities towards enhancing customer experience and addressing customer needs Maintain 100% traceability for crude palm oil (“CPO”) and increase MSPO-Certified fresh fruit bunches (“FFB”) supplies
Suppliers and Contractors	<p>Annually</p> <ul style="list-style-type: none"> Supplier performance evaluation <p>Ongoing</p> <ul style="list-style-type: none"> Tender processes Contracts / agreements Online meetings, emails, telephone calls 	<ul style="list-style-type: none"> Awareness on MSPO Standards, Health and Safety Policy and related SOPs Commitment towards MSPO requirements Adherence to Anti Bribery and Anti Corruption (“ABAC”) Policy Quality delivery Prompt payment 	<ul style="list-style-type: none"> Continue training suppliers and contractors on MSPO requirements Commitment to adhere to Company’s ABAC Policy which is embedded into contracts with suppliers and contractors
Certification bodies and consultants	<p>Ongoing</p> <ul style="list-style-type: none"> Site visits and assessments 	<ul style="list-style-type: none"> Audit and certification Compliance with policies and latest changes in standards 	<ul style="list-style-type: none"> Issues raised in Surveillance Audit findings were resolved and closed Implement continuous improvement plans



Shareholders' engagement at AGM



Engagement with MSPO surveillance auditors

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY APPROACH (continued)

Material Matters

Material matters refer to economic, environmental or social (“EES”) concerns that either influence a company or are influenced by it. The concept of materiality guides the strategic planning process for sustainability, allowing companies to focus on issues with significant impacts. In 2023, we conducted a materiality assessment to identify issues that are relevant and significant to stakeholders and our business. We carried out a three-step process in conducting the materiality assessment, as stated below:

1. Identification

We conducted a comprehensive review of our operations through internal and external sources to scan for potential material matters.

Internal Sources	External Sources
<ul style="list-style-type: none">• Management reports and minutes of meetings• Risk assessment and risk registers• Biodiversity Assessment records• Site visits and operation meetings• Field audit findings and reports• Shareholders’ feedback collected through AGM	<ul style="list-style-type: none">• MSPO surveillance audit reports• Bursa Malaysia Enhanced Sustainability Reporting Framework, including the 3rd edition of the Sustainability Reporting Guide• Department of Occupational Safety and Health (“DOSH”) and other safety regulations• Industry peers’ sustainability disclosures

2. Prioritisation

From the initial list of material matters, we refined our focus by considering their significance on the Group’s EES impacts, as well as their influence on key stakeholders. Since this marks our first structured materiality assessment, external stakeholders were not directly engaged. Instead, we relied on internal stakeholders as proxies, including employees from relevant departments responsible for engaging with the stakeholder groups. They used the feedback gathered from their interactions with the stakeholders throughout the year to review and streamline the list of material matters.




SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY APPROACH (continued)

Material Matters (continued)

3. Validation

The outcome of the prioritisation process was compiled and presented to the BSC and Board for approval. A total of 12 material matters were identified and mapped to the relevant sustainability pillars for a more focused approach in managing the issues.





Material Matters	Why is it Important?	Stakeholder Impacted	Relevant SDGs
Sustainability Pillar 1: Marketplace			
Governance	Our ongoing success depends on our firm commitment to strong governance. This commitment is essential for transparent, ethical decision-making and compliance with regulations, which builds trust with stakeholders and vital for our long-term prosperity. Neglecting these principles could risk undermining transparency, eroding trust and exposing the Group to legal and reputational pitfalls.	<ul style="list-style-type: none"> Shareholders Employees Government Agencies 	  
Anti-Bribery and Anti-Corruption		<ul style="list-style-type: none"> Shareholders Employees Local Communities Government Agencies Customers Suppliers and Contractors Certification Bodies and Consultants 	
Commitment to Traceability		<ul style="list-style-type: none"> Shareholders Customers Suppliers and Contractors Certification Bodies and Consultants Local Communities 	

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY APPROACH (continued)

Material Matters (continued)

3. Validation (continued)







Material Matters	Why is it Important?	Stakeholder Impacted	Relevant SDGs
Sustainability Pillar 2: Environment			
Waste Management	These material matters relate to responsible resource management. Going beyond legal obligations, actively managing these components enhances operational efficiency, improves our public image and underscores our commitment to environmental responsibility.	<ul style="list-style-type: none"> • Shareholders • Local Communities • Government Agencies • Customers • Employees 	   
Energy Management		<ul style="list-style-type: none"> • Shareholders • Local Communities • Government Agencies • Customers • Employees 	
Emissions Management		<ul style="list-style-type: none"> • Shareholders • Local Communities • Government Agencies • Customers • Suppliers and Contractors • Employees 	
Natural Water Resource Protection	These material matters collectively reflect our commitment to legal compliance and environmental impact mitigation, aligning not only with regulatory requirements but also showing our dedication to biodiversity conservation, environmental stewardship, and the responsible use of natural resources.	<ul style="list-style-type: none"> • Shareholders • Local Communities • Government Agencies • Customers 	
Biodiversity Conservation		<ul style="list-style-type: none"> • Shareholders • Local Communities • Government Agencies • Customers 	

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY APPROACH (continued)

Material Matters (continued)

3. Validation (continued)

Material Matters	Why is it Important?	Stakeholder Impacted	Relevant SDGs
Sustainability Pillar 3: Workplace			
Occupational Safety and Health (“OSH”)	Our success relies on our people. In return, we provide a safe, inclusive and fair working environment. Considering our significant employment of foreign workers and our activities may affect land rights and indigenous communities, respecting human rights principles is crucial to ensure the continuity of our business operations and secures the social license to operate.	<ul style="list-style-type: none"> • Employees • Government Agencies • Suppliers and Contractors 	
Human Rights Protection		<ul style="list-style-type: none"> • Shareholders • Local Communities • Employees • Government Agencies • Customers 	 
People Management and Development	Skilled and motivated individuals play an important role in our business success. Our commitment extends to creating an environment that not only retains and attracts top talent but also prioritises the continuous development of our workforce. This approach aims to cultivate a dynamic, skilled and engaged team, contributing significantly to the ongoing growth and success of our organisation.	<ul style="list-style-type: none"> • Employees 	
Sustainability Pillar 4: Community			
Social Commitment for Communities	Our commitment to Social Responsibility for Communities emphasises building positive community relationships. This is crucial for obtaining the social license to operate while simultaneously enhancing our reputation and brand image.	<ul style="list-style-type: none"> • Local Communities • Employees 	  

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY APPROACH (continued)

Sustainability Targets and Progress

Every year, we establish specific targets to focus our approach across the four sustainability pillars. Below are the targets set for 2023 and their corresponding progress:

Sustainability Pillars	2023 Targets/Commitments	2023 Progress
Marketplace	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Maintained MSPO certification
Environment	<ul style="list-style-type: none"> Ensure all operation units adhere to relevant legal requirements and maintain sustainable practices. 	<ul style="list-style-type: none"> Continued to maintain riparian buffer zone for replanting areas Continued to conserve water catchment areas within replanting areas Provided tanks for new quarters for rainwater harvesting practices Conducted assessment on polluting activities Initiated the installation of clean air filtration system at mills
Workplace	<ul style="list-style-type: none"> Maintain and ensure employees' health, safety and welfare are well guarded. Adopt, if any, new changes of statutory requirements. Continue with staff development and improvement programmes at operating units. 	<ul style="list-style-type: none"> Continued to oversee safety matters through the Safety and Health Committee Conducted safety and health trainings to staff and workers Recorded minimal accident cases Conducted medical surveillance for workers for chemical exposure Increased trainings for employees Organised recreational activities such as sports and field days Completed construction of new quarters at certain estates Implemented payment of Cost of Living Allowance ("COLA") and quarterly subsidies to staff below certain salary threshold
Community	<ul style="list-style-type: none"> Provide job opportunities to surrounding communities. Maintain access road in good condition, where reasonably possible. Preserve HCV areas for local community's basic needs and traditional cultural identity. 	<ul style="list-style-type: none"> Continued to provide job opportunities to local communities Continued to repair access road for nearby communities Continued to conduct dialogues with communities to understand their needs and requests

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY APPROACH *(continued)*

Sustainability Targets and Progress *(continued)*

For 2024, we have identified more refined and concrete targets, focusing on specific, quantifiable objectives. These include:

Sustainability Pillars	2024 Targets/Commitments
Marketplace	<ul style="list-style-type: none"> • 100% MSPO recertification • 100% anti-corruption training for staff • Extend anti-corruption trainings for workers despite minimal risk exposure • Maintain 100% traceability for CPO and increase MSPO-Certified FFB supplies
Environment	<ul style="list-style-type: none"> • Maintain chipping / deboling practices for replanting • Extend coverage for segregation and recycling of waste at estates • 100% coverage for water sampling monitoring analysis • Review and expand rainwater conservation facilities (i.e. provide water tanks) • Replanting planning and monitoring aimed at conserving HCV areas • Awareness training for no hunting policy • Complete installation of clean air filtration system at both mills
Workplace	<ul style="list-style-type: none"> • Maintain zero fatalities • Continue enhancing safety measures and equipment • Evaluate training needs and provide necessary trainings • Construction of new quarters at certain estates • Increase field day activities for employees • Provision of food ration to mill workers • Provision of bus services to workers and staff for transporting their children to schools (at certain estates) • Contribution to Kelab Rekreasi & Sosial Kakitangan Sarawak Plantation Berhad ("KEREDAS") to support its recreational activities for employees • Encourage work-life balance through reducing working hours and simplifying processes • Encourage healthy lifestyle through giving award for achieving target running mileage and organising various sports activities
Community	<ul style="list-style-type: none"> • Continue providing job opportunities to the locals • Continue to promote activities and communicate with the surrounding communities

SUSTAINABILITY STATEMENT

MARKETPLACE

Our Approach

Marketplace covers the expectation from the market and our stakeholders in the way we conduct business. This forms the backbone and foundation of our business in ensuring value creation through sound governance, integrity and commitment to traceability.

The Group operates under the governance of the Board, who provides strategic guidance and oversees the operations and performance of the Group. We adhere to the Malaysian Code of Corporate Governance (“MCCG”) and uphold best practices as outlined in our Corporate Governance Overview Statement on pages 80 to 87.

The Board, through the Risk Management Committee, assesses risks that could potentially affect the Group’s ability to achieve its objectives, including corruption, business continuity, safety, cyber security, and sustainability. To mitigate these risks, we have put in place policies to promote good business conduct to guide our day-to-day practices. These include:

Code of Conduct	Whistle Blowing Policy	ABAC Policy
Directors’ Fit and Proper Policy	Terms of Reference for Board Committees	Board Charter
Corporate Disclosure Policy	Conflict of Interest Policy	Related Party Transactions Policy
Sustainability Policy	Succession Planning Policy	Social Policy
Environmental and Biodiversity Policy	Safety and Health Policy	

We also put in place a Risk Management Policy and Framework in 2008 to identify, strategise, control and address risk areas of the Group with the aim of mitigating the risks identified through the process.

Meanwhile, we support a sustainable palm oil industry and are committed to improving the traceability of our supply chain through MSPO certification. With that, we strive to maintain 100% of MSPO certified CPO and enhance the traceability of our FFB.

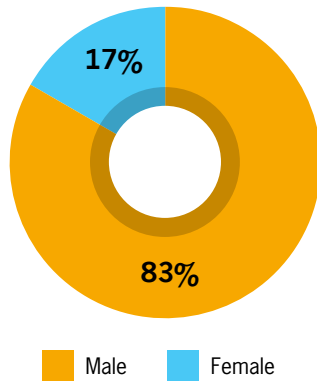
SUSTAINABILITY STATEMENT

MARKETPLACE (continued)

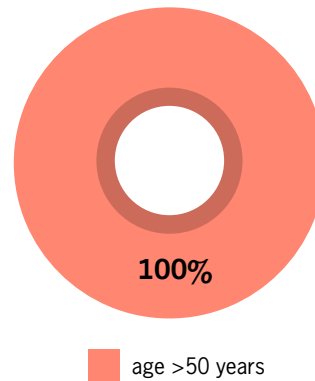
Governance

Our Board comprises six (6) qualified individuals with diverse experiences skill sets, and backgrounds. This allows a broader range of perspectives in our decision-making processes. For full profiles of our Board members, please see pages 10 to 15 of this Annual Report.

Board Diversity by Gender



Board Diversity by Age



As technology advances, we recognise the significance of data in enhancing business efficiency. However, this adoption also raises concerns regarding privacy and security. Given the agriculture nature of our business, perceived risks regarding data privacy and security are generally lower compared to other industries subject to stringent regulations. Nevertheless, we foresee data integration becoming more common across all industries. Our existing Information, Communication and Technology SOP outlines the roles, processes and procedures to ensure proper data quality and usage. To date, we have not received any complaints concerning breaches of customer privacy and losses of customer data.

SUSTAINABILITY STATEMENT

MARKETPLACE (continued)

Anti-Bribery and Anti-Corruption

SPB is committed to combating corruption in all its activities, both internally and externally, as outlined in its ABAC Policy. External parties must adhere to this Policy when interacting with us. Corruption, including acts like bribery and extortion is strictly prohibited for our employees. Any benefits or gifts must be reported to their immediate superior.

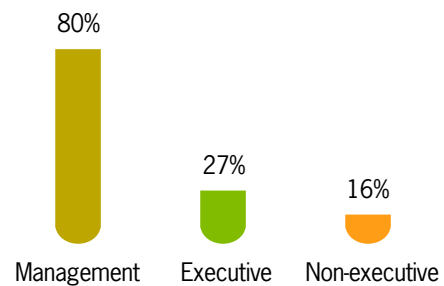
Directors and employees should avoid situations where personal interests conflict with their duties. They cannot use their positions, official working hours or company resources for personal gain or to the Group's disadvantage. In cases of conflict of interest, employees are required to declare their interest formally, inform their immediate superior promptly and refrain from all discussions, evaluations or considerations relating to the subject matter.

Whistle Blowing Policy

We have established a Whistle Blowing Policy in 2017 to provide our employees and members of the public a confidential avenue to report any unethical or illegal behaviour they witness or suspect within the Company using proper procedures and without fear of retaliation. For more information on our Whistle Blowing Policy, please refer to our corporate website at www.spbgroup.com.my

To ensure that our staff understand their legal and ethical responsibilities regarding anti-corruption law and Company's policies, we regularly conduct training and awareness sessions. In 2023, 80% of management team were trained in anti-corruption, followed by 27% of executive staff and 16% of non-executive staff. We aim to achieve 100% completion rate across all levels of staff. We have not yet implemented anti-corruption training for our workers, as they have had minimal exposure to corruption risks. However, we aim to expand our efforts to ensure they are adequately informed in the future.

Percentage of staff trained for anti-corruption



We have also started undertaking a corruption risk assessment to identify areas within the Group that are vulnerable to corrupt practices. In 2023, 43% of our operations that are exposed to corruption risks had successfully completed the assessment. Our goal is to extend this assessment to cover 100% of our operations which are exposed to corruption risks and implement necessary controls to prevent corruption.

There were no reported incidents of corruption cases involving SPB or its employees during the year under review.

SUSTAINABILITY STATEMENT

MARKETPLACE (continued)

Commitment to Traceability

We are committed to establishing a fully traceable and transparent supply chain, ensuring that our products can be traced back to their source. This provides assurance to our customers and their customers that they are purchasing sustainable palm oil that has not contributed to deforestation. Additionally, it holds companies accountable and promote transparency throughout the palm oil supply chain.

To facilitate this process, SPB implemented a SOP in 2017 dedicated to monitor the traceability of our products.

Traceability and Supply Chain Management SOP

- Enable tracing of the process flow from the point where the estate dispatches daily crop production from the field until the FFB weighbridge ticket is produced by the mill and entered into the Estate Management System and Mill Management System;
- Ensure transparent and clear reporting of verifiable operational data directly attributable to mill and estate operations; and
- Ensure a secure supply chain, with clear identification of certified products upon leaving the facilities and effective implementation of all relevant requirements.

As a result, we have achieved 100% traceability for CPO, demonstrating our dedication to seek high level of excellence in our production process.



We strictly adhere to the MSPO standards and are committed to maintaining MSPO certifications for all our mills and estates. The MSPO Certification is a mandatory national sustainability certification scheme for the oil palm industry in Malaysia, which covers the whole supply chain from oil palm plantations to downstream facilities. In addition, our mills were also certified under the MSPO-SCCS before the mandatory deadline of 1 January 2020. This standard applies 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.

SUSTAINABILITY STATEMENT

MARKETPLACE (continued)

Commitment to Traceability (continued)

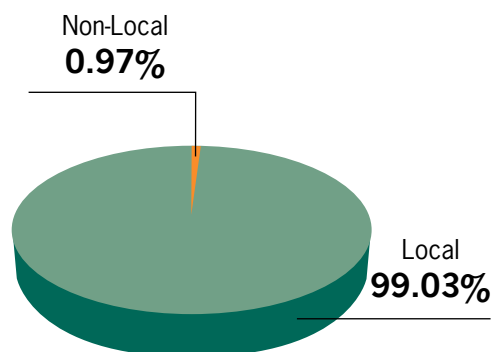
All our mills and estates are MSPO-certified

ESTATES AND MILLS - MSPO			
NIAH PALM OIL MILL	SAWAI (SW)	BAKAU (BK)	MUKAH I (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	
MILLS - MSPO-SCCS			
NIAH PALM OIL MILL			
MUKAH PALM OIL MILL			

As our mill operations continue to engage with external FFB suppliers, we strive to increase percentage of FFBs that adheres to MSPO certification requirements. We also maintain close monitoring of these suppliers who have not yet obtained MSPO certifications. As of 31 December 2023, 88% of FFB supplied to our mills are certified by MSPO standard, showcasing our commitment to sustainability and responsible sourcing practices.

In addition to promoting traceability in our supply chain, we prioritise purchasing products and services from local suppliers to directly contribute to the economic growth of our community. We take pride in consistently maintaining a spending proportion of 99% on local suppliers every year.

Proportion of spending on third-party supplies



Moving Forward

The Group will continue to uphold highest standard of governance, maintain strong compliance with MSPO regulatory requirements and be guided by a risk management policy and framework with the mission to maximise stakeholders' values through sustainable development by actively engaging in best business practices.

To that end, we are dedicated to attaining 100% anti-corruption training coverage for all staff. We are also committed to undertake continuous improvement initiatives to ensure MSPO standard compliance and aim for 100% recertification for all estates and mills. Additionally, we assure 100% traceability of our CPO in our supply chain dealings and reaffirm our commitment to increasing the percentage of MSPO-certified FFB sourced for our operations.

SUSTAINABILITY STATEMENT

ENVIRONMENT

Our Approach

Our environmental approach is guided by our Environmental and Biodiversity Policy, which outlines our commitment to protect biodiversity and minimise our ecological 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.

Additionally, we strictly adhere to MSPO requirements to ensure that our operations adopt sustainable land management practices and protect HCV areas. We have also instituted various environmental management measures. These include identifying areas prone to contributing to environmental pollution and establishing proper monitoring mechanism to mitigate adverse impacts. Regular training sessions are conducted to ensure all employees understand the policy and their roles within it. Compliance activities such as Environmental Monitoring are also conducted periodically to ensure that all operational processes align with the environmental standards and regulations.

Waste Management

We observe all relevant legal requirements enforced by the local authority on waste management and have put in place SOPs and waste management plans to guide the handling of waste generated within the operation units. For instance, municipal waste generated from the estates' workers' quarters, offices and all other facilities is disposed in designated landfill areas which are managed according to established SOP.



Recycled materials used for landscaping activities



Land filling practice

SUSTAINABILITY STATEMENT

ENVIRONMENT (continued)

Waste Management (continued)

We have also identified and documented all our waste products, from solid waste derived from empty fruit bunches (“EFB”), waste water discharged during processing, to palm oil mill effluent (“POME”) which has high pollutant properties. With that, we developed management plan to prevent and minimise pollution in all operating units. Pollution prevention works during chemical handling and waste management process are monitored closely as per our SOP. To ensure compliance with regulatory requirements, once a pollution risk is flagged, the types and sources are quickly identified to implement tight controls and proper handling. Additionally, POME from mills is treated through anaerobic and aerobic degradation process prior to discharge in accordance with local environmental standards to reduce adverse impact to the environment.

We recognise the huge potential to recover and reuse palm oil waste. For instance palm kernel shell, a by-product of kernel produced in milling process, which can be sold to the market and contributes additional revenue to the Group. Other waste materials such as EFB are reused as boiler fuel at mills and mulching at estates.



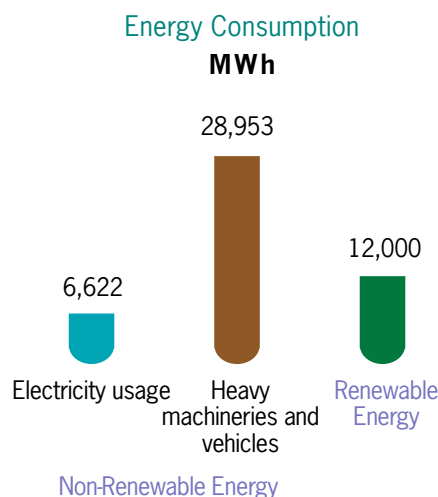
Energy Management

In 2023, our energy consumption amounted to 47,575 megawatt hour (“MWh”) of energy, derived from electricity usage comprising electricity purchased from Sarawak Energy Berhad, a power utility company and electricity generated from own generators and purchased fuel consumption for heavy machineries and company-owned vehicles. Renewable energy represents self-generated power from mills’ turbine for mill operation.

Some of our estates are powered by diesel generators due to their remote locations. On the other hand, with SOP in place, we also utilise mill waste such as EFB as boiler fuel to operate boilers at the mills.

We are committed to optimise the consumption of renewable energy and reduce non-renewable energy usage to minimise the impact of our operations’ activities on climate change.

Initiatives undertaken are showing progressive result. Renewable energy source now constitutes 25% of our overall energy consumption portfolio.



Emission Management

At our mills, efforts have been taken to switch electricity source from diesel generator to Sarawak Energy, whose energy source is largely of low emission hydro power.

In addition, installation of clean air filtration system is in progress at both Niah Palm Oil Mill and Mukah Palm Oil Mill. This initiative reduces black smoke emission and improves air quality aimed at establishing environmentally friendly and sustainable palm oil operation.

SUSTAINABILITY STATEMENT

ENVIRONMENT (continued)

Natural Water Resource Protection

Water is a very important natural resource throughout the palm oil supply chain, right from cultivation all the way to processing. To ensure its sustainable use, we have implemented water management plans aimed at preserving both the quality and availability of water resources.

In our oil palm plantations, we have adopted various water conservation practices, such as managing biomass during replanting, constructing terracing and silt pits and establishing leguminous cover crops and mulching to retain moisture and enhance soil conditions.

Within replanting areas, water catchment areas were identified and conserved where planting is strictly not permitted.

Furthermore, we regularly assess the quality of discharge water from both oil palm estates and palm oil mills as part of our commitment to minimising pollution in natural water sources. In accordance with the requirements of the Natural Resources and Environment Board, the Group engages authorised consultants to conduct quarterly monitoring and inspections of river water quality within our premises. In 2023, water sampling and monitoring analysis were conducted in 94% of our operation units.



Water sampling

Total Domestic Water Consumption* ➤ **117 Megaliter**

**Refers to water purchased from water utility organisations.*



Rain water harvesting tanks

Apart from our palm oil production, our workers' housing are equipped with rainwater harvesting tanks. This initiative is integral to our broader commitment to conserving water resources and reducing wastage, particularly crucial during extended periods of dry weather. Moreover, these rain harvesting practices play a vital role in reducing the Group's overall domestic water consumption.

SUSTAINABILITY STATEMENT

ENVIRONMENT (continued)

Biodiversity Conservation

(i) Protection of HCV area

We prohibit oil palm development to be at HCV area, which is a natural forest ecosystem with high biological, ecological, social or cultural value. The identification and protection of species or habitat of HCV are strictly monitored. Any legal requirements 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 HCV areas to help sustain wildlife population of rare, threatened or endangered species in and around its operating units.



Apart from HCV areas, our replanting programmes deployed are in compliance with the Environmental Management Plan. Preserving riparian zones is another essential part as they serve as natural filters for surface runoff from plantation areas and fostering the sustenance of wildlife populations, including rare, threatened or endangered species, within and surrounding our operational sites. Activities such as tree degradation, fishing, wildlife hunting, farming, chemical applications like fertilising and spraying, open burning, manuring and littering are strictly prohibited in riparian areas. Additionally, construction of bunds across river or waterways within the estates is strictly prohibited. We strive to do our part by maintaining riparian buffer zones and near rivers to help maintain biodiversity ecosystems.



No hunting signage

SUSTAINABILITY STATEMENT

ENVIRONMENT (continued)

Biodiversity Conservation

(ii) No New Planting in Peat Areas

Peatlands, which retain twice as much carbon as forests, are highly susceptible to fires. Our policy strictly prohibits any new planting on peatlands to mitigate this situation.

(iii) Zero Burning

The utilisation of fire for waste disposal is strictly forbidden across all operational units. This prohibition is not only a legal mandate but also a fundamental requirement of the MSPO standard for all plantation operations, including replanting activities within the estates. In replanting activities which involve land clearing, trunks and fronds are chipped and strategically stacked in the field, rather than burned. The decomposition of this chipped biomass enriches the soil with additional nutrients, thereby enhancing soil fertility. This practice concurrently reduces the need for agrochemical usage while mitigating greenhouse gas emissions and air pollution, thereby fostering environmental sustainability.

Moving Forward

We are committed to maintaining and enhancing our key approaches to drive progress in our environmental endeavours. Our 2024 key focus areas include:

Emission management:

Completion of the clean air filtration system installation at our mills.

Waste management:

Wider coverage for waste segregation and recycling activities will be extended to other estates.

Natural water resource protection:

We aim to achieve 100% coverage for water sampling and monitoring analysis in our operation units. We continue to review and expand rain water conservation facilities such as providing water tanks for our workers' accommodation.

Protection of HCV area:

We will ensure our agricultural land development methods continue to preserve and sustain wildlife population through "No Hunting" practices.

Zero burning:

Continue to maintain current practices of replanting such as chipping of trunks and fronds for soil revitalisation purpose, rather than open burning.



Chipping practice for replanting activities

SUSTAINABILITY STATEMENT

WORKPLACE

Our Approach

Our people are the heart of our Group's success because they are directly responsible for carrying out our business mission, purpose and beliefs. In return for their dedication, we are committed to their wellbeing and strive to be recognised as a responsible employer. Therefore, we prioritise the growth and welfare of our people by cultivating a vibrant, supportive and safe work environment, nurturing personal development initiatives and upholding human rights protection and promotion.

Occupational Safety and Health (“OSH”)

At SPB, the safety and health of our employees and stakeholders remain our utmost priority, aligning with our goal of achieving “Zero Harm to People, Asset and to Environment”. Our commitment to ensuring a safe work environment is encapsulated in our Safety and Health Policy and Procedures. Additionally, we adhere to the requirements set by the DOSH and conform to the Occupational Safety and Health Act 1994, alongside relevant industry safety standards and laws in Malaysia.

To oversee OSH matters, we have, in prior years established a Safety and Health Committee (“SHC”), comprising members from both management and executive levels. These members include General Manager or Senior Operation Manager as Chairman, Operation Managers as estate management representative and Division in Charge as employee representatives. The SHC convenes quarterly meetings and is supported by a dedicated HSE Department. This department is responsible to implement measures aimed at improving workplace safety and minimise accidents. They also conduct workplace audit on a periodic basis to ensure all operations comply and implement the statutory requirements.

During chemical spraying applications, the Group provides personal protective equipment and conduct medical surveillance to mitigate workers' exposure to harmful chemicals.



Chemical spraying

SUSTAINABILITY STATEMENT

WORKPLACE (continued)

Occupational Safety and Health (“OSH”) (continued)

Regular general health and safety trainings and briefings were conducted to raise awareness of safety protocols and enhance preventive skills among staff and workers. Topics covered include policy awareness, basic first aid, hazard identification. In 2023, a total of 919 employees received training on health and safety standards.

We are pleased to report zero workplace fatalities in 2023, with a recorded lost time incident rate of 1.03, reflecting our continuous commitment to maintaining a safe working environment.



Blood Donation Drive



Safety Training

Human Rights Protection

We remain steadfast in our commitment to safeguarding human rights and labour standards of our workers and communities, guided by our belief in the inherent dignity and of the equal and inalienable rights of every individual.

This commitment is outlined in our Employee Handbook, covering provisions such as:

- Our dedication to providing a safe and conducive work environment within our premises
- Our commitment to fostering a fair, respectful and supportive work environment for all employees, free from sexual harassment and violence.

Additionally, we have established a Social Policy aimed at articulating our commitment to cultivating an organisational culture that proactively identifies, assesses, and manages human rights impacts within our operations. This policy outlines our commitments to employees, suppliers, contractors, local communities, and society at large.

Specifically for employees, we pledge to provide equal opportunities for career advancement and development without discrimination. We uphold fundamental human rights principles, including the prohibition of forced labour and recruitment of child labour, while ensuring the freedom of association. We also collaborate closely with our suppliers and contractors to ensure adherence to these principles.

SUSTAINABILITY STATEMENT

WORKPLACE (continued)

Human Rights Protection (continued)

Beyond this commitment, we provide worker quarters and essential amenities, including places of worship such as mosques and chapels to enhance the wellbeing of our employees. We recognise the challenges associated with the rising costs of living, particularly for those earning at minimum wage levels mandated by the Government. To address this, we pay monthly COLA and quarterly subsidies to employees whose salaries fall below a certain threshold.

While we acknowledge the progress made in this area, we remain dedicated to further enhancing our practices in the years ahead. As of 31 December 2023, there was no substantiated complaints concerning human rights violations.

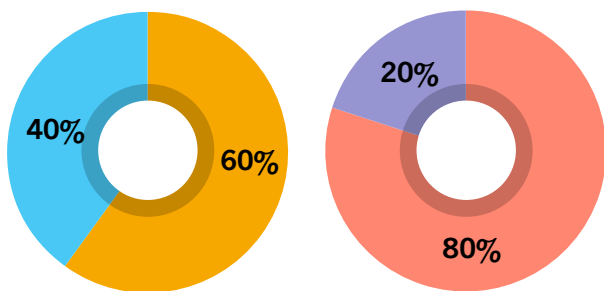
People Management and Development

Our goal is to foster a dynamic, skilled and engaged team that drives the continuous growth and success of the Group.

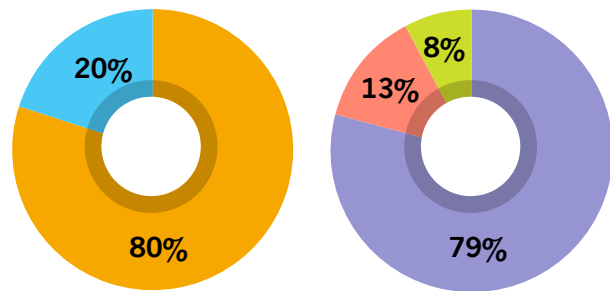
As of 31 December 2023, we do not hire contract or temporary persons at staff level.

Our workforce comprises individuals from both genders with different ages and ethnicities, reflecting the Group's rich cultural mix.

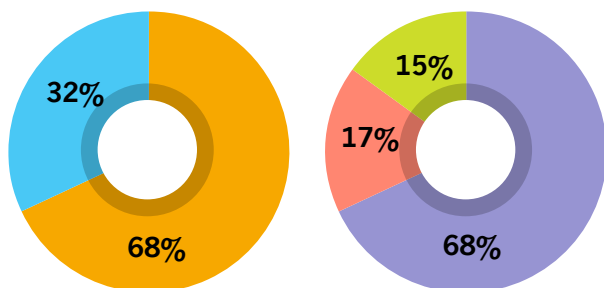
Percentage of staff by gender and age group - Management



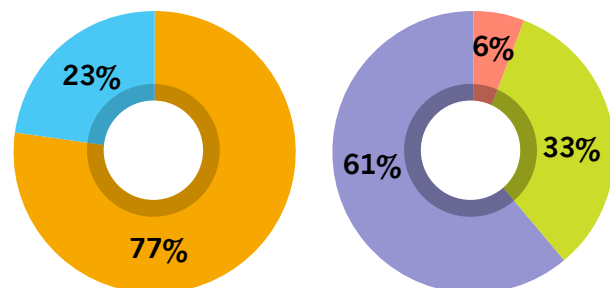
Percentage of staff by gender and age group - Executive



Percentage of staff by gender and age group - Non-Executive



Percentage of workers by gender and age group - General workers



■ Male
 ■ Female
 ■ age <30 years
 ■ age 30-50 years
 ■ age >50 years

SUSTAINABILITY STATEMENT

WORKPLACE (continued)

People Management and Development (continued)

We prioritise year-round employee engagement through various channels to foster team camaraderie and cultivate positive workplace environment. Through KEREDAS, we organised recreational activities in the form of sports competition, including futsal, badminton, volleyball and football to promote work-life balance. Additionally, we organised team-building exercises infused with field day activities, such as loose fruit collection, seedling planting and stack pruning. These initiatives not only lifted up team spirit but also provided hands-on experience to employees across different division of the Group, raising awareness on oil palm plantation in the process.



Field day



Futsal match

SUSTAINABILITY STATEMENT

WORKPLACE (continued)

People Management and Development (continued)



Gold Nugget Hunting: Loose fruit collection

SUSTAINABILITY STATEMENT

WORKPLACE (continued)

People Management and Development (continued)

We also organised annual dinners to recognise and celebrate the hard work and contribution of our employees. To facilitate more intimate interactions and ensure inclusivity, annual dinners were held in the Northern and Central regions, providing management with opportunities to foster positive relationships with employees.



Annual dinner at Central Region



Annual dinner at Northern Region



Annual dinner at Northern Region



Appreciation Dinner with Directors

SUSTAINABILITY STATEMENT

WORKPLACE (continued)

People Management and Development (continued)

We continue to invest in training and development for our employees, empowering them to reach their full potential and succeed in an ever-changing market landscape. In 2023, we spent 8,488 hours on trainings, with a detailed breakdown provided for each employee category below:



Total training hours by employee category

Employee Category	Total training hours
Staff:	
• Management	108
• Executive	457
• Non-Executive	119
General Workers	7,804
Total	8,488



On the field trainings

Through a comprehensive approach to people management and development, we aim to foster a highly engaged workforce characterised by low employee turnover.

Employee Category	Total number of employee turnover
Staff:	
• Management	0
• Executive	15
• Non-Executive/Technical Staff	25
General Workers	161

SUSTAINABILITY STATEMENT

WORKPLACE (continued)

Moving Forward

We are committed to continual improvement across all areas of our operations. In terms of OSH, our aim is to maintain zero fatalities and we consistently upgrade safety measures and equipment to achieve this.

Regarding Human Rights Protection, we maintain current practices while enhancing working conditions. This includes plans to construct new quarters with improved amenities and facilities, as well as providing food rations to address the rising cost of living. We also benchmark against industry best practices to further enhance our standards.



New workers' quarters

In terms of People Management and Development, we prioritise work-life balance by encouraging a healthy lifestyle and rewarding staff who achieve sport programme's targets such as running mileages. Additionally, we are also committed to invest in our people by regularly assessing their learning needs and providing necessary trainings.

All these efforts underscore our commitment to fostering a safe, supportive and thriving work environment for all our employees.

SUSTAINABILITY STATEMENT

COMMUNITY

Our Approach

We strongly believe in giving back to the community and prioritise building positive relationships with the surrounding communities through active engagement to understand their needs. This helps us in designing initiatives that will improve basic infrastructure and social needs for betterment of their daily life and a sustainable future.

Social Commitment for Communities

Most of our operations are situated within the same vicinity as the rural communities, intricately intertwined with their daily lives. Therefore, we are committed to leveraging our influence and resources to enhance the lives of our surrounding communities, fully embracing our role as a responsible corporate citizen. Some ongoing efforts we have been undertaking include:

- Providing accommodation for estates' nearby school teachers.
- Sharing facilities such as football field to nearby schools as and when requested.
- Sharing machineries or equipment in assist "gotong royong" activities as and when needed.
- Repairing access road for surrounding communities.

The Group continues to maintain its culture of making regular charitable donations to local communities, schools, foundations, associations and government agencies in the form of cash donations and gifts.

For 2023, the Group spent a total of RM594,989 in community investment, benefiting 333 community members.

Our main focus in community investment activities is to be part of the daily lives of the local communities. These activities include:

1. Festive celebrations with underprivileged and marginalised communities
 - We used festive celebrations as opportunities to forge meaningful connections with local communities, spreading cheer and ensuring no one is left out in major festivities. This was achieved through various means, including purchasing gifts and donating to local homes and communities.
2. Repairing longhouses
 - We provided cash donations to help in the repair of longhouses, so that the local communities can continue to reside in a conducive environment.
3. Supporting local sports team and events
 - We sponsored a local futsal team, enabling them to participate in competitions in larger arenas for continued improvement. Additionally, we supported various sports events to foster interest in sports among the local communities, including sepak takraw, badminton and others.
4. Providing food rations and covering funeral expenses for local communities
 - We offered food rations to support the daily living expenses of those in need within the community. We also helped alleviate the financial burden of funeral expenses for local communities facing difficulties in covering these costs.



Contribution to community



Majlis berbuka puasa with community

Apart from tangible contributions, the Group continues to create job opportunities to nearby communities wherever possible to support their sustainable wellbeing.

SUSTAINABILITY STATEMENT

COMMUNITY

Our Approach (continued)



Donation to community

Moving Forward

Our community investment initiatives will continue to focus on creating long-term positive impacts to uplift the livelihoods of our neighbouring communities. In 2024, we will continue to maintain regular communication with the surrounding communities. We are committed to continue building more infrastructures and enhance the younger generation's competencies and skills, thereby improving their chances of employment.

CONCLUSION

SPB stands firm in its commitment to advancing sustainability in our business and operations, with a focus on our four sustainability pillars. While we recognise that we are still in the process of learning and implementing sustainability practices and that there may be shortcomings in our current practices and disclosures, we remain committed to improving. Drawing inspiration from industry best practices, we are dedicated to enhancing our approaches and aligning our objectives with UN SDGs and Malaysia's 2030 Agenda wherever possible. This commitment extends to transparently reporting our progress and relevant indicators to measure our performance, ensuring accountability along the way. We look forward to sharing our journey and progress in the years ahead.

SUSTAINABILITY STATEMENT

This ESG Performance Data Table was generated from Bursa Malaysia's ESG Reporting Platform. It is included in this Sustainability Statement as mandated by Bursa Malaysia's enhanced Sustainability Reporting requirements.

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	80
Executive	Percentage	27
Non-executive/Technical Staff	Percentage	16
General Workers	Percentage	0
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	43
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	99.03
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt hour	47,575
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	117
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.03
Bursa C5(c) Number of employees trained on health and safety standards	Number	919
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0
Management Between 30-50	Percentage	20
Management Above 50	Percentage	80
Executive Under 30	Percentage	8
Executive Between 30-50	Percentage	79
Executive Above 50	Percentage	13
Non-executive/Technical Staff Under 30	Percentage	15
Non-executive/Technical Staff Between 30-50	Percentage	68
Non-executive/Technical Staff Above 50	Percentage	17
General Workers Under 30	Percentage	33
General Workers Between 30-50	Percentage	61
General Workers Above 50	Percentage	6
Gender Group by Employee Category		
Management Male	Percentage	60
Management Female	Percentage	40
Executive Male	Percentage	80
Executive Female	Percentage	20
Non-executive/Technical Staff Male	Percentage	68
Non-executive/Technical Staff Female	Percentage	32
General Workers Male	Percentage	77
General Workers Female	Percentage	23
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	83
Female	Percentage	17
Under 30	Percentage	0
Between 30-50	Percentage	0
Above 50	Percentage	100
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	108
Executive	Hours	457
Non-executive/Technical Staff	Hours	119
General Workers	Hours	7,804
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	0
Executive	Number	15
Non-executive/Technical Staff	Number	25
General Workers	Number	161
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	594,989
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	333

Internal assurance

External assurance

No assurance

(*)Restated

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 2023.

1. MEMBERS AND MEETINGS

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

No.	Name	Status of Directorship	Independent	Appointment/Resignation
1	Dato Chia Chu Fatt	Chairman - Independent Non Executive Director	Yes	Appointed on 13 August 2021
2	Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired)	Member - Independent Non Executive Director	Yes	Appointed on 27 March 2019
3	Dato Awang Beme bin Awang Ali Basah	Member - Independent Non Executive Director	Yes	Appointed on 26 May 2023
4	Datu Haji Soedirman bin Haji Aini	Chairman - Independent Non Executive Director	Yes	Appointed on 27 March 2019 Resigned on 26 May 2023

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

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

* Appointed on 26 May 2023 and attended all the Audit Committee Meetings for the rest of the financial year.

** Resigned within the financial year as shown in the table above.

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 arose, persist or may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity and the measures taken to resolve, eliminate or mitigate such conflicts.
 - The Committee reviewed all related party transactions to consider whether they were conducted on an arm's length basis, are not prejudicial to the interests of the minority shareholders and are made on generally acceptable commercial terms not more favourable to the related parties.
 - The Committee was satisfied that there are mitigating measures in place where Directors / Key Management Personnel with conflict or potential conflict will declare their interest in advance and then abstain from all deliberations relating to the matter.

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 activities' 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 Standards 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 2023 amounted to RM361,783.

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 sustainable long term success 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 2021 ("the Code") in respect of the financial year ended 31 December 2023. 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 sustainable 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, conflict of interest, related party transactions, 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 27 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 2023, physical visits to the estates and mills by the Key Management Personnel were the order of the day. 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, were held virtually. The Covid-19 restrictions imposed on us previously 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 Conflict of Interest Policy, the Related Party Transactions Policy, the Fit and Proper Policy, the Anti Bribery and Anti Corruption Policy, the Whistle Blowing Policy, the Safety and Health Policy, Environmental and the Biodiversity Policy, the Social Policy, the Sustainability Policy and the 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	<ul style="list-style-type: none">- 2023 Board and Audit Committee Priorities- MOSTA Agronomy Workshop, Innovation and Improvement of Management, Yields and Sustainability of Oil Palm (M.A.D. = Mechanisation, Automation and Digitalisation)- Charting Pathways for a Sustainable Asia- Leadership for Change Transforming Business and Navigating the Social Entrepreneurial Frontier- Energy Asia Conference 2023
Dato Wong Kuo Hea	<ul style="list-style-type: none">- 2023 Board and Audit Committee Priorities
Datu Hasmawati binti Sapawi	<ul style="list-style-type: none">- 2023 Board and Audit Committee Priorities- Team Building Pejabat Setiausaha Kewangan Negeri- Corporate Directors Training Program Essential- High Performance Team (HPT) 2023
Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired)	<ul style="list-style-type: none">- 2023 Board and Audit Committee Priorities- Mandatory Accreditation Programme ("MAP") (Part II)
Dato Chia Chu Fatt	<ul style="list-style-type: none">- 2023 Board and Audit Committee Priorities- Future Fit Profession - Charting a Better Tomorrow- MAP (Part II)
Dato Awang Beme bin Awang Ali Basah	<ul style="list-style-type: none">- MAP (Part III)

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 6 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 12 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 2023:

Name of Director	Designation	Meetings Attended	
		Number	(%)
Datuk Amar Abdul Hamed bin Sepawi	Executive Chairman	4/5	80
Dato Wong Kuo Hea	Executive Director	5/5	100
Datu Hasmawati binti Sapawi	Non Independent Non Executive Director	4/5	80
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. Conflict of Interest, Potential Conflict of Interest and Competing Loyalties;
- f. Potential to contribute to achieve the Company's goal and objectives; and
- g. 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 Hasmawati binti Sapawi (Member);
- c. Dato Awang Bemee bin Awang Ali Basah (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) 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 were 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)

- (b) 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.
- (c) 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. Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired) (Member); and
- c. 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. As is the standard requirement, when the remuneration of the Executive Directors and the Key Management Personnel are being reviewed, Dato Wong Kuo Hea, who is a member of the Remuneration Committee and the Company Secretary who is one of the Key Management Personnel will leave the discussion thereby abstaining from all deliberations on the matter.
- (b) Reviewed the Board's remuneration for the financial year ending 31 December 2024 which will subsequently be tabled to the shareholders for approval at the Annual General Meeting.
- (c) Reviewed the benefits to be paid to the Directors for the period from this Annual General Meeting in 2024 to the next Annual General Meeting to be held in 2025 which will subsequently be tabled to the shareholders for approval at the Annual General Meeting.

The details of the Company's directors' remuneration received during the year are disclosed in the CG Report for financial year ended 31 December 2023.

The Company's directors' remuneration was approved by the shareholders at the 26th Annual General Meeting of the Company held on 26 May 2023.

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, Dato Chia Chu Fatt.

The Audit Committee comprises exclusively of independent directors, namely:

- a. Dato Chia Chu Fatt (Chairman);
- b. Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired) (Member); and
- c. Dato Awang Beme bin Awang Basah (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, anti-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 3 directors, namely:

- a. Dato Chia Chu Fatt (Chairman);
- b. Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired) (Member); and
- c. 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 anti-corruption, Environmental, Social and Governance ("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

Recognising 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.


Since the 21st Annual General Meeting held in 2018, at least 28 days of notice had been given to its shareholders before the Annual General Meeting is convened.

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 22 March 2024.

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, related party transactions, anti-bribery and anti-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 Department Heads. Key operational issues highlighted are reviewed and decisions given are swiftly executed.

In addition, monthly costing meetings were also conducted by the Management 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 2023 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 22 March 2024.