



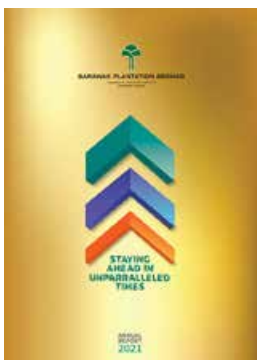
# SARAWAK PLANTATION BERHAD

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



**STAYING  
AHEAD IN  
UNPARRALLELED  
TIMES**

**ANNUAL  
REPORT  
2021**



### Cover Rationale

The cover reflects the unparalleled times during the coronavirus pandemic which caused significant disruption to the market. Despite this, Sarawak Plantation Berhad is committed to continuing its mission to build a strong, formidable and sustainable business to stay ahead in this industry.



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# CORPORATE PROFILE



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

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

SPB is one of the pioneer players in the oil palm industry in Sarawak. Currently the Group has a total land bank of 43,481 hectares (ha), with a total plantable area of 35,577 ha and 412 ha (planted 402 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 120 metric tonne per hour (mt/hour), located at Niah and Mukah, respectively.

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

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Chairman

Datuk Amar Abdul Hamed bin Sepawi

### Executive Director

Dato Wong Kuo Hea

### Non-Independent Non-Executive Director

Hasmawati binti Sapawi

### Independent Non-Executive Directors

Datu Haji Soedirman bin Haji Aini

Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired)

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](http://www.spbgroup.com.my)

### Share Registrar

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

### Auditors

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

### Principal Bankers

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

### CIMB BANK BERHAD

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

### Stock Exchange Listing

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



# VISION

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

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

# MISSION

# 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	2021	2020	2019	2018	2017
Revenue (RM'000)	790,524	465,750	347,528	310,787	399,177
Profit before tax (RM'000)	168,391	83,055	28,409	15,761	13,843
Profit attributable to owners of the Company (RM'000)	127,826	61,421	20,918	11,179	6,303
Total assets (RM'000)	974,683	878,007	833,996	854,567	848,397
Net assets (RM'000)	671,095	585,124	552,033	545,949	548,748
Total equity attributable to owners of the Company (RM'000)	671,095	585,124	552,033	545,949	548,748
Total number of shares ('000)	280,000	280,000	280,000	280,000	280,000
Net assets per share (RM)	2.40	2.09	1.97	1.95	1.96
Basic earnings per share (sen)	45.8	22.0	7.5	4.0	2.3
Dividend per share (sen)	20.0	10.0	5.0	5.0	-
Gearing (%)	10	18	22	29	26

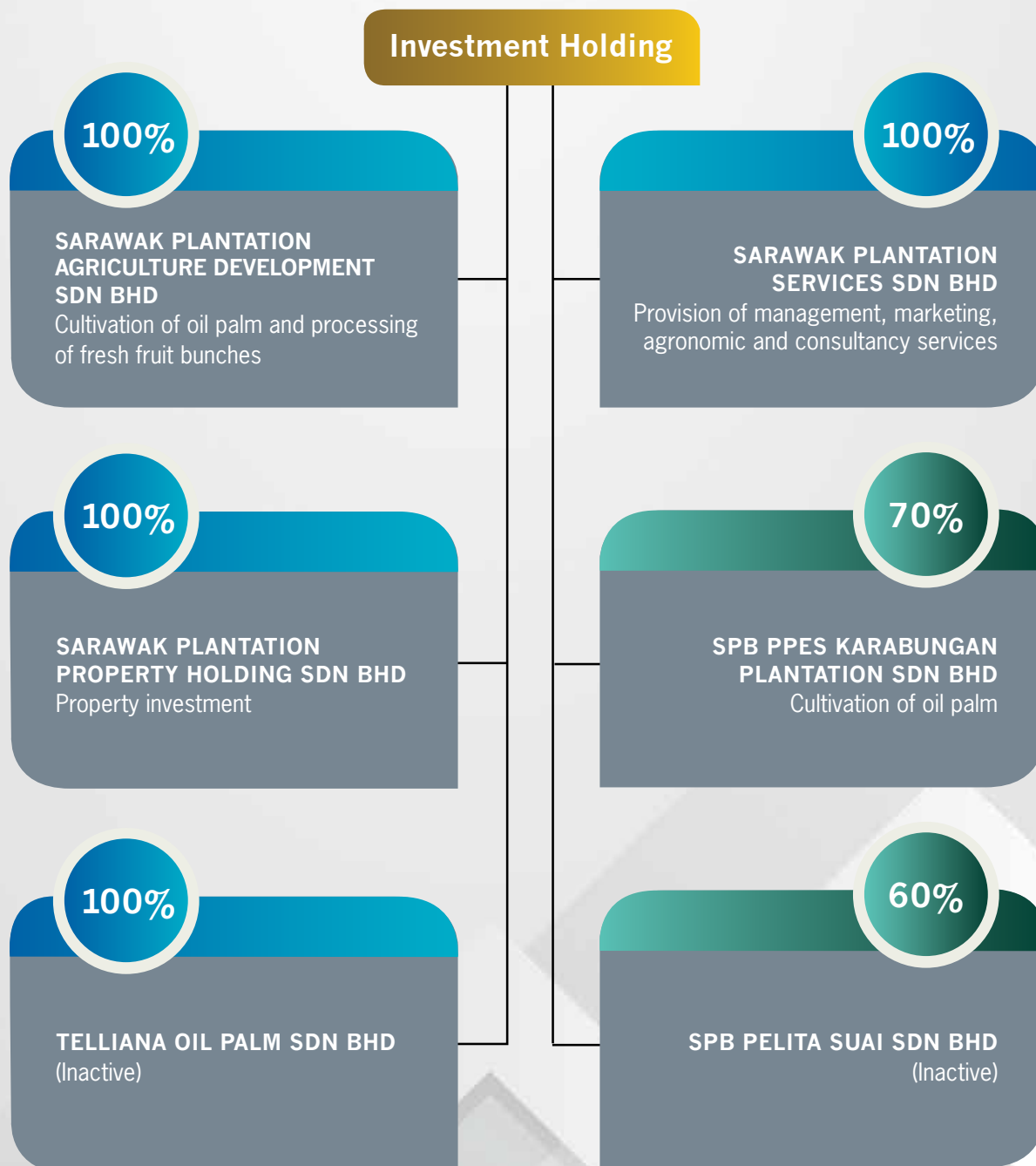
# CORPORATE STRUCTURE



## SARAWAK PLANTATION BERHAD

Registration No. 199701035877 (451377-P)

Incorporated in Malaysia



# 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

Datuk Amar Abdul Hamed (male), aged 73, was appointed to our Board on 30 August 2005 and redesignated as Non Executive Chairman on 11 March 2011. On 1st November 2017, he was redesignated to the position of Executive Chairman. He is the Chairman of our Board Sustainability Committee and a member of our Risk Management Committee.

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 32 years of experience in forestry and plantation management and the manufacturing of forest products. For the last 25 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 23 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.

He is the Executive Chairman of Ta Ann Holdings Berhad, a forestry and oil palm plantation company based in Sarawak, Chairman of a property and construction company, Naim Holdings Berhad, 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.



**Dato Wong Kuo Hea**  
Executive Director

Dato Wong Kuo Hea (male), aged 71, was appointed as our Executive Director on 28 March 2018. He is a member of our Board Sustainability Committee and Remuneration Committee.

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

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

Dato Wong was conferred the 2021 Sarawak State Entrepreneur of the Year Award this year.

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.

# BOARD OF DIRECTORS



**Hasmawati Binti Sapawi**  
Non Independent Non-Executive Director

Hasmawati Sapawi (female), aged 54, was appointed as our Director on 25 November 2011. She is a member of our Nomination Committee.

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

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

She is currently the Deputy State Financial Secretary of Sarawak.

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



**Datu Haji Soedirman Bin Haji Aini**  
Independent Non-Executive Director

Datu Haji Soedirman (male), aged 66, was appointed as our Director on 1 March 2019. He is the Chairman of our Board Audit Committee and a member of our Remuneration Committee, Nomination Committee and Risk Management Committee.

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

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

Prior to his retirement from the State Government on 31 December 2018, he held the position of General Manager of the Sarawak Economic Development Corporation (SEDC). His previous employment in the Sarawak Civil Service includes being the Permanent Secretary of the Ministry of Social Development, Director of the State Implementation Monitoring Unit, Permanent Secretary of the Ministry of Industrial Development, Deputy State Financial Secretary and State Accountant-General. Between November 2002 and September 2003, he was seconded to Amanah Saham Sarawak Berhad as its Chief Executive Officer. During his tenure with the Sarawak Government, he served on the Boards of MLNG 3 and MIDA.

Datu Haji Soedirman is currently a Director of Permodalan Nasional Berhad and an Independent Director of Sarawak Consolidated Industries Berhad, a company listed on the Main Market of Bursa Malaysia. He also sits on the Board of various government-linked companies and Non-Governmental Organisations.

# BOARD OF DIRECTORS



Brigadier General Dato' Muhammad Daniel Bin Abdullah (Retired)  
Independent Non-Executive Director

Brigadier General Dato' Muhammad Daniel (male), aged 67, was appointed as our Director on 1 March 2019. He is the Chairman of our Nomination Committee and a member of our Board Audit Committee, Remuneration Committee and Risk Management Committee.

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).





**Chia Chu Fatt**  
Independent Non Executive Director

Chia Chu Fatt (male), aged 68, was appointed as our Director on 5 April 2021. He is the Chairman of our Risk Management Committee and a member of our Board Audit Committee.

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

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

He was conferred the honorary Johan Bintang Sarawak (JBS) and Ahli Bintang Sarawak (ABS) by T.Y.T Yang di-Pertua Negeri Sarawak in 2010 and 1994 respectively.

Chia Chu Fatt is also an Independent Non-Executive Director of Ta Ann Holdings Berhad, a company listed on the Main Market of Bursa Malaysia.

## BOARD OF DIRECTORS



Dato Awang Bemee Bin Awang  
Ali Basah  
Independent Non-Executive Director

Dato Awang Bemee (male), aged 63, was appointed as our Director on 15 September 2021. He is the Chairman of our Remuneration Committee.

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

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

## CONFLICT OF INTEREST

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

Company	Principal Activities	Major Products
<b>Datuk Amar Abdul Hamed bin Sepawi</b>		
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
Daro Oil Mill Sdn Bhd	Operation of palm oil mill (in the process of striking off)	Palm oil products
PSS Oil Mill Sdn Bhd	Operation of palm oil mill	Palm oil products

# CONFLICT OF INTEREST

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

Company	Principal Activities	Major Product
<b>Dato Wong Kuo Hea</b> 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
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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
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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
Daro Oil Mill Sdn Bhd	Operation of palm oil mill (in the process of striking off)	Palm oil products
PSS Oil Mill Sdn Bhd	Operation of palm oil mill	Palm oil products
<b>Chia Chu Fatt</b> Ta Ann Holdings Berhad	Investment holding (cultivation of oil palm and milling of palm oil via its subsidiaries)	Palm oil products
<b>Dato Awang Bemee bin Awang Ali Basah</b> Ta Ann Pelita Baleh Sdn. Bhd. Ta Ann Pelita Assan Plantation Sdn. Bhd.	Cultivation of oil palm Cultivation of oil palm	Palm oil products Palm oil products

## Additional Information

- All Directors are Malaysian citizens.
- None of our Directors have been convicted of any offences within the past five years and no public sanction or penalty were imposed on any of our Directors by the relevant regulation bodies during the financial year.
- There is no family relationship between the Directors and/or major shareholders of the Company.
- For our Directors' attendance at Board Meetings held during the years in review, please refer to page 60 of this Annual Report.
- For our Directors' securities holdings in SPB, please refer to page 172 of this Annual Report.

## KEY MANAGEMENT PERSONNEL



**Dato Wong Kuo Hea**  
Executive Director

Dato Wong Kuo Hea (male), aged 71, 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 35, 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 currently serves as a member of the Programme Advisory Committee (PAC) for Focus Area of Mechanization and Automation of MPOB.

He does not hold any directorships in public companies.

## KEY MANAGEMENT PERSONNEL



**Koay Bee Eng**  
Chief Financial Officer

Koay Bee Eng (female), aged 53, 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 55, 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 51, 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 been convicted of any offences in the past five years and no public sanction or penalty were imposed on any of our Key Management Personnel by the relevant regulatory bodies during the financial year.
- There is no family relationship between the Key Management Personnel and/or directors major shareholders of the Company except Iswandi bin Ayub who is the grand nephew of our Executive Chairman.

# MESSAGE TO OUR SHAREHOLDERS



ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED AND HONOURED TO PRESENT TO YOU THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021.

## 2021- Staying ahead in unparalleled times

The last two years had been challenging. The COVID-19 pandemic rapidly shifted the business environment and the way we live. The reverberations of the pandemic continue to be felt even to this day. 2021 was no exception. The world is changing and we need to do the same. We adopted an open mindset towards new ways to conduct business and we prioritized the need for adaptability and persistence in our operation and work place.

Despite the COVID-19 pandemic continuing to disrupt business and affecting the market, we were able to persevere. Our team was able to adapt to the new norm through a strong emphasis on teamwork, trust and corporate values. With that and together with buoyant crude palm oil (CPO) price, we are pleased to present our extremely outstanding performance for the year 2021.



# MESSAGE TO OUR SHAREHOLDERS

## 2021 Financial Performance

This is the best performance yet, for the Group attained notable achievement in its financial performance following bullish CPO price. Revenue rose from RM465.8 million in 2020 to RM790.5 million in 2021, a considerable growth of 70%.

Following this, the Group's profit before tax increased from RM83.1 million in 2020 to RM168.4 million in 2021, a remarkable surge of 103%. Net profit attributable to owners of the Company grew from RM61.4 million in 2020 to RM127.8 million in 2021. This net profit translated into an earnings per share of 45.81 sen per share for 2021, as compared to 2020 of 22.01 sen per share. This marked a historical milestone for the Company as the most significant achievement in the Company's lifetime so far in terms of profit.

## Dividends

Based on these astounding results, our Company is pleased to have declared three interim dividends totaling 20 sen per share for financial year 2021. This is the highest since the listing of the Company on Bursa Malaysia. The dividends were paid on 8 July 2021, 25 January 2022 and 29 March 2022 respectively. These dividends represent approximately 44% pay out of the current year's net profit attributable to Owners of the Company.

I, together with my Board Members and Management would like to express our gratitude towards all shareholders who, despite these challenging times, still gave their support to the Company. The dividends paid serve as our token of appreciation to our shareholders and we earnestly hope that you will continue your ongoing support for the Company.



# MESSAGE TO OUR SHAREHOLDERS

## 2021 Operating Performance

Amid challenging operational constraints following manpower shortage and COVID-19 pandemic, we did our very best to harvest. The effects of these limitations led to our FFB production of 319,999 metric tonne (mt), a decline of 6% from 341,065 mt achieved in 2020.

## Sustainability and Governance

Moving forward, the Group will continue to emphasize on enhancing FFB production and yield per hectare, but the Group recognizes the importance of sustainable development for the future of the Group. Sustainability can be associated with environmental, social and governance aspects which improve long term business resilience and promotes investor confidence. The Group will put in their utmost effort to preserve sustainable practices whilst still keeping focus on FFB production and yield.

The Group always takes measures to ensure the safety and health of our workforce and stakeholders. We continue to take initiatives to provide a conducive working environment whilst balancing that against minimal disruptions to our business and operation. In addition, prioritising employee welfare and protecting the environment to prevent ecological damage are also on our sustainability agenda. With the COVID-19 pandemic still rampant, the safety and health of our stakeholders must be maintained at all costs. The Group will therefore take any necessary precaution to ensure the safety of all personnel involved.

We remain committed to uphold high standards of governance practices in our management. We spare no effort in adopting the best possible practices and guidance provided in the Malaysian Code on Corporate Governance (as at 28 April 2021). The Group stresses the importance of upholding integrity, transparency and accountability in its operations and conduct.



# MESSAGE TO OUR SHAREHOLDERS



## Prospects and Outlook

The outlook for the Malaysian economy in 2022 seems positive, with the gradual recovery from the pandemic supported by an anticipated improvement in global and domestic demand. The drawback is that the supply chain disruption issue may further worsen causing an escalation of costs.

In 2021, the palm oil industry benefited from high commodity prices and the outlook for the palm oil industry in 2022 continues to be optimistic. As with previous years, manpower shortage remains a significant roadblock that needs to be addressed. It is expected that the gradual intake of foreign workers will ease the manpower shortage in the coming year.

Barring any unforeseen circumstances and though we achieved such a significant milestone in 2021, we are still not content as we believe we have the potential to reach far greater heights and we will strive to keep improving ourselves. Moving forward, we will face the future with an optimistic mindset, while still remaining vigilant and cautious in our decision-making.

## Appreciation

From the entire Board of Directors, we would like to give our sincerest thanks to all our shareholders for their continued support and belief in the Company. To all our stakeholders, business and community partners, government and its agencies who have aided us throughout the past years, we would like to express our heartfelt gratitude towards them and acknowledge that their assistance was invaluable to us.

To my directors and employees in SPB Group, our remarkable success in 2021 could not have been possible without your diligence, hard work and talent. Everyone in SPB Group shares a part in this success and I would like to express my gratitude to your dedication and contributions to the Group.

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

Sarawak Plantation Group's principal businesses are cultivation of oil palm and processing of fresh fruit bunches (FFB) into crude palm oil (CPO) and palm kernel (PK). The oil palm business has two core operations, namely estate operation and mill operation. This contributes over 99% of the Group's revenue and earnings. The Group owns 16 oil palm estates with total land bank of 43,481 hectares (ha). The total plantable hectareage was 35,577 ha. In addition, the Group has another estate with the size of 412 ha (planted 402 ha) under a joint venture with one of the Sarawak State Agencies.

The Group owns and operates 2 palm oil mills, with a total operating capacity of 120 metric tonne per hour (mt/hour), located at Niah and Mukah, respectively.

### Other Activities

#### Seed Production Unit/Nursery

The Group's seed production unit produces high yielding seeds which carry the brand name "Surea DxP". These seeds, certified by SIRIM are licensed for sale by the Malaysian Palm Oil Board ("MPOB"). They have been tested and proven to be able to provide high FFB and oil yield, and moderately slow height increment. These seeds are for internal nursery as well as sale to oil palm companies in Sarawak.

#### Cattle Integration

Cattle integration has been an effective weed control approach that benefits the participating estates. Through cattle integration, chemical usage in weed control programme is reduced. This promotes environmentally friendly practices and is in line with our sustainability objectives.

#### Strategic Innovation/Productivity Centre

The Group has always kept in mind the importance of research and development as its innovation strategy in moving forward to a sustainable future. Our Strategic Innovation/Productivity Centre's main objective is to provide a platform for productivity improvements through creativity and innovation. The main focus is estate mechanisation to reduce dependency on labour while simultaneously improving yield and productivity.

Our on going key innovation project is the development of prototype harvesting machines. The primary objective is to increase harvesting productivity.

# MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR

## PERFORMANCE OVERVIEW

2021 has been a fruitful year for the Group. Strong CPO price brought a record high profit despite experiencing lower production coupled with higher operating costs. The Group posted a net profit of RM128 million, being the highest record of profit since its listing in 2007. Indeed, it is also for the first time that the Group's net profit surpassed the RM100 million mark.

## REVIEW OF FINANCIAL PERFORMANCE

The Group achieved a 70% increase in revenue in 2021 compared to 2020. Driven by bullish commodity prices, revenue was RM790.5 million for the financial year ended 31 December 2021 compared to revenue of RM465.8 million for the financial year ended 31 December 2020.

Revenue  
**RM 790**  
million  
▲  
70%

Net Profit  
**RM 128**  
million  
▲  
108%

In line with the growth in revenue, the Group achieved a remarkable operating profit before tax of RM147.7 million in 2021 compared to RM67.2 million recorded in 2020, an outstanding growth of 120%.

Following the increase in operating profit coupled with higher gain on fair value changes in biological assets, the Group achieved a notable surge in profit before tax of RM168.4 million in 2021 compared to RM83.1 million in 2020. Similarly, net profit rose by 108% from RM61.4 million in 2020 to RM127.8 million in 2021.



# MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR



## REVIEW OF OPERATING PERFORMANCE

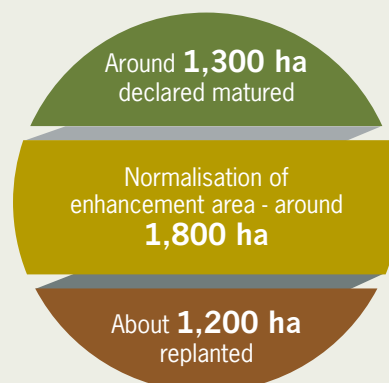
COVID-19 pandemic continues to post various operational challenges to the Group. It is of no doubt that the Group's operations are disrupted to a certain extent. Nevertheless, for the past two years since the beginning of COVID-19 pandemic, the Group has been seeing through these challenging times positively and proactively.

Embracing the new normal has been our key priority in managing our business and operations and we are proud to state that we are adapting well to the new normal. Leveraging on information technology to minimise disruptions to the operation is found to be effective and efficient. Various telecommunication tools are used to engage with stakeholders such as e-communications and virtual meetings to facilitate discussions and day to day conduct of the business. Field conditions can be monitored through specific software such as eCognition Oil Palm Solution, QGIS and Agisoft for palm census, mapping and drone image purposes.

Nevertheless, physical operational meetings and field visits were also carried out in full compliance with the standard operating procedures to mitigate COVID-19 risks and to ensure safety of the employees. The Group continues to conduct close and attentive supervision and take quick decisive actions without compromising on work quality.

## Estate Performance

### 2021 Operating Highlights



# MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR

## REVIEW OF OPERATING PERFORMANCE (continued)

### Estate Performance (continued)

#### 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 and were in critical need of rehabilitation.



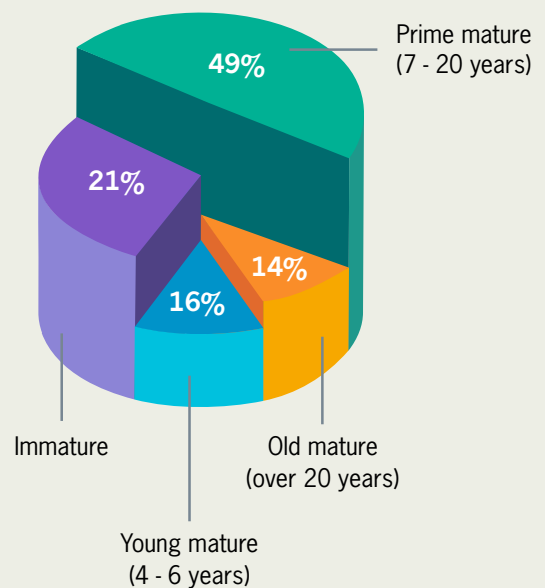
A total of around 6,000 ha were identified in prior years. Notably as at 31 December 2021, approximately 80% of such areas have been normalised, inclusive of around 1,800 ha normalised in 2021.

#### Replanting activities

During the year, the Group replanted around 1,200 ha. These replanted areas will contribute positively to the FFB production growth in the near future.

The Group sees the value of mechanisation of its operations, hence it has adopted replanting strategies that allows for future mechanisation whilst not compromising potential yield.

#### Age profile for immature, harvestable and enhancement areas



Young and prime mature areas represent 65% of the total immature, harvestable and enhancement areas of 26,537 ha of which will bring higher production in the years to come. As at end of 2021, around 1,100 ha remains as enhancement areas and is expected to be normalised gradually within these 2 years.

In addition, since 2018, total areas recovered from encumbered areas were around 3,200 ha. As at 31 December 2021, the matured areas remaining encumbered were around 3,300 ha.

# MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR

## REVIEW OF OPERATING PERFORMANCE (continued)

### Estate Performance (continued)

#### FFB production and yield

Region	2021 Harvestable WHa	2020 Harvestable WHa	2021 FFB Mt	2020 FFB Mt	Changes %
Northern Region	11,452	11,722	157,118	182,449	-14
Central Region	8,934	7,812	162,881	158,616	3
Total	20,386	19,534	319,999	341,065	-6

Region	2021 Yield Mt/WHa	2020 Yield Mt/WHa	Changes %
Northern Region	13.72	15.56	-12
Central Region	18.23	20.30	-10
Total	15.70	17.46	-10

WHa - Weighted average

FFB production declined by 6% from 341,065 mt in 2020 to 319,999 mt in 2021. The decline was mainly attributed to cyclical palm stress and harvesters' shortage following cessation of foreign workers' intake arising from COVID-19 pandemic.

Similarly, FFB yield decreased by 10%, compared to 2020.

Labour shortage has been worsening due to cessation of foreign workers' intake. In alleviating this unavoidable issue, the Group continued its mitigating measures to prioritise and focus harvesting works at high yielding areas and to deploy general workers for harvesting at scout harvesting and young mature fields.

However, when the labour shortage affecting this industry is addressed, we expect our FFB production will be further improved.

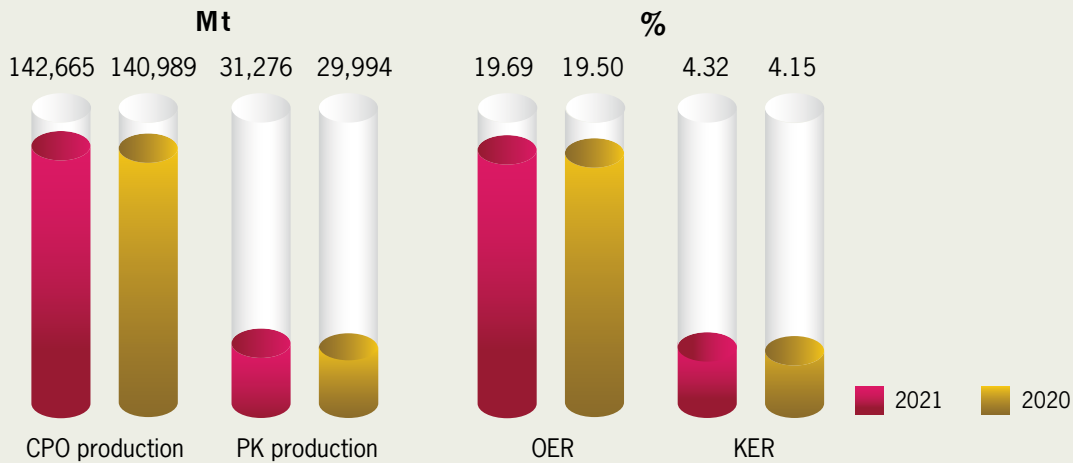




# MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR

## REVIEW OF OPERATING PERFORMANCE (continued)

### Mill Performance



Total CPO and PK production increased by 1% and 4% respectively. Average oil extraction rate (OER) and kernel extraction rate (KER) improved to 19.69% and 4.32% respectively. Both mills process FFB from our own estates as well as those purchased from external parties.

Niah Palm Oil Mill		2021	2020	Changes (%)
FFB processed	Mt	426,545	392,402	9
CPO production	Mt	86,076	79,809	8
PK production	Mt	18,172	15,671	16
OER	%	20.18	20.34	-1
KER	%	4.26	3.99	7

Mukah Palm Oil Mill		2021	2020	Changes (%)
FFB processed	Mt	297,921	330,734	-10
CPO production	Mt	56,589	61,180	-8
PK production	Mt	13,104	14,323	-9
OER	%	18.99	18.50	3
KER	%	4.40	4.33	2



# MANAGEMENT REVIEW & ANALYSIS BY THE EXECUTIVE DIRECTOR

## STRATEGIES

The Group's core business objective is to raise productivity as a whole, with the key focus on increasing production and yield per hectare.

Mechanisation and automation of the operation of our mills and estates play important roles in achieving the Group's core business objective. Mechanisation and upgrading of the facilities are necessary to maximise output and enhance operational efficiency.

The robust use of information technology especially during this pandemic enables effective monitoring of the operation as well as enhances communication.

On the other hand, the Group always recognizes the importance of having a healthy and safe work force. Emphasis has always been placed on the wellbeing of its employees hence a safe and conducive working environment is provided. Employees are encouraged to contribute their ideas for operational improvement and enhancements.

Succession planning and talent management are vital in ensuring sustainability of the Group. The Succession Planning Policy which entails succession planning principles and processes is in place to ensure continuity in the leadership within the Group.

The Group continues to maintain its sustainability strategies in responding to economic, environmental and social aspects. 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.

## RISKS

Among the key obstacles and challenges faced by the Group during the year were manpower shortages, restrictions and disruptions from the COVID-19 pandemic and other operational and business risks presented to the Group.

With the positive attitude and a dedicated work force, the Group addressed these issues confidently to nullify or at the very least mitigate the risks presented. Our team is adaptive and committed in dealing with these issues accordingly.

We endeavour to prepare for the worst and hope for the best in any situation or condition. In the face of any issues, our response will be swift, decisive and appropriate in dealing with the matter.

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.

## ACTION PLANS FOR 2022

As part of our sustainability agenda in responding to environmental aspects such as climate change and to ensure sustainable oil palm cultivation, the Group ceased new planting on peat land. As such, the production growth of the Group will lean heavily on yield improvement. In view thereof, the Group focuses on the following action plans:

- Increase production and yield of existing and newly matured areas.
- Raise workers' productivity, focus on supervision and monitoring.
- Continue improving facilities and infrastructure of the estates and pursue mechanization and automation of our operations.
- Continue replanting activities in areas with low yield and recover encumbered areas.
- Complete capacity upgrading from 60 metric per hour to 80 metric tonne per hour at Niah Palm Oil Mill to cater for increased FFB intake.
- Increase seed production and persist with the aggressive marketing strategies for the promotion of our seeds.
- Leverage on technological advancement to enhance communication and reporting.

## OUTLOOK AND PROSPECTS

The Group's future prospects are positive. With relatively young and prime mature fields, there is upside potential in its production in the near future. Replanting activities and efforts in the past years are also expected to contribute positively to production growth.

The Group intends to focus on maintaining the stability of capital and resources for existing core businesses, but are looking to explore new opportunities to diversify into other related businesses, particularly the downstream activities which can complement or be directly integrated into its core businesses.

# FINANCIAL REVIEW BY THE CHIEF FINANCIAL OFFICER

## 1. FINANCIAL RESULTS FOR THE YEAR - GROUP

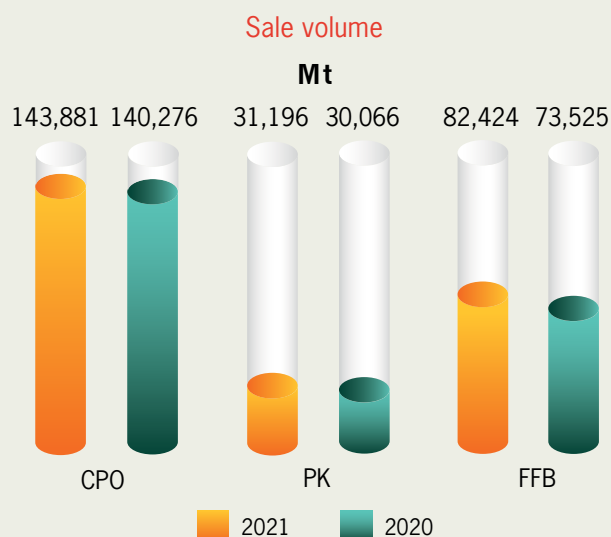
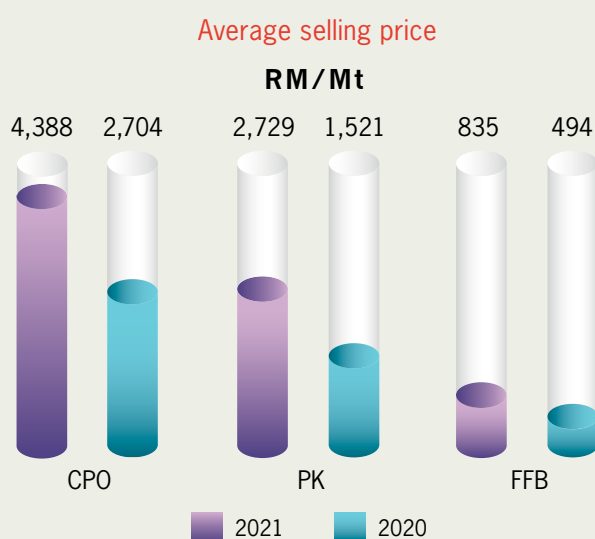
	Note	2021 RM'000	2020 RM'000	Change %
Revenue	(a)	790,524	465,750	70
Results from operating activities (Operating profit)	(b)	147,700	67,233	120
Profit before tax	(c)	168,391	83,055	103
Profit attributable to Owners of the Company (Net profit)		127,826	61,421	108

	%	%	Change %
Operating profit margin	18.7	14.4	30
Profit before tax margin	21.3	17.8	20
Net profit margin	16.2	13.2	23

### (a) Revenue

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

The increase in revenue from RM465.8 million in 2020 to RM790.5 million in 2021 was mainly due to higher selling prices, coupled with growth in sale volume.



CPO, PK and FFB average selling prices increased by 62%, 79% and 69% respectively whereas CPO, PK and FFB sale volume grew by 3%, 4% and 12% respectively.

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. Sale of FFB to external mills contributed around 9% to the total revenue of the Group.

# FINANCIAL REVIEW BY THE CHIEF FINANCIAL OFFICER

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

### (b) Results from operating activities (Operating profit)

The Group recorded an operating profit of RM147.7 million at a profit margin of 18.7% for the financial year ended 31 December 2021 compared to 2020 of RM67.2 million or profit margin of 14.4% respectively. The improved profit was principally attributable to higher selling prices despite higher operating costs.

### (c) Profit before tax

The Group achieved a notable profit before tax of RM168.4 million or a profit margin of 21.3% for the current financial year, as compared to a profit before tax of RM83.1 million or a profit margin of 17.8% in the preceding year. Higher profit before tax for the current financial year compared against the preceding year is shown as below:

	2021 RM'000	2020 RM'000	Particulars
Results from operating activities	147,700	67,233	
ADD: Other non-operating income	21,402	15,631	Changes in fair value of biological assets
LESS: Other non-operating expenses	( 1,989)	-	Impairment losses on bearer plants and property, plant and equipment
ADD: Net finance income	1,278	191	
Profit before tax	168,391	83,055	

# FINANCIAL REVIEW BY THE CHIEF FINANCIAL OFFICER

## 2. FINANCIAL POSITION AS AT 31 DECEMBER 2021 - GROUP

### Analysis of major items

#### 2.1 TOTAL ASSETS

Asset Type	Note	31.12.2021 RM'000	31.12.2020 RM'000	Change %
Property, plant and equipment	2.1.1	263,811	272,968	-3
Bearer plants	2.1.2	330,647	328,840	0.5
Right-of-use assets	2.1.3	95,135	97,285	-2
Investment properties		5,456	5,829	-6
Biological assets	2.1.4	63,999	42,890	49
Inventories	2.1.5	19,523	16,768	16
Trade and other receivables		13,735	8,673	58
Prepayment and other assets		6,931	6,426	8
Other investments	2.1.6	61,825	16,287	280
Cash and cash equivalents	2.1.7	113,621	82,041	38
<b>Total</b>		<b>974,683</b>	<b>878,007</b>	<b>11</b>

#### 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	13,552
LESS: Depreciation for the financial year	( 18,923)
LESS: Write off	( 2,579)
LESS: Expense off	( 368)
LESS: Impairment loss	( 979)
ADD: Transfer - investment properties	140
<b>Net movement</b>	<b>( 9,157)</b>

# FINANCIAL REVIEW BY THE CHIEF FINANCIAL OFFICER

## 2. FINANCIAL POSITION AS AT 31 DECEMBER 2021 - GROUP (continued)

### 2.1 TOTAL ASSETS (continued)

#### 2.1.2 Bearer plants

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

	RM'000
Additions	25,231
LESS: Depreciation for the financial year	( 22,414)
LESS: Impairment loss	( 1,010)
Net movement	1,807

#### 2.1.3 Right-of-use assets

Net movement was mainly in respect of the following:

	RM'000
Additions	-
LESS: Depreciation for the financial year	( 2,150)
Net movement	( 2,150)

#### 2.1.4 Biological assets

Biological assets are as below:

	31.12.2021 RM'000	31.12.2020 RM'000	Change %
Fresh fruit bunches	60,874	40,421	51
Living Livestock	3,125	2,469	27
Total	63,999	42,890	49

# FINANCIAL REVIEW BY THE CHIEF FINANCIAL OFFICER

## 2. FINANCIAL POSITION AS AT 31 DECEMBER 2021 - GROUP (continued)

### 2.1 TOTAL ASSETS (continued)

#### 2.1.5 Inventories

Inventories breakdown is as follows:

	31.12.2021 RM'000	31.12.2020 RM'000	Change %
Crude palm oil and palm kernel	5,551	6,900	-20
Stores and consumables	10,428	5,366	94
Oil palm nursery	1,132	2,051	-45
Oil palm seeds	363	398	-9
Oil palm fresh fruit bunches	2,049	2,053	-0.2
<b>Total</b>	<b>19,523</b>	<b>16,768</b>	<b>16</b>

#### 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:

	31.12.2021 RM'000	31.12.2020 RM'000	Change %
Cash in hand and at banks	2,416	3,723	-35
Deposits with original maturities not exceeding three months	111,205	78,318	42
<b>Total</b>	<b>113,621</b>	<b>82,041</b>	<b>38</b>

Increase in cash and cash equivalents by 38% was in line with higher profit from operation during the year 2021.

# FINANCIAL REVIEW BY THE CHIEF FINANCIAL OFFICER

## 2. FINANCIAL POSITION AS AT 31 DECEMBER 2021 - GROUP (continued)

### 2.2 TOTAL LIABILITIES

Liability type	Note	31.12.2021 RM'000	31.12.2020 RM'000	Change %
Loans and Borrowings	2.2.1	66,752	103,706	-36
Deferred tax liabilities		126,013	123,974	2
Trade and other payables	2.2.2	69,429	51,212	36
Lease liabilities		2,509	2,543	-1
Current tax payable		17,506	7,483	134
Dividend payable		27,903	13,952	100
<b>Total</b>		<b>310,112</b>	<b>302,870</b>	<b>2</b>

#### 2.2.1 Loans and borrowings

By type of facility	31.12.2021 RM'000	31.12.2020 RM'000	Change %
Term loan	54,000	83,789	-35
Revolving credit	8,000	13,200	-39
Hire purchase	4,752	6,717	-29
<b>Total</b>	<b>66,752</b>	<b>103,706</b>	<b>-36</b>

Loans and borrowings declined by 36% following repayments made during the current financial year.

#### 2.2.2 Trade and other payables

	31.12.2021 RM'000	31.12.2020 RM'000	Change %
Trade payables	35,997	23,171	55
Accrued expenses	17,732	12,637	40
Other payables	15,700	15,404	2
<b>Total</b>	<b>69,429</b>	<b>51,212</b>	<b>36</b>



# FINANCIAL REVIEW BY THE CHIEF FINANCIAL OFFICER

## 3. RATIO ANALYSIS - GROUP

	2021	2020	Change %
Liquidity			
• Current Ratio	1.55	1.33	17
Leverage			
• Gearing	10%	18%	-44
Profitability			
• Return on Assets (ROA)	13.1%	7.0%	87
• Return on Equity (ROE)	19.0%	10.5%	81
• Earnings per share (EPS)	45.81sen	22.01 sen	108
Dividend			
• Dividend per share	20 sen	10 sen	100
• Dividend yield*	8.1%	4.4%	84
Net assets per share	RM2.40	RM2.09	15

\* 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 2021.

The financial position of the Group remains healthy with the total assets of RM974.7 million and a total equity attributable to Owners of the Company of RM671.1 million.

Profitability of the Group for financial year 2021 has significantly enhanced as compared to financial year 2020. Return on Assets (ROA) and Return on Equity (ROE) improved to 13.1% and 19.0% respectively. Earnings per share doubled from 22.01 sen per ordinary share in 2020 to 45.81 sen per ordinary share in 2021.

Following the remarkable financial results achieved for the current financial year, the Group's liquidity and the gearing were strengthened. Current ratio was at 1.55 compared to 1.33 for 2020 whereas gearing decreased from 18% in 2020 to 10% in 2021.

Notably, dividend per share of 20 sen was doubled compared to 10 sen for the preceding financial year, which posted a yield of 8.1% based on the Company's share price as at year end.

Notwithstanding the outstanding financial results for 2021, the Group always bears in mind its objective to increase productivity, maintain a reasonable level of production and operating costs, and conducting business in a sustainable manner.

# SUSTAINABILITY STATEMENT

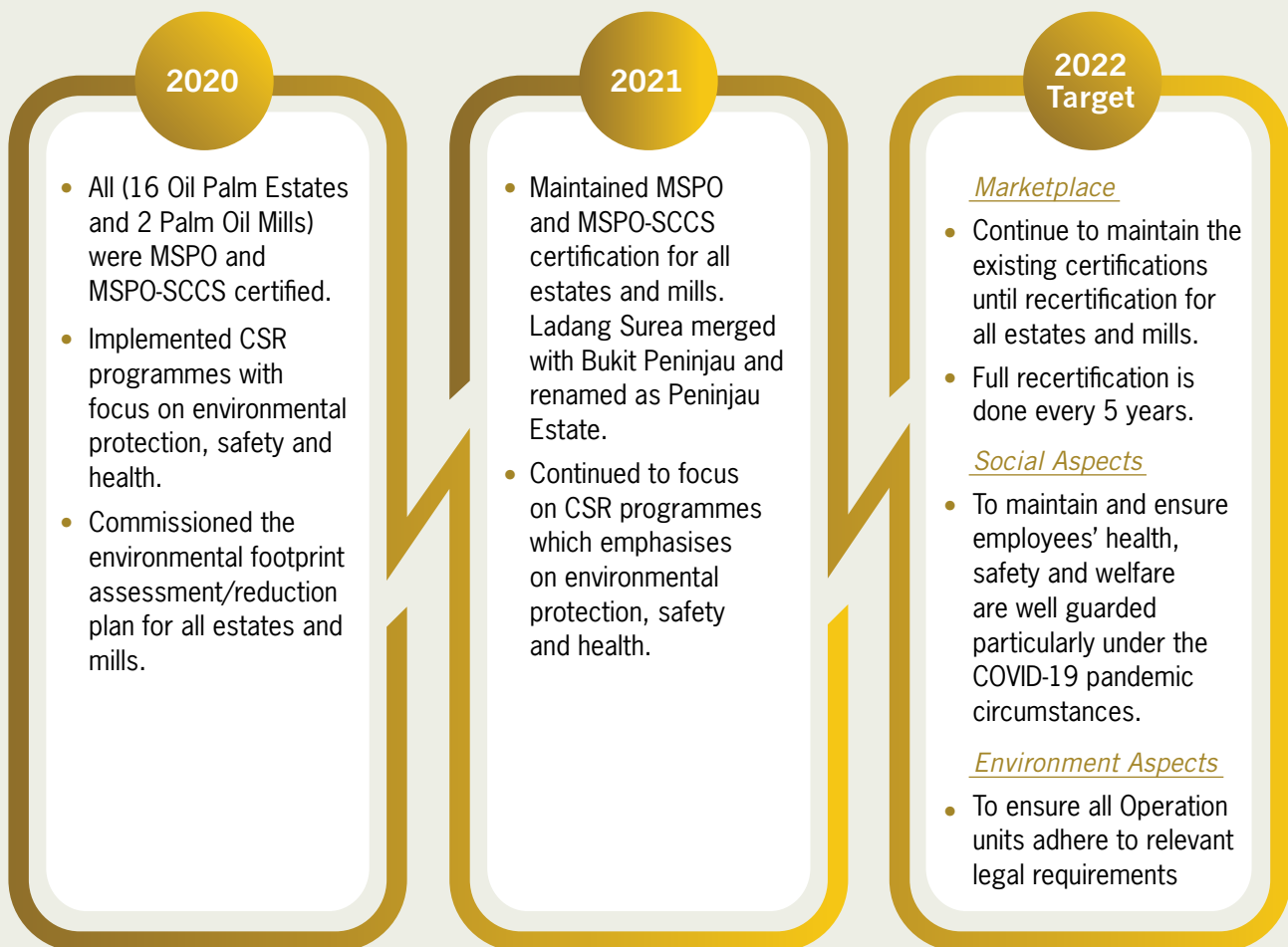
## 1. INTRODUCTION

### Our Approach to Sustainability

Towards being a well-known producer of Certified Sustainable Palm Oil (CSPO), we are committed to achieve excellence in sustainability by integrating sustainable practices into every one of our business activities. Our sustainability approach involves these four pillars - environmental impact, working environment, marketplace engagement and community investment.

### Key Performance Highlight/Milestone

An overview of our achievements and progress is presented below, along with our targets for 2022.



## 2. SUSTAINABILITY GOVERNANCE

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

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

# SUSTAINABILITY STATEMENT

## 2. SUSTAINABILITY GOVERNANCE (continued)



## 3. MATERIALITY PROCESS

### Stakeholder Engagement

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

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

Stakeholder	Method of Engagement	Issues/Concerns Raised in 2021	Response to Issues and Outcomes
Shareholders	<ul style="list-style-type: none"> <li>Annual General Meetings</li> <li>Corporate website</li> </ul>	<ul style="list-style-type: none"> <li>No issues were raised</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Trainings</li> <li>Monthly Operational Meetings</li> <li>Management Review</li> <li>Events, functions</li> <li>Updates via email and KEREDAS whatsapp group</li> <li>Establishment of HSE Committee at all SPB Operation Unit</li> <li>Quarterly HSE Committee Meeting</li> <li>Annual performance appraisals</li> </ul>	<ul style="list-style-type: none"> <li>Operational performance &amp; productivity</li> <li>MSPO audit findings, progress of continual improvement plan, CSR programme and trainings</li> <li>Employee rights and well being</li> <li>Remuneration matters</li> <li>Operational matters during the COVID-19 pandemic</li> </ul>	<ul style="list-style-type: none"> <li>Performance Review.</li> <li>Briefing and training on sustainability, health and safety as well as sustainability direction.</li> <li>Provide regular updates on operational performance and productivity.</li> <li>Monitor and implement issues related to health and safety.</li> <li>Strictly adhere to KKM, MKN, DOSH and SDMC regulations as well as Company's Standard Operating Procedures (SOP) related to COVID-19 pandemic.</li> <li>Organise activities to strengthen the friendship of HQ staff and estates.</li> <li>Organise appreciation dinner.</li> <li>Feedback from annual performance appraisals.</li> </ul>

# SUSTAINABILITY STATEMENT

## 3. MATERIALITY PROCESS (continued)

### Stakeholder Engagement (continued)

Stakeholder	Method of Engagement	Issues/Concerns Raised in 2021	Response to Issues and Outcomes
Local Communities	<ul style="list-style-type: none"> <li>Briefing on Company's policy and related procedure during stakeholder meeting</li> <li>CSR Programmes</li> <li>Regular telephone calls, text messages</li> </ul>	<ul style="list-style-type: none"> <li>Road accessibility</li> <li>Community programme</li> <li>Land-related claims and compensation</li> <li>CSR</li> <li>Environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Maintain good road conditions.</li> <li>Encourage volunteerism and participation in community engagement amongst our employees.</li> <li>Engage local communities through CSR programmes.</li> <li>Conduct assessments such as Social Impact Assessment.</li> </ul>
Government Agencies	<ul style="list-style-type: none"> <li>Stakeholder meeting</li> <li>Correspondence via emails, letters, etc</li> <li>Support government transformation policies and initiatives</li> </ul>	<ul style="list-style-type: none"> <li>No issues were raised</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Formal and informal briefings and meeting</li> <li>Customer feedback/complaint channel via email</li> <li>Marketing plans via brochures, facebook, etc</li> </ul>	<ul style="list-style-type: none"> <li>Product and service quality</li> <li>Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Provided a channel for customer feedback/complaints.</li> <li>Conduct continuous improvement activities towards enhancing customer experience and addressing customer needs.</li> </ul>
Suppliers and Contractors	<ul style="list-style-type: none"> <li>Contract/agreements</li> <li>Online meetings, emails, telephone calls</li> </ul>	<ul style="list-style-type: none"> <li>Awareness on MSPO Standards, Health, Safety Policy and SOPs</li> <li>Commitment towards MSPO requirements and Anti Bribery and Anti Corruption Policy</li> </ul>	<ul style="list-style-type: none"> <li>Continue training suppliers and contractors on MSPO requirements.</li> <li>Agreement to Company's Anti Bribery and Anti Corruption Policy is embeded into contracts with suppliers and contractors.</li> </ul>
Certification bodies and consultants	<ul style="list-style-type: none"> <li>Virtual meetings</li> <li>Site visits and assessment via video recording</li> </ul>	<ul style="list-style-type: none"> <li>Audit and certification</li> <li>Compliance with policies and latest changes in standards</li> </ul>	<ul style="list-style-type: none"> <li>Issue raised in Surveillance Audit findings were resolved and closed.</li> <li>Continual improvement plan.</li> </ul>

# SUSTAINABILITY STATEMENT

## 4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS

### Our Sustainability Agenda - Marketplace, Workplace, Community and Environment

Sustainability continues to be a fundamental aspect of our agenda in our operations and business strategies as we strive towards making our business more sustainable and responsible. Our main focus is to continuously strengthen our policies and guide to our sustainability commitments in all aspects of our businesses.

#### Marketplace

##### *Responsible Business and Practices*

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

##### *Anti Bribery and Anti Corruption Policy*

SPB is committed to working against corruption in all its forms, including extortion and bribery. Our Anti Bribery and Anti Corruption Policy, states that all forms of bribery and corruption are prohibited. In addition, Employees must not participate in any corrupt activity such as extortion, collusion, breach of trust, abuse of power, trading under influence, embezzlement, fraud or money laundering. Any benefits or gifts must be declared to the immediate superior.

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

##### *Whistle Blowing Policy*

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

##### *Platform for Open Dialogue*

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

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

# SUSTAINABILITY STATEMENT

## 4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

### Marketplace (continued)

### Platform for Open Dialogue (continued)



Meeting with Local Communities



Meeting with Jabatan Pertanian Negeri at Tulai Estate



Meeting with MSPO Certification Body.



Meeting with Jabatan Bomba & Penyelamat Negeri



MSPO Surveillance Audit via virtual discussions



Visitors at Seed Production Unit & Nursery



# SUSTAINABILITY STATEMENT

## 4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

### Marketplace (continued)

#### Malaysian Sustainable Palm Oil (MSPO) Certification

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

We are pleased to announce that all of our mills and estates have successfully obtained the MSPO Certificates.

OPU - MSPO			
NIAH PALM OIL MILL	SUBIS 2 (S2)	TULAI (TL)	MATADENG (MTD)
LADANG 3 (L3)	SUBIS 3 (S3)	MELUGU (ML)	MUKAH 3 (M3)
LADANG KOSA (LK)	PINJI MEWAH (PM)	KARABUNGAN (KA)	MUKAH I (M1)
PENINJAU (PEN)	BAKAU (BA)	SAWAI (SW)	BUKUT
SG. TANGIT (ST)	MUKAH PALM OIL MILL		
MILLS - MSPO - SCCS			
NIAH PALM OIL MILL			
MUKAH PALM OIL MILL			

#### Commitment to Traceability

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

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



FFB harvested before sent to mill

# SUSTAINABILITY STATEMENT

## 4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

### Workplace

#### Workforce

As an employer, we want to be recognised as diverse and attractive by all, regardless of race ethnicity or gender. In 2021, our workforce breakdown is as below:

#### Employees

	Race			Gender	
	Malay	Chinese	Dayak	Male	Female
2020	32%	9%	59%	72%	28%
2021	34%	15%	51%	70%	30%
<b>Number of Women in Board/Management Positions</b>					
	Malay	Chinese	Dayak	Male	Female
<b>(a) Board of Directors</b>					
2020	1	-	-	83%	17%
2021	1	-	-	86%	14%
<b>(b) Management</b>					
2020	1	2	-	40%	60%
2021	1	2	-	40%	60%
<b>(c) Executive</b>					
2020	6	5	8	79%	21%
2021	4	7	6	80%	20%

#### Diversity and Equal Opportunities

At SPB, our employment policies and practices are inclusive and do not discriminate on the basis of gender, age, sex and ethnicity. We also promote transparency between management and our employees through various open communication channels that strengthen inter-personal relationships in the workplace.



# SUSTAINABILITY STATEMENT

## 4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

### Workplace (continued)

#### Occupational Safety and Health

SPB employees will always be our core assets and a key pillar for the success and continued growth of our Group. Their welfare and rights as well as the provision of a safe and healthy workplace are of key importance in every aspect of our operations. SPB's Safety and Health policy and procedures endeavour to safeguard our employees, customers, visitors and other relevant stakeholders against any unforeseen health and safety concerns. We fully comply with Malaysian laws when determining the composition of our Safety and Health Committees. The said committees have representations from both management and non-management employees. Health and Safety is always the top priority for the Company and it is the target of the Company to ensure "Zero Harm to People, Asset and to Environment". We remain focused on safety leadership and strategies targeting risk reduction as we value the lives and wellbeing of our employees, contractors, visitors and local communities throughout our operations.

SPB believes in a proactive approach in managing health and safety related issues. Our HSE Department continually reviews the system that is in place, and if necessary, new measures are introduced to ensure safer working conditions and/or minimise workplace accidents. SPB has also established a HSE Committee that has been tasked to improve safety conditions in all our operating units.



Health, Safety & Environmental SOP briefings



Motor vehicles HIRARC training



Accident Investigation and Emergency Response training.

# SUSTAINABILITY STATEMENT

## 4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

### Workplace (continued)

#### Occupational Safety and Health (continued)

We are doing our best to improve awareness on safe practices and to enhance preventive skills among all our employees. Training schedules are reviewed by our HSE Department on a regular basis. Workers and employees are assigned to relevant training schedules and are required to attend them. HSE annual trainings for the year 2021 are highlighted below:

Name of training	Content of training	Frequency of training	Attended by
Awareness of Company policies and objectives (Safety and Health Policy)	Communicated and implemented Safety and Health Policy	Once/year or new employment	Staff and workers
Awareness of Health, Safety and Environmental SOP	All HSE SOP/SWP	Once/year or any changes/new employment	Staff and workers
Basic First Aid and its inventory management	Basic First Aid and its inventory management	Once/year	Staff and workers
HIRARC Awareness	All HIRARC by work activity	Once/year or any changes/new employment	Staff and workers
Accident Investigation and Emergency Respond	Accident investigation and respond during emergency	Once/year or any changes/new employment	HSE Committee and ERT Team

#### COVID-19 Pandemic

Despite the COVID-19 pandemic, business will be as usual but with new norms established. In response to the pandemic, SPB has taken its own control measure in-house to strictly and promptly implement SOP as well as strictly commit and adhere to SOP as prescribed by government authorities aimed at containing COVID-19.

Control measures are implemented strictly. There is restricted movement in and out of the Group's plantation, mill facilities and premises. Screening of body temperature and wearing of face masks at workplaces are compulsory. Proactive swab tests and quarantine for possible cases amongst close contacts, frequent sanitization of workplaces and re-alignment of workforce to observe physical distancing required at workplaces to all employees and visitors are practiced without exception. All visitors must record their visit via Visitors Log-book and shall scan SPB MySejahtera scan code before being allowed to enter all SPB premises. To enhance further awareness SPB also regularly distributes alerts and reminders to staff on COVID-19 related matters and carry out workplace sanitisation.

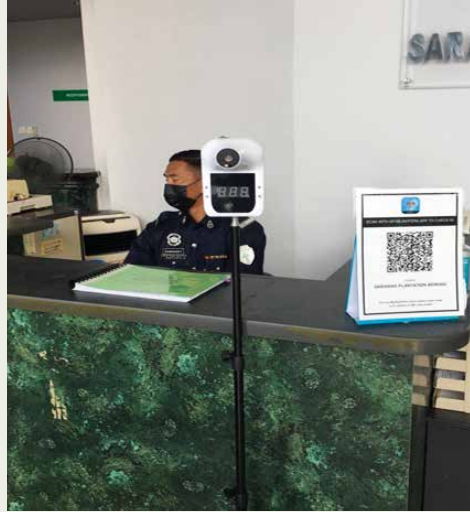
It is compulsory for all employees, Malaysian and foreigners alike to take the COVID-19 vaccinations. In year 2021, SPB successfully ensured that all employees were fully vaccinated with 2 doses as required by the Malaysian Government.

# SUSTAINABILITY STATEMENT

## 4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

### Workplace (continued)

### COVID-19 Pandemic (continued)



New norm entering OPU - Screening of body temperature, Mysejahtera scan code, disinfecting and using face mask



Disinfecting at office



COVID-19 swab test to all employees

### Employee Engagement

To encourage a healthy lifestyle, improve communication, morale, motivation, productivity and creating better relationships among SPB employees, SPB organized social activities such as team building, loose fruit collecting, weeding, fronds stacking, etc. Staff from the support function and operation participated in these activities. All the team were awarded with a token of appreciation by the Management for their effort and participation in these events.



Field Day Programme - Token of appreciation to participants

# SUSTAINABILITY STATEMENT

## 4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

### Workplace (continued)

### Employee Engagement (continued)



Field Day Programme - Frond stacking activity at Ladang Kosa



Field Day Programme - Work out before field activity

Further, in recognising the contribution and commitment of the staff, an Annual Dinner was organised though under strict adherence to SOP. Best performing staff were formally acknowledged and received recognition awards at the Annual Dinner.



SPB staff Annual Dinner

# SUSTAINABILITY STATEMENT

## 4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

### Community Investment

As a socially responsible company, SPB makes charitable donations to local communities, schools, foundations and associations.



Food aid to local community



Raya and Gawai Incentive to all employees

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



Contributions from SPB during Gawai and Christmas Day to local communities

# SUSTAINABILITY STATEMENT

## 4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

### Environmental

#### Environmental and Biodiversity Policy

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

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

#### Monitoring Riparian Zone

As required by NREB, SPB engages an authorised consultant to monitor and inspect the river water quality within its premises on a quarterly basis.



Riparian zone

#### Rain Harvesting

As part of our effort to conserve water resources and minimise wastage, we have embarked on a programme to fit workers' housing with tanks to store harvested rain water which is especially beneficial during periods of prolonged dry weather.



Rain harvesting practices

# SUSTAINABILITY STATEMENT

## 4. ADDRESSING MATERIAL SUSTAINABILITY MATTERS (continued)

### Environmental (continued)

#### No Burning on Replanting

No burning is strictly adhered to and practiced as stated in our Sustainability Policy. This is also a MSPO requirement in all plantation activities, including replanting within the estates. For replanting which involves land clearing, the trunks are chipped along with the fronds and stacked in the field so that they could decompose and be used as additional nutrients for new plants. This contributes to soil fertility, limits agrochemical use and also helps to reduce greenhouse gases emissions and air pollutions.



Zero burning. Practice of felling, chipping and stacking implemented at replanting areas

#### Waste Management

Scheduled waste generated from the operations are stored in a designated area and closely monitored. All the other regulations implemented by the authority on waste management are also strictly observed. Only licensed providers approved by the Department of Environment are allowed to dispose waste as per regulation. As for carbon footprint and electricity consumption, we are committed to manage and reduce our energy usage, as well as to lower the impact of our operations on climate change. As a first step to address our impact on climate change, we record the usage of non-renewable energy in both estates and mills.



Scheduled Waste Store

## TOWARDS IMPROVEMENT OF SUSTAINABILITY COMMITMENT

SPB continues to pledge its commitment towards operating in a way that creates sustainable development. Preservation of environmental, social and economic values are fundamentals for society and important to our long-term value creation. We will embrace with vigour our policies on environment, labour, human rights and anti-corruption believing that there are basic foundations of sustainable economic development.

# AUDIT COMMITTEE'S REPORT

The Board of Sarawak Plantation Berhad is pleased to present the Audit Committee's ("the Committee") Report for the financial year ended 31 December 2021.

## 1. MEMBERS AND MEETINGS

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

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

During the financial year, the Committee conducted 5 meetings. The details are as follows:-

No.	Name	No. of Meetings Attended	Attendance
1	Datu Haji Soedirman bin Haji Aini	5/5	100%
2	Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired)	5/5	100%
3	Chia Chu Fatt **	2/2	100%
4	Ali bin Adai *	N/A	N/A

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

\*\* Appointed on 13 August 2021 and attended all the Audit Committee meetings for the rest of the financial year

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

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



# AUDIT COMMITTEE'S REPORT

## 2. SUMMARY OF WORK

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

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

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

### i. Financial Reporting and Compliance Statements

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

### ii. Internal Control and Statutory Compliance

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

### iii. Internal Audit

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

### iv. External Audit

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

# AUDIT COMMITTEE'S REPORT

## 3. INTERNAL AUDIT FUNCTION

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

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

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

The Internal Audit Manager is responsible for the organizational 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 2021 amounted to RM292,791.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

This Overview Statement conveys how the Company has put in practice the principles and practices issued under the Malaysian Code of Corporate Governance (as at 28 April 2021) (the Code) in respect of the financial year ended 31 December 2021. 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](http://www.spbgroup.com.my).

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

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

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

With 25 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 2021, the Executive Director and the Key Management Personnel continued to be constrained by the COVID-19 pandemic and could not meet physically for the monthly field visits, operation meetings and financial meetings for a better part of the year. But by means of various online platforms, emails, telephone calls and text messages, the Executive Director and Key Management Personnel managed to meet and discussed operational and financial issues. However with the loosening of the state's COVID-19 SOPs, some physical meetings were carried out in the later part of 2021. The inability to meet physically did not have any negative impact on the performance of the Group. Instructions were still effectively communicated to the staff and issues continued to be addressed and resolved swiftly. The Executive Director, Key Management Personnel and staff weathered the challenging year with sheer perseverance and determination and stayed ahead in these unparalleled times to achieve even bigger success.

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 Anti Bribery and Anti Corruption Policy, Whistle Blowing Policy, Safety and Health Policy, Environmental and Biodiversity Policy, Social Policy, Sustainability and Succession Planning Policy have also been established.

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

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

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (continued)

### I. Board Responsibilities (continued)

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

Name of Director	Brief Description of Training
Datuk Amar Abdul Hamed bin Sepawi	- ESG Risk Management and Due Diligence
Dato Wong Kuo Hea	- ESG Risk Management and Due Diligence
Hasmawati binti Sapawi	- Contract Basics for Non-Lawyers
Datu Haji Soedirman bin Haji Aini	- Doubling Down on Corporate Governance Watch 2020 and Malaysian Code on Corporate Governance (Update 2021) - MIA International Accountants Conference 2021 (Virtual)
Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired)	- Doubling Down on Corporate Governance Watch 2020 and Malaysian Code on Corporate Governance (Update 2021) - Corporate Board Leadership Symposium 2021 - Audit Oversight Board Conversation with Audit Committees
Chia Chu Fatt (Appointed on 5 April 2021)	- Corporate Board Leadership Symposium 2021 - Audit Oversight Board Conversation with Audit Committees
Dato Awang Bemei bin Awang Ali Basah (Appointed on 15 September 2021)	- TCFD Climate Disclosure Training Programme

### II. Board Composition

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

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

As the Chairman of the Company is Executive, more than half the Board comprises of independent directors.

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 Company currently does not have any independent director who has served more than a cumulative term limit of 9 years.

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

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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (continued)

### II. Board Composition (continued)

Below shows the details of the attendance of all the directors at Board Meetings held in 2021:

Name of Director	Designation	Meetings Attended	
		Number	(%)
Datuk Amar Abdul Hamed bin Sepawi	Executive Chairman	5/5	100
Dato Wong Kuo Hea	Executive Director	5/5	100
Hasmawati binti Sapawi	Non Independent Non Executive Director	5/5	100
Datu Haji Soedirman bin Haji Aini	Independent Non Executive Director	5/5	100
Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired)	Independent Non Executive Director	5/5	100
Chia Chu Fatt (Appointed on 5 April 2021)	Independent Non Executive Director	3/3	100
Dato Awang Beme bin Awang Ali Basah (Appointed on 15 September 2021)	Independent Non Executive Director	1/1	100

Members of the Board and Key Management Personnel are appointed after thorough assessment by the Nomination Committee through a formal and transparent process. The Nomination Committee will 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:

- Skills, knowledge, expertise and experience;
- Professionalism;
- Character and integrity;
- Potential to contribute to achieve the Company's goal and objectives; and
- 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 the Group is not disadvantaged in any manner without this policy as it is committed to provide fair and equal opportunities to all.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (continued)

### II. Board Composition (continued)

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

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

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

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

- a. Carried out a formal assessment of the Board's effectiveness as a whole, including that of the Chairman, the contribution of each Director and the various Board Committees;
- b. Reviewed the adequacy of the skills of the Directors such that the Board can carry out its duties effectively; and
- c. Reviewed the appointment of the new Independent Non Executive Director.

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

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

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

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

The details of the Company's directors' remuneration received during the year are disclosed in the CG Report for financial year ended 31 December 2021.

The Company's directors' remuneration was approved by the shareholders at the 24th Annual General Meeting of the Company held on 13 August 2021.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. Audit Committee

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

The Audit Committee comprises exclusively of independent directors, namely:

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

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

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

### II. Risk Management and Internal Control Framework

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

The Risk Management Committee comprises 4 directors, namely:

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

The Risk Management Committee meet once during the year to review the Group's risk profile. It paid close attention to risk areas like corruption and business continuity in view of the coming into force of Section 17A MACC Act and the COVID-19 pandemic which impacted business continuity and sustainability.

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

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



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

### I. Communication with Stakeholders

Recognizing the importance of keeping the investing community up to speed with the developments in the Company through effective communication, the Company chooses various forums to engage with its stakeholders. These include online discussions, announcements through Bursa Link and disclosures on the Company's website. Due to the COVID-19 pandemic, face to face discussions and estate and mill visits were suspended. These will resume when they are allowed.

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

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

### II. Conduct of General Meetings

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

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

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

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

The Corporate Governance Overview Statement was approved by the Board of Directors on 24 March 2022.

# 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 recognizes 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 organization 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, 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.

In 2021, the Standard Operating Procedures (SOP) for COVID-19 were still very strict with COVID-19 cases still lingering on a high and leading to the Movement Control Order being imposed again around mid-2021. However, the State Government allowed the agriculture sector to operate but with strict adherence to the SOP imposed. This relaxation enables the Management to conduct physical monthly operational meetings and visits in smaller groups.

The Management continue to leverage on technology to carry out online meetings, discussions via video and phone calls and exchanges through emails where physical meetings were not possible.

Monthly financial meetings continued to be conducted via hybrid meetings to review and analyse the financial performance.

## INTERNAL AUDIT AND BOARD AUDIT COMMITTEE

The Internal Audit Department reports directly, on a quarterly basis, 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. 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 2021 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 is made in accordance with the resolution of the Board of Directors dated 24 March 2022.