

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5126
COMPANY NAME : Sarawak Oil Palms Berhad
FINANCIAL YEAR : December 31, 2022

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<p>The Board sets the Vision, i.e. "To Become A Diversified Corporation with Global Recognition" and promulgates the following Core Values for Sarawak Oil Palms Berhad Group ("Group") to uphold and adhere to in the pursuit of realizing its Vision.</p> <p style="text-align: center;"><u>Core values of the Group:</u></p> <ul style="list-style-type: none"> a) Insist on Quality, b) Be Competitive and have Strong Will to succeed, c) Continuous Improvement in Productivity and Performance, d) Integrity and Professionalism, e) Team Spirit and Unity, f) Continuous Growth, Improvement and Development of Skill and Knowledge, g) See Changes as Opportunities, h) Environmentally and Safety Conscious. <p>The Board sets up its governance structure to ensure the Group functions efficiently and effectively in building a sustainable future for the Group.</p> <p>The responsibilities of the Board and the committees are spelt out in the Board Charter which is available at the company website, www.sop.com.my.</p> <p>Further details are disclosed in the "Corporate Governance Overview Statement" Section of the Annual report.</p>
Explanation for departure	:

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	Ling Lu Kuang (Effective 1 March 2022. Formerly held by Tan Sri Datuk Ling Chiong Ho) is the Group Executive Chairman. He provides leadership to the Board and instils good corporate governance practices at all levels of the Group. His profile is further disclosed in the " <u>Profile of Board of Directors</u> " section of the Annual report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	Ling Lu Kuang is the Group Executive Chairman whilst Wong Hee Kwong is the Group Chief Executive Officer. They are <u>not</u> "person connected" under the definition of Bursa Malaysia Main Market Listing Requirements. Further details are disclosed in the " <u>Profile of Board of Directors</u> " and " <u>Profile of Key Senior Management</u> " section in the Annual report.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	The Group Executive Chairman is not a member of the Group Audit Risk Committee, Nomination Committee or Remuneration Committee. Further details are disclosed in the " <u>Corporate Information</u> " Section of the Annual report.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary, Mr. Eric Kiu Kwong Seng (LS No.0007062) assumed the position of company secretary since 1998, and has by now about 24 years of experience in corporate secretarial services.</p> <p>The Board has direct access to the advice and services of Company Secretary, who supports the Board in the discharge of its functions. He plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with relevant regulatory requirements, rules, and regulations. He supports the Board in managing the Group Governance Model, ensuring it is effective and relevant. He attends all Board Meetings and ensures that the meetings are properly convened and that proceedings and deliberations at the Board and Board Committee are accurately recorded. He also facilitates the communication of key decisions and policies between the Board, Board Committees and Senior Management and to update the Board on the follow-up or implementation of its decisions/recommendations by the management.</p> <p>Further details are disclosed in the "<u>Profile of Key Senior Management</u>" section of the Annual report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied	
Explanation on application of the practice	:	The Group Executive Chairman and Group Chief Executive Officer with the assistance of the Company Secretary, ensures that the Board receives accurate, timely and clear information. Each Director is provided with an agenda, briefing papers and comprehensive operating and financial management reports for the period under review, five (5) working days before Board meeting. Formal minutes of each Board meeting are prepared, circulated and submitted for approval at the next meeting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has promulgated a Board Charter which sets out the Board's strategic objectives and spells out the Board's roles and functions. The Board Charter is reviewed periodically and updated accordingly to ensure its relevance and effectiveness. The Board Charter is available at the company's website.</p> <p>Last updated: August 2022</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	All Directors and employees are expected to uphold integrity and reputation of the Group by adhering to highest standard of ethics and professionalism at all times. The Company's Code of Business Conduct and Ethics sets forth the standard of conducts and ethics expected from all its directors, managers and employees of the Group. This document is reviewed from time to time and available at the company's website. Last updated: 28 February 2020
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has promulgated a whistle blowing policy to encourage employees and stakeholders to disclose any malpractice or misconduct of which they become aware of. All concerns or complaints shall be make confidentially. The Whistle Blowing Policy is available at the company's website.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The SOPB Group had formally established a Sustainability Management Team in year 2013 and thereafter SOPB Sustainability Report was first published in year 2015.</p> <p>The Sustainability Governance Structure comprises of Board, Group Management Committee (GMC) and Group Sustainability Committee (GSC). The Board approves overall strategies and directions for all fundamental initiatives. GMC comprises Head of Department and formulate strategies, objectives, goals and practices. The GMC also deliberates sustainability issue and manages the Group’s sustainability performance reporting. At the operational level, the GSC is led by Group Chief Executive Officer and supported by the Chief Operating Officer and respective Managers to ensure effective implementation of our policies. GSC is responsible for overall policy implementation, reporting and stakeholders’ engagement.</p> <p>Further details are disclosed in the “<u>Sustainability Report</u>” Section of the Annual report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group Sustainability Committee (GSC) is led by Group Chief Executive Officer and supported by the Chief Operating Officer and respective Managers to ensure effective implementation of our policies. GSC is responsible for overall policy implementation, reporting and stakeholders’ engagement.</p> <p>Further details are disclosed in the “<u>Sustainability Report</u>” Section of the Annual report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Sustainability reporting team actively participates and engages stakeholders to understand and identify key sustainability matters affecting them whether it be environmental, economic or social – This assessment is shown as ‘Materiality assessment’ under Sustainability report section (Page 34-35 of AR2022). Note that this assessment is performed on a tri-annual basis.</p> <p>Further details are disclosed in the “<u>Sustainability Report</u>” Section of the Annual report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board and senior management measures their performance with regards to sustainability risks and opportunities via self-evaluating themselves via checking their progress against the achievement of sustainability targets.</p> <p>Further details are disclosed in the “<u>Sustainability Report</u>” Section of the Annual report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Adopted
Explanation on adoption of the practice	:	SOPB Head of Sustainability Department, Mr Galau Melayong, would ensure that Group's sustainability policies would comply with all sustainability-related standards and prevailing market requirements. (Telephone: +60 8543 6969)

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee (NC) has been established since 2001. The Committee assesses the effectiveness of the Board, its Committee and the performance of each individual Director annually.</p> <p>The appointment of new Director by the Board is dependent upon recommendation from the Nomination Committee. In making recommendations, the Nomination Committee has assessed the suitability of candidates by taking into account the required knowledge, professionalism, expertise and experience, integrity, competency and other qualities, which the candidates would bring to the Board. Directors are required to notify the Nomination Committee before accepting any new Directorship and to indicate the time expected to be spent on the new appointment.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board comprises of ten (10) members, of whom are one (1) Executive Director, six (6) Non-independent Non-Executive Directors and three (3) Independent Non-Executive Directors.</p> <p>This fulfils the Bursa Malaysia Listing Requirements which requires at least two (2) Directors or one-third (1/3) of the Board whichever is higher, to be Independent Directors.</p> <p>However, this has not meet the criteria of having a majority of Independent Directors for Large Company as set out in the MCCG.</p> <p>The Chairman of the Board encourages all directors to express their opinions freely during deliberations in meetings and that no individual or small group of individuals dominates the decisions of the Board.</p> <p>The extensive knowledge and experience of the three (3) independent directors are invaluable in providing the necessary checks and balances and taking care of minority shareholders' interest.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board, through the Nomination Committee, will continue to identify potential independent directors that possess the right skills and knowledge required by the Group.
Timeframe	:	

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied
Explanation on application of the practice	:	All the independent Directors have not served for a period of more than nine years. But for such cases, the Board have agreed that:- <ul style="list-style-type: none">• For Independent director(s) whose service is required beyond nine (9) years but less than twelve (12) years, shareholders' approval would be sought in the Annual General Meeting.• For an independent director(s) whose service is required beyond a cumulative term of twelve (12) years, shareholders' approval through a two-tier voting process would be sought in the Annual General Meeting
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee make use of various independent sources to identify and to assess candidates suitable for new directorship appointment. Criteria that fulfils Bursa Malaysia Listing requirements, which is to ensure that each of its directors, have the character, experience, integrity, competence and time to discharge their role effectively. Thereafter it will make recommendation to the Board.</p> <p>In appointing a new Director, the Board takes into consideration recommendation made by the Nomination Committee.</p> <p>Cross refer to disclosure in the "<u>Corporate Governance Overview Statement – Appointment and Re-election of Directors</u>" Section of the Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Nominating Committee will consider recommendations of new candidates from a variety of sources – existing board members, management, major shareholders and independent sources as well.</p> <p>Firstly, the nomination committee produces a shortlist of the skills, experiences and attributes necessary. Secondly, candidates found will be compared against this shortlist. Thirdly, number of directorships and potential conflict of interest/independence issues will be checked for the candidates.</p> <p>Nominations made by the nomination committee will be submitted to the Board for final approval. The sources and reasons for Nominating Committee’s selection of the candidate will be made known there.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.7

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

Application	:	Applied	
Explanation on application of the practice	:	All agendas in AGM relating to the appointment and reappointments of directors has been approved by the Board of Directors will be supported by the Nomination Committee's assessment on the (1) individual director's performance and contributions during the past 12 months; (2) level of independence and demonstrated ability to act in the best interest of the Company in decision making.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nomination Committee is chaired by Mr. Fong Yoo Kaw @ Fong Yee Kow, Victor, an independent Non-Executive Director.</p> <p>Cross refer to disclosure in the "<u>Corporate Governance Overview Statement – Nomination Committee</u>" Section in the Annual Report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board currently has five (5) female directors.</p> <p>The Board recognizes the value of gender diversity for the Group. At present, the Group has 55% (2021: 56%) females in its managerial positions in its service departments. Agendas or insights from feminine perspective have been embedded in the Group's culture and practices.</p> <p>The Board has no specific policy on setting targets on female candidates to be appointed to the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	<p>SOP respects and unequivocally supports the Universal Declaration of Human Rights and advocates fair employment policies and practices as it is committed to provide equal employment opportunities to everyone without any discrimination such as against age, gender, race, ethnicity, religion and nationality.</p> <p>As such, we do not discriminate when it comes to nomination or promotion of any Board member or Senior management personnel.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Nomination Committee chaired by Independent Non-executive Director, Mr. Fong Yoo Kaw @ Fong Yee Kow, Victor, undertakes a formal and rigorous annual appraisal of the Board collectively as well as on individual basis. Based on the outcome of the appraisal, the Board was satisfied with the performance and effectiveness of the Board collectively as well as on individual basis.</p> <p>In addition to internal appraisal, the Board has agreed to engage independent consultants to assess the Board's effectiveness once every three years.</p> <p>For the year 2022, an assessment on SOPB Board and its subcommittees for was performed by an independent expert and its results have been disseminated and discussed at the Board level.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	The policy practiced by the Group is to provide remuneration package necessary to attract, retain and motivate Directors. The structure of remuneration package of Directors is also linked to industry practice. Where applicable, information provided by independent consultants or survey data on comparable companies are also taken into consideration in determining the remuneration package.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Remuneration Committee consists of three Non-Executive Directors, of whom two are Independent Non-Executive Directors. The terms of Reference of the Remuneration Committee is available on the company's website.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The remuneration of each individual directors are disclosed in the " <u>Directors Remuneration</u> " Section of the Annual Report 2022.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tan Sri Datuk Ling Chiong Ho (vacated GEC and director position on 1 st March 2022)	Executive Director	11	-	260	4,480	15	32	4,798	-	-	393	-	-	46	439
2	Ling Lu Kuang (appointed as GEC on 1 st March 2022)	Executive Director	65	-	832	-	-	110	1,007	-	-	1,006	754	-	143	1,903
3	Tang Tiong Ing	Non-Executive Non-Independent Director	75	-	-	-	-	6	81	-	-	-	-	-	4	4
4	Dr. Lai Yew Hock, Dominic (resigned on 31 st December 2022)	Independent Director	75	-	-	-	-	7	82	-	-	-	-	-	-	-
5	Chua Chen San	Independent Director	75	-	-	-	-	6	81	-	-	-	-	-	-	-
6	Fong Yoo Kaw @ Fong Yee Kow, Victor	Independent Director	75	-	-	-	-	7	82	-	-	-	-	-	-	-
7	Ling Chiong Sing	Non-Executive Non-Independent Director	65	-	-	-	-	4	69	-	-	-	-	-	126	126
8	Kamri Bin Ramli (demised on 30 th September 2022)	Non-Executive Non-Independent Director	47	-	-	-	-	3	50	-	-	-	-	-	9	9
9	Hasmawati Binti Sapawi	Non-Executive Non-Independent Director	65	-	-	-	-	3	68	-	-	-	-	-	24	24

10	Datu Monaliza Binti Zaidel	Non-Executive Non-Independent Director	65	-	-	-	-	4	69	-	-	-	-	-	128	128
11	Ling Pau Pau (appointed on 1 st March 2022)	Non-Executive Non-Independent Director	63	-	-	-	-	-	63	-	-	-	-	-	19	19
12	Perpetua Phang (appointed on 31 st December 2022)	Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Bibi Umizah Binti Osman (appointed on 1 st March 2023)	Non-Executive Non-Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board opined that it would not be in the best interest of the Company to disclose the remuneration of its key senior management on a named basis on the grounds of confidentiality concerns arising from such a disclosure	
	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company has identified the top 5 senior management (operations only) as follows: Group Chief Executive Officer ("GCEO"), Chief Operating Officer ("COO"), Senior Plantation Controller, Group Engineering Controller and Head of Commodities Trading. The combined remuneration of these executives for the year 2022 was approximately RM7.293 million (2021: RM 5.55 million), inclusive of basic salary, allowances, bonus, benefits in kind and other emoluments.	
Timeframe	:	Others	Not Set

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group Audit and Risk Management Committee (“GARC”) is chaired by Mr. Fong Yoo Kaw @ Fong Yee Kow, Victor, an Independent Non-Executive Director.</p> <p>Further information is disclosed at the “<u>Group Audit and Risk Management Committee Report</u>” Section in the Annual Report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Group policy contains a clause that states that any former partner of the external audit firm shall not be a member of the Audit Committee until at least three years have elapsed after the end of the accounting period during which he was involved in the audit of the Group's financial statement.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The GARC reviewed annually with the external auditors, the audit scope and audit planning memorandum.</p> <p>The GARC reviewed annually the independence and objectivity of external auditors and their services including fees, so as to ensure a proper balance between objectivity and value for money.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The GARC members are all financially literate and also have in-depth knowledge of the Group’s businesses and operations.</p> <p>All GARC members undergo ongoing training and professional development to keep themselves abreast of relevant development as disclosed in the “<u>Directors’ Training and Development</u>” Section in the Annual Report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established an effective risk management and internal control framework system.</p> <p>The Group Audit and Risk Management Committee assesses and evaluates the risk management measures taken by the Group to mitigate risks that are identified.</p> <p>A formal and on-going process of identifying, evaluating, managing and monitoring principal risks that affect the achievement of the Group's business objectives in a structured manner has been in place. The Group has established procedures for reporting and monitoring of risks and control. Regular reviews are conducted on quarterly basis with additional reviews to be carried out as and when required.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has established an effective framework for Risk Management and other key components of internal control system. The features are disclosed in the “ <u>Statement on Risk Management and Internal Control</u> ” section in the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	Group Audit and Risk Management ("GARC") committee meets every quarter to review and assess the Risk Management framework and key business risks that safeguard shareholder's investment and company's assets will be safeguarded.

Intended Outcome

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

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The GARC affirms its responsibility for the Group’s system of risk management and internal control which includes the establishment of an appropriate control environment and framework, determining appropriate scope of work, sufficiency of resources as well as reviewing its adequacy and effectiveness.</p> <p>The Internal audit (“IA”) department report directly to the GARC with independent and objective reports on the state of the internal control of the various operating units within the Group.</p> <p>The GARC ensures that internal audit functions independently and objectively.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The IA team comprised 10 (2021: 10) audit personnel led by an Internal Audit Manager, who holds a Bachelor of Commerce, majoring in Accounting and Finance and has over 10 year of working experiences in finance, accounting and auditing across multiple industries.</p> <p>The Internal Audit personnel have neither relationships nor conflict of interest within the Group.</p> <p>The IA team adopts internal audit standards and best practices based on the International Professional Practices Framework (IPPF), issued by the institute of Internal Auditors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group is committed to engage with stakeholders through dialogue sessions to obtain their feedback.</p> <p>One main forum for dialogue and interaction with shareholders take place at the Annual General Meeting, where the members of the Board, the Chairman of each Board Committee, and Senior Management are present. At the Annual General Meeting, shareholders are given the opportunity to air their views and ask questions regarding the Group.</p> <p>The external auditors are also present to address shareholders’ queries on the conduct of audit and audited financial statements.</p> <p>Cross refer to disclosure in the “<u>Corporate Governance Overview Statement – Communication with Shareholders and Investors</u>” Section in the Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board acknowledges that the integrated reporting will improve quality of information available to investors, and promote greater transparency. However, a special team comprising various operating and functional units, and with specialized training is required for preparation of such as integrated reporting.	
	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The current reporting complies with the requirements of the applicable accounting standards, Companies Act 2016, and Bursa Malaysia Listing Requirements. The Board will consider adoption of the integrated reporting at an appropriate time in future based on globally well received framework.	
Timeframe	:	Within 5 years	

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	Shareholders are notified of the Annual General Meeting and provided with a copy of the Company's abridged Annual Report 28 days before meeting. The notice of general meeting is also advertised on Bursa's announcement page, in newspapers and made available on the company's website.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>At Annual General Meeting, all Directors, Chair persons of the each committee and Group Chief Executive Officer are present to answer and provide explanation on questions posed by shareholders.</p> <p>External Auditors are also present to address queries pertaining to audited financial statements.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Group has already implemented voting in absentia and remote shareholders’ participation at all our general meetings	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Group recognises the importance of communicating with its shareholders and does this through the Annual Report, Annual General Meeting (AGM) and analyst meetings. The policy of the Group is to maintain an active dialogue with its shareholders with the intention of giving shareholders as clear and complete picture of the Group's performance and position as possible. The primary contact with shareholders/stakeholders is through the Investor Relations Team, Company Secretary and Group Chief Executive Officer who attend dialogue sessions with institutional investors and deliver presentations to analysts periodically.</p> <p>The key elements of the Group's dialogue with its shareholders / stakeholders is the opportunity to gather view of and answer questions from both private and institutional shareholders on all issues relevant to the Group.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	Due to the pandemic and social distancing SOPs, the last EGM of SOPB was held on the 23 rd June 2022 was fully virtual leveraging Remote Participation and Electronic Voting (“RPEV”) facilities. As per the chairman’s statement at the commencement of the General Meeting – shareholders were invited to ask questions (1) Live via virtual meeting portal; or (2) In advance via Boardroom’s website under Pre-AGM Meeting questions. Questions were addressed by either Board of Directors members or Senior Management.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: Minutes of general meeting was circulated to shareholders within 30 business days after General Meeting.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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

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

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