

# SARAWAK PLANTATION BERHAD

## BOARD CHARTER

### 1. INTRODUCTION

The Board of Sarawak Plantation Berhad (SPB) regard good Corporate Governance of vital importance to the success of its business and are unreservedly committed to applying principles necessary to ensure that good governance is practised in all of its business dealings.

Hence:

- (a) The Board is the focal point of the Company's Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company;
- (b) All Board members are expected to act in an ethical manner, thereby upholding the core values of integrity and transparency with due regard to their fiduciary duties and responsibilities;
- (c) All Board members are responsible to the Company for achieving a high level of good governance;
- (d) This Board Charter shall constitute and form an integral part of each Director's duties and responsibilities.

### 2. OBJECTIVES

The objectives of this Board Charter are to ensure that all the Board members are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect of and on behalf of the Company.

### 3. THE BOARD

#### 3.1 ROLE

3.1.1 The Board is charged with leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Company's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

3.1.2 The Board understands that the responsibility for good Corporate Governance rests with them and therefore strives to follow the principles and practices set out in the Malaysian Code of Corporate Governance (MCCG). In line with Bursa Malaysia Securities Berhad's (Bursa Malaysia) Main Market Listing Requirements (MMLR), a corporate governance overview statement is included in the Company's Annual Report and a Corporate Governance Report is published illustrating application of the practices to achieve the intended outcomes.

- 3.1.3 The Company complies with the various guidelines issued by Bursa Malaysia and the Securities Commission (SC).
- 3.1.4 The Board meets in person at least once in every quarter to facilitate the discharge of their responsibilities. Members of the Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.
- 3.1.5 Duties of the Board include establishing the corporate vision and mission, as well as the philosophy of the Company, setting the aims of the Management and monitoring the performance of the Management.
- 3.1.6 The Board assumes the following specific duties:
- (a) Adopts and reviews the strategic direction of the Company;
  - (b) Oversees and evaluates the conduct of the Company's businesses to ensure sustainability and proper management;
  - (c) Identifies principal risks and ensures the implementation of appropriate control systems to manage these risks;
  - (d) Structured succession planning;
  - (e) Develops and implements an investors relations programme or shareholder communication policy;
  - (f) Reviews the adequacy of the Company's risk management and internal control system.
- 3.1.7 The Board has established written procedures determining which issues require a decision of the full Board and which issues can be delegated to Board Committees or the Management.
- 3.1.8 The Board reserves full decision making powers on the following matters :
- (a) Conflict of interest issues relating to a substantial shareholder or a Director;
  - (b) Material acquisition and disposal of assets;
  - (c) Business strategy and group operational plan and annual budget;
  - (d) Investments in capital projects and major tenders above the prescribed amount as may be determined from time to time;
  - (e) Limits of Authority for the Company;
  - (f) Treasury policies and bank mandates;
  - (g) Key human resource issues.
- 3.1.9 The Board has established a procedure whereby the Directors, collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expense.

## 3.2 COMPOSITION AND BOARD BALANCE

- 3.2.1 The Board consists of qualified individuals with diverse experiences and skill set, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.
- 3.2.2 At any one time, at least half the Board comprises of independent directors. The Board will comprise a majority of independent directors where the Chairman is a non- independent director.

The tenure of an independent director may not exceed a cumulative term of 9 years. Upon completion of the 9 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 9 years, it will justify and seek annual shareholders' approval. If the Board continues to retain the independent director beyond the 12<sup>th</sup> year, it will seek annual shareholders' approval through a 2 tier voting process.

3.2.3 The Board is responsible to determine its appropriate size.

3.2.4 The Board may appoint from amongst its independent directors, a Senior Independent Director, to whom concerns of other directors, public or investors may be conveyed. The Senior Independent Director chairs the meetings between the Non-Executive Directors where both the Chairman and Executive Directors do not attend.

### 3.3 APPOINTMENTS

3.3.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Remuneration and Nomination Committee (RNC).

3.3.2 New directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board's performance of its duties and to give sufficient time and attention to the affairs of the Company.

3.3.3 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.

3.3.4 Upon the appointment of a new Director, he/she will be advised on the principal duties and responsibilities and the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities will be explained. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and up-to-date Corporate Governance materials published by the relevant bodies.

3.3.5 Directors are required to notify the Chairman before accepting any new directorships and indicate to the Chairman the time expected to be spent on the new appointment.

3.3.6 In addition to the Mandatory Accredited Programme (MAP) as required by Bursa Malaysia, Directors also attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.

### 3.4 RE-ELECTION

All Directors are subject to retirement by rotation.

### 3.5 SUPPLY OF INFORMATION

3.5.1 The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.

- 3.5.2 The Management is responsible for providing the Board with the required information in an appropriate and timely manner. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.
- 3.5.3 A full agenda and comprehensive Board papers are circulated to all Directors well in advance of each Board meeting.
- 3.5.4 Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

#### **4. CHAIRMAN AND EXECUTIVE DIRECTOR (ED)**

The Company aims to ensure a balance of power and authority between the Chairman and the ED with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman and ED are separated and clearly defined.

##### **4.1 CHAIRMAN**

- 4.1.1 The Chairman represents the Board to the shareholders and ensures effective communication with shareholders and relevant stakeholders.
- 4.1.2 The Chairman is responsible for :
  - (a) Ensuring the integrity and effectiveness of the governance processes of the Board and will consult with the Board promptly over any matter that gives him cause for major concern;
  - (b) Leading the Board in setting the values and standards of the Company;
  - (c) Maintaining a relationship of trust with and between the Executive and Non Executive Directors, facilitating the effective contribution of Non Executive Directors and ensuring constructive relations be maintained between Executive and Non Executive Directors;
  - (d) Ensuring the provision of accurate, timely and clear information to Directors;
  - (e) Managing Board communications and Board effectiveness and supervision over Management;
  - (f) Acting as the facilitator at Board meetings and create conditions for good decision making during Board and shareholders' meetings;
  - (g) Ensuring that Board proceedings are in compliance with good conduct and best practices;
  - (h) Ensuring compliance with all relevant regulations and legislations.
- 4.1.3 The Chairman is responsible for managing the business of the Board to ensure that:
  - (a) All Directors are properly briefed on issues arising at Board meetings;
  - (b) Sufficient time is allowed for the discussion of complex or contentious issues and where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion;
  - (c) The issues discussed are forward looking and concentrates on strategy.

## **4.2 EXECUTIVE DIRECTOR**

- 4.2.1** The ED is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.
- 4.2.2** The ED has the executive responsibility for the day to day running of the operation of the Company.
- 4.2.3** The ED implements the policies, strategies and decisions adopted by the Board.
- 4.2.4** All Board authorities conferred on the Management is delegated through the ED and this will be considered as the ED's authority and accountability as far as the Board is concerned.

## **5. BOARD COMMITTEES**

The Board appoints the following Board Committees with specific terms of reference :

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

Independent and Non Executive Directors play a leading role in these Committees. The Management and third parties are co-opted to the Committees as and when required.

Details of the membership and a summary of the activities of the Committees appointed by the Board are published in the Annual Report.

### **5.1 BOARD AUDIT COMMITTEE (BAC)**

- 5.1.1** The BAC composts of not fewer than 3 Independent non executive directors.
- 5.1.2** No alternate Director can be appointed as a member of the BAC.
- 5.1.3** No former audit partner of the External Auditors shall be appointed as a member of the BAC unless a cooling off period of at least 2 years has been observed.
- 5.1.4** The members of the BAC must elect a chairman from among themselves.
- 5.1.5** The Chairman of the BAC shall not be the Chairman of the Board.
- 5.1.6** The BAC discharges, amongst others, the following functions. It reviews the following and reports the same to the Board:
  - (a)** With the External Auditor, the audit plan and the audit report;
  - (b)** With the External Auditor, his evaluation of the system of internal controls;
  - (c)** The assistance given by the employees of the Company to the External Auditor;
  - (d)** The adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (e)** The internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit

functions;

- (f) The quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
  - (i) Changes in or implementation of major accounting policy changes;
  - (ii) Significant and unusual events; and
  - (iii) Compliance with accounting standards and other legal requirements.
- (g) Any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (h) Any letter of resignation from the External Auditor of the Company; and
- (i) Whether there is reason (supported by grounds) to believe that the External Auditor is not suitable for re-appointment.

5.1.7 The BAC meets on a quarterly basis or more frequently as is required to carry out its functions. The BAC is also responsible for recommending the person or persons to be nominated to act as the External Auditor and the remuneration and terms of engagement of the External Auditor.

5.1.8 The ED, Members of the Management and the Internal Audit Manager or other employees may attend the meetings only at the invitation of the BAC.

5.1.9 The Board will review the performance of the BAC annually.

## 5.2 REMUNERATION AND NOMINATION COMMITTEE (RNC)

5.2.1 The RNC comprises exclusively of Non Executive Directors a majority of whom are independent.

5.2.2 The RNC's responsibilities include:

- (a) Establishes and reviews terms and conditions of employment and remuneration of the Directors and key management personnel of the Company;
- (b) Reviews annual salary increments and bonuses of the Directors and key management personnel of the Company for approval of the Board;
- (c) Identifies, assesses and nominates candidates to fill board vacancies as and when they arise, for approval of the Board;
- (d) Reviews the required mix of skills, experience and other qualities, including core competencies, which Non Executive Directors should bring to the Board;
- (e) Conducts formal assessment of the Board's effectiveness as a whole, including the Chairman and ED, the contribution of each director and the various Board Committees;
- (f) Assesses the independence of the Independent Non Executive Directors annually;
- (g) Oversees the appointment, management, succession planning and performance evaluation of key management personnel and recommends to the Board their removal if they are ineffective, errant and negligent in discharging their responsibilities;
- (h) Ensures that all Directors undergo compulsory and other appropriate induction programmes and receives continuous training.

## 5.3 RISK MANAGEMENT COMMITTEE (RMC)

5.3.1 The RMC comprises a majority of Independent Directors.

### **5.3.2 The RMC's responsibilities include:**

- (a) Establishes the risk management policy of the Company and reviews such policy regularly in view of the changing business environment;**
- (b) Identifies principal risks underlying the business and operation of the Company and sets up the risk profile of the Company;**
- (c) Evaluates, monitors and develops strategies and actions to address these principal risks with a view to maintain a balance between the risks and the returns to shareholders;**
- (d) Reviews the reports on risks, major findings and management actions in addressing these risks;**
- (e) Performs a review of the application of risk management policy and practices of the Company on at least a half yearly basis;**
- (f) Reports to the Board of Directors on the status of the evaluation and monitoring of the risk profile on a half yearly basis;**
- (g) Advises the Management on the resources required in reviewing, evaluating and monitoring the risk profile of the Company;**
- (h) Directs the Internal Audit Manager to pursue further into areas identified as high risks and reports its findings and recommendations for submission to the Audit Committee;**
- (i) Reviews the adequacy and effectiveness of the Company's risk management and internal control system.**

## **5.4 SUSTAINABILITY COMMITTEE (SC)**

**5.4.1 The SC comprises a mixture of Executive and Independent Directors.**

**5.4.2 The SC's responsibilities include:**

- (a) Advises and recommends to the Board the business strategies from the aspect of sustainability;**
- (b) Monitors the implementation of sustainability strategies as approved by the Board;**
- (c) Recommends to the Board sustainability related policies for adoption and monitors the implementation of the policies;**
- (d) Recommends to the Board for its approval matters which are regarded as material from the aspect of sustainability;**
- (e) Oversees the overall management of stakeholder engagement and ensures issues are properly addressed and resolved;**
- (f) Oversees the management of sustainability matters, with particular focus on matters material to the group and ensures monitoring mechanisms are in place;**
- (g) Responsible for sustainability reporting to the Board; and**
- (h) Oversees the preparation of sustainability disclosures as required by law and/or rules and recommends them to the Board for approval.**

## **6. REMUNERATION LEVELS OF DIRECTORS**

**6.1 The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.**

**6.2 The level of remuneration of the ED is determined by the Remuneration Committee after**

giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.

## **7. FINANCIAL REPORTING**

### **7.1 TRANSPARENCY**

7.1.1 The Company aims to present a clear and balanced assessment of the Company's financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators.

7.1.2 The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.

7.1.3 The Company's practice is to announce to Bursa Malaysia its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period.

7.1.4 The Auditors' Report shall contain a statement from the Auditors explaining their responsibility in forming an independent opinion, based on their audit, of the financial statements.

### **7.2 EXTERNAL AUDITORS**

7.2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the External Auditors through the BAC.

7.2.2 The BAC also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the External Auditors.

7.2.3 Appointment of the External Auditors is subject to approval of shareholders at General Meetings. The Company's Auditors have to retire during the AGM every year and be reappointed by shareholders for the ensuing year.

### **7.3 INTERNAL CONTROLS AND RISK MANAGEMENT**

7.3.1 The Company has a well-resourced internal audit function which critically reviews all aspects of the Company's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The Internal Audit Manager has direct access to the Board through the Chairman of the BAC.

7.3.2 The Board ensures the system of internal controls is reviewed on a regular basis.

## **8. GENERAL MEETINGS**

### **8.1 ANNUAL GENERAL MEETINGS (AGM)**

8.1.1 The Company regards the AGM as an important event in the corporate calendar



of which all Directors and key management personnel attend.

8.1.2 The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with and constructive feedback from the Company's shareholders.

8.1.3 The Chairman encourages active participation by the shareholders during the AGM.

8.1.4 The Chairman and, where appropriate, the ED or Chairman of the BAC or Chairman of the RNC or Chairman of the RMC responds to shareholders' queries during the AGM. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the AGM.

## 8.2 EXTRAORDINARY GENERAL MEETINGS (EGM)

The Directors will consider requisitions by shareholders to convene an EGM or on any other urgent matters requiring immediate attention of the Company.

## 9. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

9.1 The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.

9.2 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.

9.3 The Company conducts dialogues with financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.

9.4 A press conference may be held after each General Meeting. At this press conference, the Chairman or ED will give a press release stating the Company's results, its prospects and outline any specific event for notation. All press releases will be vetted/approved by the Board or delegated to the ED, where appropriate, to ensure that information that has yet to be released to Bursa Malaysia is not released to the press.

9.5 The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.

## 10. RELATIONSHIP WITH OTHER STAKEHOLDERS

In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising shareholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.

## **10.1 EMPLOYEES**

**10.1.1** The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.

**10.1.2** The Company adopts comprehensive and documented policies and procedures with respect to the following:

- (a)** Occupational safety and health with the objective of providing a safe and healthy working environment for all employees; and
- (b)** Social matters with the objective of managing employees' welfare and wellbeing in the workplace.

## **10.2 ENVIRONMENT**

**10.2.1** The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.

**10.2.2** The Company adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.

**10.2.3** The Company supports initiatives on sustainability and environmental issues.

## **10.3 CORPORATE RESPONSIBILITY**

**10.3.1** The Board acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates.

**10.3.2** The Company supports charitable causes and initiatives on community development projects.

## **11. COMPANY SECRETARY**

**11.1** The Board appoints the Company Secretary, who plays an important guidance and advisory role and ensures that the Company Secretary fulfills the functions for which he/she has been appointed.

**11.2** The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.

**11.3** The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

**11.4** The Company Secretary advises Directors of their obligations to adhere to matters relating to :

- (a)** Disclosure of interest in securities;
- (b)** Disclosure of any conflict of interest in a transaction involving the Company;
- (c)** Prohibition on dealing in securities;
- (d)** Restrictions on disclosure of price-sensitive information.

**11.5** The Company Secretary must keep abreast of, and inform, the Board of current governance practices.

**11.6 The Board members have unlimited access to the professional advice and services of the Company Secretary.**

## **12. APPLICATION**

**12.1 The principles set out in this Charter are:**

- (a) Kept under review periodically to ensure they remain relevant and effective; and**
- (b) Applied in practice having regard to its spirit and general principles rather than to the letter alone.**

**12.2 The Board endeavours to comply at all times with the principles and practices set out in this Charter.**

**12.3 This Charter together with any updates to the principles and practices set out herein are available on the Company's website.**