

**SARAWAK PLANTATION BERHAD**  
**TERMS OF REFERENCE**

- **AUDIT COMMITTEE**
- **NOMINATION COMMITTEE**
- **REMUNERATION COMMITTEE**
- **RISK MANAGEMENT COMMITTEE**

**SARAWAK PLANTATION BERHAD****TERMS OF REFERENCE****AUDIT COMMITTEE****COMPOSITION**

The Board has appointed from amongst itself an Audit Committee which fulfills the following requirements:

1. The Audit Committee comports of not fewer than 3 Independent non executive directors.

*The meaning of “Independent Director” is as how it is defined under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and any practice notes issued thereto.*

2. All members of the Audit Committee are familiar with basic accounting and finance practices and at least 1 member of the Audit Committee shall be:
  - (a) A member of the Malaysia Institute of Accountants (“MIA”); or
  - (b) If he is not a member of MIA, he must have at least 3 years’ working experience and:
    - (i) He must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - (ii) He must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
  - (c) Fulfils such other requirements as prescribed or approved by the Exchange.
3. No alternate director is appointed as a member of the Audit Committee.
4. No former audit partner of the External Auditors shall be appointed as a member of the Audit Committee unless a cooling off period of at least 3 years has been observed.

The performance of the Audit Committee and each of its members shall be assessed by the Nomination Committee annually to determine whether the Audit Committee and each of its members have carried out their duties in accordance with their terms of reference.

## **CHAIRMAN**

The members of the Audit Committee must elect a chairman from among themselves.

In the absence of the Chairman of the Audit Committee at any Audit Committee meeting, the other members present thereat shall elect from among themselves a Chairman to chair the said meeting.

The Chairman of the Audit Committee has free access and shall continuously engage with the Chairman of the Board, the Executive Director, the Chief Financial Officer, other key senior management personnel, the Internal Audit Manager and the External Auditors to be kept up to speed on matters affecting the Company.

The Chairman of the Audit Committee shall not be the Chairman of the Board.

## **MEETINGS**

In every financial year, the Audit Committee shall meet either in person or virtually a minimum of 4 times, if not more, depending on requirement.

Notice of every Audit Committee meeting together with all the papers for deliberation will be given to all Audit Committee members at least 7 days before the date of each meeting.

At Audit Committee meetings, the Internal Audit Manager and the Chief Financial Officer will brief the Audit Committee on the Internal Audit Reports and the Financial Reports respectively. The Executive Director will usually attend the Audit Committee meetings whilst other key senior management personnel may attend the meetings upon invitation by the Audit Committee.

Upon request of the External Auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter(s) the External Auditors believe should be brought to the attention of the Audit Committee.

The Audit Committee holds independent meetings with the External Auditors at least 3 times in every financial year. These independent meetings are held in the absence of the Executive Director, the Chief Financial Officer and other key senior management personnel.

The Company Secretary shall be the Secretary of the Audit Committee.

## **QUORUM**

The quorum for the Audit Committee shall be 2 members.

## **MINUTES**

Minutes of every Audit Committee meeting is taken by the Secretary of the Audit Committee. The draft Minutes are circulated to all the Audit Committee members within the same day of each meeting.

The Minutes of the Audit Committee meeting shall be confirmed and signed by the Chairman or the Chairman of the meeting at the next succeeding meeting.

Minutes of every Audit Committee meeting are kept at the registered office and copies extended to all Audit Committee members.

The Chairman of the Audit Committee updates the Board of the proceedings at every Audit Committee meeting through a "Report from the Audit Committee". This report is circulated to all the Board members.

## **DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Audit Committee are as follows:

1. Provides assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices for the Group;
2. Maintains through regularly scheduled meetings, a direct line of communication between the Board and the external and internal auditors;
3. Avails to auditors a private and confidential audience at any time and to request such audience through the Chairman of the Audit Committee with or without the prior knowledge of the Management;
4. Reviews related party transactions, conflict of interest situations and potential conflict of interest situations that arise;
5. Assesses any actual or potential conflict of interest situations that arose, persist or may arise within the Group.
6. Proposes measures to resolve, eliminate (if possible) or mitigate such conflict and reports them to the Board and in their Audit Committee's Report (if they arise);

7. **Reviews and accesses periodically or as and when deemed necessary the adequacy of the related party policy and the conflict of interest policy and proposes such amendments to the policy as may be deemed appropriate. All review shall be reported to the Board for further action.**
8. **Acts upon the Board's request to investigate and reports on any issues or concerns with regards to the management of the Group.**

**In addition, the Audit Committee is authorised to carry out duties as mentioned below and also has unrestricted access to all of the Group's records, properties and personnel to enable them to discharge their duties.**

**1. Financial Statements**

- (a) **Reviews significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, recent professional and regulatory pronouncements and understands their impact on the financial statements;**
- (b) **Review with the Management and the External Auditors, the results of the audit, including any difficulties encountered;**
- (c) **Reviews the annual financial statements and considers whether they are complete, consistent with information known to the Audit Committee members and reflect appropriate accounting principles;**
- (d) **Reviews other sections of the Annual Report and related regulatory filings before release and considers the accuracy and completeness of the information;**
- (e) **Reviews with the Management and the External Auditors, all matters required to be communicated to the Audit Committee under generally accepted auditing standards;**
- (f) **Understands how Management develops interim financial information and the nature and extent of internal and external auditors' involvement;**
- (g) **Reviews interim financial reports with the Management and the External Auditors before filing with regulators and considers whether they are complete and consistent with the information known to the Audit Committee members.**

**2. Internal Control**

- (a) **Considers the effectiveness of the Group's internal control system, including information technology security and control;**
- (b) **Understands the scope of internal and external auditors' review of internal control over financial reporting and obtains reports on significant findings and recommendations, together with Management's response.**

3. **Internal Audit**
  - (a) Reviews with the Management and the Internal Audit Manager, the charter, activities, staffing and organisational structure of the internal audit function;
  - (b) Has final authority to review and approve the annual audit plan and all major changes to the plan;
  - (c) Ensures there are no unjustified restrictions or limitations and reviews and concurs in the appointment, replacement or dismissal of the Internal Audit Manager;
  - (d) At least once a year, reviews the performance of the Internal Audit Manager and concurs with the annual compensation and salary adjustment;
  - (e) Reviews the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors' Internal Standards for the Professional Practice of Internal Auditing;
  - (f) On regular basis, meets separately with the Internal Audit Manager to discuss any matters that the Audit Committee or internal audit believes should be discussed privately.
  
4. **External Audit**
  - (a) Reviews the External Auditors' proposed audit scope and approach, including co-ordination of audit effort with internal audit;
  - (b) Reviews the performance of the External Auditors;
  - (c) Reviews and confirms the independence of the External Auditors by obtaining statements from the External Auditors on its relationship between the Auditor and the Company, including non audit services and discussion on the relationships with the Auditors;
  - (d) On regular basis, meets separately with the External Auditors to discuss any matters that the Audit Committee or External Auditors believe should be discussed privately.
  
5. **Compliance**
  - (a) Reviews the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigations and follow-up (including disciplinary action) on any instances of non compliance;
  - (b) Reviews the findings of any examinations by regulatory agencies and any auditors' observations;
  - (c) Reviews the process of communicating the code of conduct to company personnel and for monitoring compliance therewith;
  - (d) Obtains regular updates from the Management and the Company's legal counsel regarding compliance matters.
  
6. **Reporting Responsibilities**
  - (a) Regularly reports to the Board about the Audit Committee's works, issues and related recommendations;

- (b) Provides an open avenue of communication between the internal auditor, the external auditor and the Board;
- (c) Reports annually to the shareholders, describing the Audit Committee's composition, responsibilities and how they were discharged and any other information required by the rules, including approval of non audit services;
- (d) Reviews any other reports the Company issues that relate to the Audit Committee's responsibilities.

**7. Other Responsibilities**

- (a) Performs any other works related to its charter as required by the Board;
- (b) Institutes and oversees special investigations as needed;
- (c) Reviews and assesses the adequacy of the Audit Committee's charter annually, requesting the Board's approval for proposed changes and ensures appropriate disclosure as may be required by law or regulation;
- (d) Confirms annually that all responsibilities outlined herein have been carried out.

The Audit Committee does not have executive powers but reports to the Board on all matters considered and submit their recommendations to the Board for approval.

# **SARAWAK PLANTATION BERHAD**

## **TERMS OF REFERENCE**

### **NOMINATION COMMITTEE**

#### **OBJECTIVE**

The Remuneration and Nomination Committee was established on 1 May 2007. It seeks to establish a policy that attracts, maintains and retains a set of directors and key senior management personnel of requisite caliber and skill set to propel the Company towards greater prospects and sustainable growth. The policy is also linked to remuneration packages that place weightage on seniority, experience, time commitment and the Company's overall performance.

The Remuneration and Nomination Committee also assists the Board to establish a formal and transparent procedure on the appointment and assessment of Directors and the Board Committees.

On 25 March 2021, the Board resolved that the Remuneration and Nomination Committee be separated into 2 committees, namely the Remuneration Committee and the Nomination Committee.

#### **COMPOSITION**

The Board has appointed from amongst itself a Nomination Committee which comprises exclusively of non executive directors, a majority of whom are independent.

#### **CHAIRMAN**

The members of the Nomination Committee must elect a chairman from among themselves.

In the absence of the Chairman of the Nomination Committee at any Nomination Committee meeting, the other members present thereat shall elect from among themselves a Chairman to chair the said meeting.

#### **MEETINGS**

In every financial year, the Nomination Committee shall meet at least once, or as and when required.

Notice of every Nomination Committee meeting together with all the papers for deliberation will be given to all Nomination Committee members on the day of the meeting.

The Company Secretary shall be the Secretary of the Nomination Committee.

#### **QUORUM**

The quorum for the Nomination Committee shall be 2 members.

#### **MINUTES**

Minutes of every Nomination Committee meeting is taken by the Secretary of the Nomination Committee. The draft Minutes are circulated to all the Nomination Committee members on the day of the meeting.

The Minutes of the Nomination Committee meeting shall be confirmed and signed by the Chairman or the Chairman of the meeting at the next succeeding meeting.

Minutes of every Nomination Committee meeting are kept at the registered office and copies extended to all Nomination Committee members.

#### **DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Nomination Committee are as follows:

1. Identifies and nominates for approval of the Board, candidates to fill Board vacancies as and when they arise;



2. In the case of Independent Non Executive Directors, evaluate the candidate's ability to discharge such responsibilities/functions as expected from independent non-executive directors;
3. Reviews the required mix of skill, experience and other qualities, including core competencies which non executive Directors should bring to the Board;
4. Conducts formal assessment of the Board's effectiveness as a whole, the contribution of each Director and the various Board Committees;
5. Assess the performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and each of its members have carried out their duties in accordance with their terms of reference;
6. Assess the independence of the Independent Directors annually;
7. Reviews and assesses the independence of Independent Non-Executive Directors and recommend those who has served as Independent Non-Executive Directors of the Company for a consecutive term of more than 9 years for continuation as Independent Non-Executive Directors;
8. Conducts assessment of the Executive Directors and make recommendation to the Board for renewal of their service contracts, where applicable;
9. Ensures that all Directors undergo compulsory and other appropriate induction programme and receives continuous training;
10. To act in line with the directions of the Board.

The Nomination Committee does not have executive powers but reports to the Board on all matters considered and submit their recommendations to the Board for approval.

# **SARAWAK PLANTATION BERHAD**

## **TERMS OF REFERENCE**

### **REMUNERATION COMMITTEE**

#### **OBJECTIVE**

The Remuneration and Nomination Committee was established on 1 May 2007. It seeks to establish a policy that attracts, maintains and retains a set of directors and key senior management personnel of requisite caliber and skill set to propel the Company towards greater prospects and sustainable growth. The policy is also linked to remuneration packages that place weightage on seniority, experience, time commitment and the Company's overall performance.

The Remuneration and Nomination Committee also assists the Board to establish a formal and transparent procedure on the appointment and assessment of Directors and the Board Committees.

On 25 March 2021, the Board resolved that the Remuneration and Nomination Committee be separated into 2 committees, namely the Remuneration Committee and the Nomination Committee.

#### **COMPOSITION**

The Board has appointed from amongst itself a Remuneration Committee which comprises a majority of independent directors.

#### **CHAIRMAN**

The members of the Remuneration Committee must elect a chairman from among themselves.

In the absence of the Chairman of the Remuneration Committee at any Remuneration Committee meeting, the other members present thereat shall elect from among themselves a Chairman to chair the said meeting.

#### **MEETINGS**

In every financial year, the Remuneration Committee shall meet at least once, or as and when required.

Notice of every Remuneration Committee meeting together with all the papers for deliberation will be given to all Remuneration Committee members on the day of the meeting.

The Company Secretary shall be the Secretary of the Remuneration Committee.

#### **QUORUM**

The quorum for the Remuneration Committee shall be 2 members.

#### **MINUTES**

Minutes of every Remuneration Committee meeting is taken by the Secretary of the Remuneration Committee. The draft Minutes are circulated to all the Remuneration Committee members on the day of the meeting.

The Minutes of the Remuneration Committee meeting shall be confirmed and signed by the Chairman or the Chairman of the meeting at the next succeeding meeting.

Minutes of every Remuneration Committee meeting are kept at the registered office and copies extended to all Remuneration Committee members.

#### **DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Remuneration Committee are as follows:

1. Establishes and reviews terms and conditions of employment and remuneration of the Executive Directors and the key management personnel;

2. Reviews for approval of the Board, annual salary increments and bonuses of the Executive Directors and the key management personnel;
3. Not to be involved in any decisions relating to their own remuneration. The determination of remuneration packages of Non-Executive Directors shall be a matter for the Board as a whole subject to shareholders' approval in the general meeting;
4. To act in line with the directions of the Board.

The Remuneration Committee does not have executive powers but reports to the Board on all matters considered and submit their recommendations to the Board for approval.

# **SARAWAK PLANTATION BERHAD**

## **TERMS OF REFERENCE**

### **RISK MANAGEMENT COMMITTEE**

#### **OBJECTIVE**

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 principal risk areas which include business, environment, human capital, safety, security and operations of the Company with the aim of preventing and mitigating these risks.

#### **COMPOSITION**

The Board has appointed from amongst itself a Risk Management Committee which comprises a majority of Independent directors.

#### **CHAIRMAN**

The members of the Risk Management Committee must elect a chairman from among themselves.

#### **MEETINGS**

In every financial year, the Risk Management Committee shall meet at least once, or as and when required.

Notice of every Risk Management Committee meeting together with all the papers for deliberation will be given to all Risk Management Committee members at least 7 days before the date of each meeting.

The Risk Coordinator and all the Risk Owners attend the Risk Management Committee meetings. The Company Secretary shall be the Secretary of the Risk Management Committee.

#### **QUORUM**

The quorum for the Risk Management Committee shall be 2 members.

#### **MINUTES**

Minutes of every Risk Management Committee meeting is taken by the Secretary of the Risk Management Committee. The draft Minutes are circulated to all the Risk Management Committee members on the day of the meeting.

The Minutes of the Risk Management Committee meeting shall be confirmed and signed by the Chairman or the Chairman of the meeting at the next succeeding meeting.

Minutes of every Risk Management Committee meeting are kept at the registered office and copies extended to all Risk Management Committee members.

The Chairman of the Risk Management Committee updates the Board of the proceedings at every Risk Management Committee meeting through a "Report from the Risk Management Committee". This report is circulated to all the Board members.

#### **DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Risk Management Committee are as follows:

1. Establishes the risk management policy of the Company and reviews such policy regularly in view of the changing business environment;
2. Identifies principal risks underlying the business and operations of the Company and sets up the risk profile of the Company;

3. Evaluates, monitors and develop strategies and actions to address these principal risks with a view to maintaining a balance between the risks and the returns to shareholders;
4. Reviews the reports on risks, major findings and management actions in addressing these risks;
5. Performs a review of the application of risk management policy and practices of the Company on at least a yearly basis;
6. Reports to the Board on the status of evaluation and monitoring of the risk profile on a yearly basis;
7. Advises the Management on the resources required in reviewing, evaluating and monitoring the risk profile of the Company;
8. To act in line with the directions of the Board.

The Risk Management Committee does not have executive powers but reports to the Board on all matters considered and submit their recommendations to the Board for approval.