

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

This Overview Statement conveys how the Company has put in practice the principles and practices issued under the Malaysian Code of Corporate Governance (as at 28 April 2021) (the Code) in respect of the financial year ended 31 December 2022. The Board will constantly review its conduct, processes and procedures in order to adhere to the Code.

The details of how the Code was applied during the financial year under review are set out in the Corporate Governance Report and is published on the Company's website at www.spbgroup.com.my.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

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

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

With 26 years of experience, the Chairman of the Board is well versed in the oil palm sector. Hence, he is well qualified to lead the Board in the vision, strategic direction and business development of the Company. Hand in hand with independent directors of differing background on board, he can also be guided by their knowledge thus providing balance in the decision making process of the Board.

The Chairman is also the driver of the good governance practices within the Board and the Group. The Chairman ensures that information received by the Directors are complete, accurate and timely so that decisions made are based on the right premise.

The Chairman presides over every board meeting and ensures that the directors' opinions are heard. He allows sufficient time for each agenda to be deliberated and provides every director opportunity to actively participate in all discussions.

In line with good corporate governance practices, the Chairman has never been a member of the Audit Committee, Nomination Committee or the Remuneration Committee. In this manner, the possibility of self review is negated. Further it promotes check and balance as well as objectivity at the Board level when reviewing and deliberating observations and recommendations from these committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I. Board Responsibilities (continued)

As part of the governance structure of the Company, the following Board Committees are in place:

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

These committees review matters within their terms of reference but the ultimate responsibility for the final decision rests with the Board.

The positions of the Chairman and the Executive Director / Chief Executive Officer are held by 2 different individuals with clear delineation of duties.

While the Board sets the policies and strategies, the implementation and management of the day to day administration and operation of the Group is delegated to the Executive Director and the Key Management Personnel. The Executive Director and the Key Management Personnel carry out the directives of the Board but are subject to the control of the Board.

In year 2022, physical visits to the estates and mills by the Executive Director and Key Management Personnel resumed and were in full swing. Virtual meetings continued to be employed in cases where urgent issues arise and need to be addressed quickly. Certain meetings where a physical presence on the ground is not imperative, continue to be held virtually. The Covid-19 restrictions imposed on us for the past 2 years have taught us that some types of meeting are more time and cost effective when held virtually.

The Company has in place a Code of Ethics which sets the standard of acceptable behavior in the Company. The Company also has in place a Corporate Disclosure Policy which governs dissemination of confidential information and how confidentiality of such information is to be maintained and safeguarded. To further enhance good governance, the Fit and Proper Policy, the Anti Bribery and Anti Corruption Policy, Whistle Blowing Policy, Safety and Health Policy, Environmental and Biodiversity Policy, Social Policy, Sustainability and Succession Planning Policy have also been established.

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I. Board Responsibilities (continued)

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

Name of Director	Brief Description of Training
Datuk Amar Abdul Hamed bin Sepawi	- None attended due to exigencies of work
Dato Wong Kuo Hea	- Virtual Briefing on Economic and Monetary Review 2021 - Compliance With Listing Requirements - Reporting of Financial Statements
Hasmawati binti Sapawi	- Virtual Briefing on Economic and Monetary Review 2021 - Developing Malaysia's Roadmap to Net Zero
Datu Haji Soedirman bin Haji Aini	- Risk Based Internal Audit Programme - Virtual MIA International Accountants Conference 2022 - Global Muslim Business Forum 2022 : The Rise of the Global Islamic Economy : Refocussing, Resetting and Recovering in the Post Endemic Era - How the Audit Committees and Auditors can work together towards reliable audited financial statements
Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired)	- Virtual Briefing on Economic and Monetary Review 2021 - Developing Malaysia's Roadmap to Net Zero - Risk Based Internal Audit Programme - Global Muslim Business Forum 2022 : The Rise of the Global Islamic Economy : Refocussing, Resetting and Recovering in the Post Endemic Era - How the Audit Committees and Auditors can work together towards reliable audited financial statements - 2022 MFRS Updates Seminar
Dato Chia Chu Fatt	- ESG Oversight for Boards - Risk Based Internal Audit Programme - How the Audit Committees and Auditors can work together towards reliable audited financial statements
Dato Awang Bemee bin Awang Ali Basah	- 2022 MFRS Updates Seminar - TCDF 101 - Introduction to Climate related Financial Disclosures - TCDF 102 - Building Experience and Expertise on Climate related Financial Disclosures

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II. Board Composition

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

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

The Board is aware that the Code prescribes that the tenure of an independent director must not exceed a cumulative term limit of 9 years.

The Board Charter stated that the tenure of an independent director may not exceed a cumulative term of 9 years. Upon completion of the 9 years, if an independent director continues to serve on the Board, it will be in the capacity of a non-independent director. If the Board intends to retain an independent director beyond 9 years, it will justify and seek annual shareholders' approval, through a 2 tier voting process.

The Directors have also shown their commitment to carry out their fiduciary duties and their duty to use reasonable care, skill and diligence towards the Company in their attendance and active participations at Board Meetings throughout the year in review.

Below shows the details of the attendance of all the directors at Board Meetings held in 2022:

Name of Director	Designation	Meetings Attended	
		Number	(%)
Datuk Amar Abdul Hamed bin Sepawi	Executive Chairman	3/5	60
Dato Wong Kuo Hea	Executive Director	5/5	100
Hasmawati binti Sapawi	Non Independent Non Executive Director	5/5	100
Datu Haji Soedirman bin Haji Aini	Independent Non Executive Director	5/5	100
Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired)	Independent Non Executive Director	5/5	100
Dato Chia Chu Fatt	Independent Non Executive Director	5/5	100
Dato Awang Beme bin Awang Ali Basah	Independent Non Executive Director	5/5	100

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II. Board Composition (continued)

Members of the Board and Key Management Personnel are appointed after thorough assessment by the Nomination Committee through a formal and transparent process. For appointment and re-appointment of Directors, the Nomination Committee is also guided by the criteria set out in the Fit and Proper Policy which is found on the Company's website. The Nomination Committee will then make its recommendation to the Board on the suitability of the candidates and the Board will have the final say in the appointment of the candidate.

In assessing a potential candidate, the Nomination Committee will take the following factors into account:

- a. Skills, knowledge, expertise and experience;
- b. Professionalism;
- c. Character and Integrity;
- d. Time and Commitment;
- e. Potential to contribute to achieve the Company's goal and objectives; and
- e. Where candidates are to be appointed as Independent Non Executive Directors, the Nomination Committee will also assess the candidates' ability to discharge his/her responsibilities as required of an Independent Non Executive Director.

As a potential candidate must possess the above qualities, the Board has not established a formal policy on gender, ethnicity and age group thus far. The Board believes that gender ethnicity and age group diversity should be balanced with meritocracy of the potential candidate. Hence, the Board believes that the Group is not disadvantaged in any manner without this policy as it is committed to provide fair and equal opportunities to all.

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

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

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

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

- (a) Pursuant to the amendments to the Main Market Listing Requirements, the Fit and Proper Policy was drafted. After due review by the Nomination Committee, it was proposed for adoption by the Board. Read together with the Board Charter, the Fit and Proper Policy sets out the criteria to guide the Board and the Nomination Committee when carrying out assessment of candidates for new appointment or re-appointment as a Director.

The Fit and Proper Policy is published on the Company's website.

- (b) Formal assessment of the contribution of each Director and that of the Chairman. When deliberating on the performance of an individual Director as a Director, that Director who also happens to be a member of the Nomination Committee will abstain from all discussions. The areas where Directors are assessed include character and integrity, commitment and preparedness, skill and competence. Independent Directors are also assessed on their ability to exercise independent judgement.

The results of the assessment are made available to the Board. The Nomination Committee also gave its recommendation on Directors who are seeking re-election under Article 91 of the Company's Constitution at the forthcoming Annual General Meeting of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II. Board Composition (continued)

- (c) Formal assessment of the Board's effectiveness as a whole and that of the various Board Committees. The performance of each Board Committee was also evaluated. When deliberating on the performance of an individual Director as a Member of a particular Board Committee, that Director who also happens to be a member of the Nomination Committee will abstain from all discussions. The criteria used by the Nomination Committee in this assessment include mix of skills and expertise, decision making process and how the Board / Board Committee relates to the Management.
- (d) Evaluated whether the Independent Directors continue to be able to exercise independent judgement without being unduly influenced. The Nomination Committee satisfied itself that all the Independent Directors continue to be able to discharge their duties satisfactorily. As is the standard requirement, when the conduct of the evaluation of an Independent Director who is also a member of the Nomination Committee is carried out, that Independent Director concerned will abstain from all deliberations.

III. Remuneration

The Remuneration Committee has in place remuneration policies which attract, maintain and retain a set of Directors and Key Management Personnel of requisite caliber to move the Company towards greater prospects and growth.

The Remuneration Committee comprises a majority of independent directors. They are:

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

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

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

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

The details of the Company's directors' remuneration received during the year are disclosed in the CG Report for financial year ended 31 December 2022.

The Company's directors' remuneration was approved by the shareholders at the 25th Annual General Meeting of the Company held on 27 May 2022.

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PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

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

The Audit Committee comprises exclusively of independent directors, namely:

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

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

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

II. Risk Management and Internal Control Framework

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

The Risk Management Committee comprises 4 directors, namely:

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

The Risk Management Committee met once during the year to review the Group's risk profile. It paid close attention to risk areas like corruption, ESG and business continuity.

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

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

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

I. Communication with Stakeholders

Recognizing the importance of keeping the investing community up to speed with the developments in the Company through effective communication, the Company chooses various forums to engage with its stakeholders. These include physical meetings, online discussions, announcements through Bursa Link and disclosures on the Company's website.

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

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

II. Conduct of General Meetings

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

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

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

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

Since the 24th Annual General Meeting held on 13 August 2021, the minutes of the Annual General Meeting have been posted on the Company's website within 30 business days after the date of the Annual General Meeting.

This Statement was approved by the Board of Directors on 24 March 2023.