ANNUAL REPORT
2020

UNITED PLANTATIONS BERHAD
(Company Registration No. 191701000045 (240-A))

Group Philosophy

We strive towards being recognized as second to none within the plantation industry, producing high quality products, always focusing on the sustainability of our practices and our employees' welfare whilst attaining acceptable returns for our shareholders.

Front Cover:

UP's light Railway System has been further expanded during 2020 and stretches 587km in length. This unique system facilitates an efficient and gentle transport of harvested fresh fruit bunches to the palm oil mill for production of high quality palm oil.

With United Plantations choosing to use Cocoon Silk and Cocoon Offset rather than a non-recycled paper, the environmental impact, for the total number of Annual reports produced,was reduced by :

- 1,135 kg of landfill
- 145 kg CO_2 and green house gases
- 1,487 kmTravel in Average European Car
- 11,983 kg of wood
- 2,511 Kwh of energy
- 46,281 liters of water

Water and energy savings are based on a comparison between a recycled paper manufactured at Arjowiggin Graphic mills versus an equivalent virgin fibre paper according to the latest European BREF data available (virgin fibre papers manufactured in a non-integrated paper mill).CO_2 emission savings is the difference between the emissions produced at an Arjowiggins Graphic mill for a specific recycled paper compared to the manufacture of an equivalent virgin fibre paper. Carbon footprint data evaluated by Labelia Conseil in accordance with the Bilan Carbone® methodology. Results are obtained according to technical information and subject to modification.

Sources :

THE WWF ACCOMPANIES ARJOWIGGINS GRAPHIC IN THE PROMOTION OF A CIRCULAR ECONOMY OF PAPER

GREEN STAR SYSTEM®

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UNITED PLANTATIONS BERHAD

(Company Registration No. 191701000045 (240-A))

Contents

Brief history and principal business activities

Founded on Danish and Malaysian Expertise and Resources, United Plantations Berhad (UP) from a modest beginning in 1906, has over the years grown in size and stature.

Today UP is one of the larger medium sized plantation groups in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad with a market capitalization of approximately RM6.04 billion at the end of its financial year 31 December 2020.

UP's core business activity lies within the cultivation of oil palm and coconuts. Its total cultivated landbank covers approximately 50,000ha spread over Malaysia (80%) and Indonesia (20%) and is supported by 6,098 employees across the Group.

UP possesses considerable know-how in plant breeding, agronomy and tissue culture through its R & D facilities established in the early 1950's, ensuring the development of new and improved planting materials as well as improved crop husbandry practices.

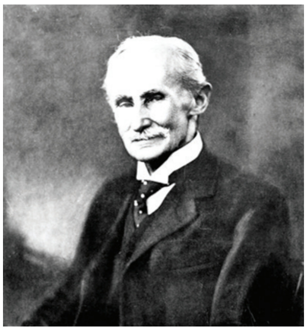
The Group is also engaged in several downstream activities such as edible oil refining as well as producing and packaging of specialty fats based on certified sustainable palm oil and strong emphasis on high quality and food safety standards.

Through its focus on Corporate Social Responsibility and Creating Shared Values combined with sound managerial and technical expertise, UP is today recognised as a global leader in terms of sustainability, high yields, cost competitiveness and innovative practices that are operationalised throughout its plantations.

C CSV R

Corporate Social Responsibility and Creating Shared Values

The UP Legacy And Values



Aage Westenholz, Chairman and Founder of UP Ltd (1906-1935)

Commander William Lennart Grut, Chairman of UP Ltd (1935-1949)

Tan Sri Dato' Seri B. Bek-Nielsen, Chairman (1978-1982) and Sr. Executive Director of UPB (1971-2003)

Tan Sri Haji Basir bin Ismail Chairman of UPB (1982-2002)

History and Responsible Agriculture

UP's commitment to sustainable agriculture originated with its founder, a Danish Engineer and Entrepreneur, Aage Westenholz who established UP in 1906.

Westenholz not only promoted a strong culture of innovation and imaginative approach to business strategy but also of ethical conduct within plantations agriculture.

He was known for his philosophical ideals of co-operative working and profit sharing and promoted the following concept: "capital and labour ought to co-operate as two hands on the same body guided by one brain."

Westenholz was also known for setting the highest standards for the workforce, within the conditions of the day, and had as early as 1928 established a well-functioning hospital with good facilities and medical personnel to cater for the needs of the employees and their families as well as the communities surrounding the estates.

Another key figure during the foundation of UP was Westenholz's brother-in-law, a navy officer, Commander William Lennart Grut.

The two stalwarts, Westenholz and Grut not only linked together in kinship, also shared common values of Vision, Compassion and Discipline and introduced the first jungle sanctuary (The Grut Sanctuary) as well as the concept of mulching to maintain soil fertility in the 1930's.

The focus on innovation and care for employees combined with ethical values laid down by our pioneers signifies the beginning of UP's early focus on Corporate Social Responsibility (CSR) which has become a part of the Company's DNA and emphasises the responsibility to manage our resources resourcefully and engage in activities that optimize returns for our shareholders and at the same time Creating Shared Value(CSV) for employees and the society we operate in.

The central premises behind CSV are that the competitiveness of our Company and the health of the communities around us are mutually dependent, thus enabling UP to create economic value by also creating societal value.

Building Bridges Between Two Nations

The late Tan Sri B. Bek-Nielsen who started his career with UP in 1951, continued the legacy of the early founders through hard work, discipline and being firm but fair throughout his career spanning more than 50 years. He was instrumental in expanding the Group through technical as well as agronomic innovation focusing on producing palm oil of superior quality.

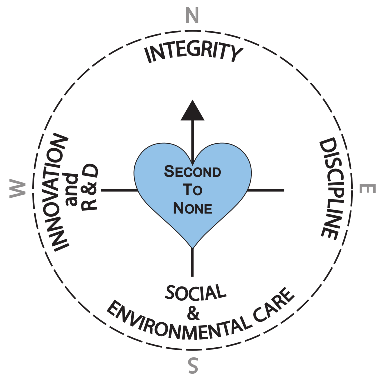
In 1982, the late Tan Sri Haji Basir took over the chairmanship of UP and together with the late Tan Sri B. Bek-Nielsen ensured that solid bridge between two Nations, Denmark and Malaysia, galvanised further. Through this close collaboration the two stalwarts ensured that UP progressed into an internationally recognised Group.

Over the last 115 years since our foundation, UP has been focusing on maintaining social and environmental awareness and striving to the best of its abilities to create a balance between economy and ecology.

This focus resulted in UP being awarded the world's first Roundtable on Sustainable Palm Oil certificate in 2008.

UP firmly believes "That no one person at the top is stronger than the pyramid of people who supports him or her". Emphasis on the attitude of continuous improvement combined with the values of Integrity, Discipline, Innovation and focusing on Social and Environment care are key aspects of UP's unique culture which is best described through our motto "Second to None".

Our Core Values



Our company's unique culture is best described through our motto "Second to None"

Corporate Information

Country of Incorporation	Malaysia
Board of Directors	Ybhg. Tan Sri Datuk Dr. Johari bin Mat (Chairman, Independent, Non-Executive) Ybhg. Dato' Carl Bek-Nielsen (Chief Executive Director) Mr. Ho Dua Tiam (Non-Independent, Non-Executive) Mr. Ahmad Riza Basir (Independent, Non-Executive) Y. Hormat Dato' Jeremy Derek Campbell Diamond (Independent, Non-Executive) Mr. Martin Bek-Nielsen (Executive) Mr. Loh Hang Pai (Executive) Mr. R. Nadarajan (Independent, Non-Executive) Madam Rohaya binti Mohammad Yusof (Non-Independent, Non-Executive) Mr. Jorgen Balle (Non-Independent, Non-Executive) Ybhg. Dato' Mohamad Nasir bin Ab. Latif (Independent, Non-Executive)
Company Secretary	Mr. Ng Eng Ho
Registered Office and Principal Share Register	United Plantations Berhad Jendarata Estate, 36009 Teluk Intan, Perak Darul Ridzuan, Malaysia Phone : +605-6411411 Fax : +605-6411876 E-mail : up@unitedplantations.com Website : www.unitedplantations.com
Auditors	Ernst & Young PLT
Principal Bankers	Malaysia HSBC Bank Malaysia Berhad Maybank Berhad Standard Chartered Bank Malaysia Berhad Public Bank Berhad OCBC Bank (Malaysia) Berhad United Overseas Bank (Malaysia) Berhad RHB Bank Berhad J.P. Morgan Chase Bank Berhad Deutsche Bank (Malaysia) Berhad Indonesia PT Bank Mandiri (Persero) Tbk PT Bank CIMB Niaga Tbk
Stock Exchange Listing	Malaysia Bursa Malaysia Securities Berhad (Bursa Malaysia) Website : www.bursamalaysia.com

Executive Committee/Senior Management and Senior Executives

Executive Committee (EXCOM)

Dato' Carl Bek-Nielsen
Vice Chairman, Chief Executive Director (CED)
Director In-Charge, Unitata Berhad

Martin Bek-Nielsen
Executive Director (Finance & Marketing)
Commercial Director, Unitata Berhad

Loh Hang Pai
Executive Director (Estates)

Senior Executives

Finance & Corporate

Ng Eng Ho
Company Secretary /
Sr Group Manager (Finance)

Cheriachangel Mathews
Group Manager Human Resources,
Sustainability & Safety

S. Chandra Mohan
Financial Controller

Dewi Anita Suyatman
Sr Manager, Legal & Corp Affairs
PT SSS

Erwin Khor Siew Yan
Manager, Internal Audit

Choo Kah Leong
Sr Financial Controller, PT SSS

Norhazizi bin Nayan
Sr Manager, Human Resources

Shirley Selvasingam
Manager, IT Systems

Rasmus Frederiksen
Manager, Corporate Affairs

Jeevan Dharmapalan
Manager Human Resources,
Sustainability & Safety

Lee Kian Wei
Manager Human Resources,
Sustainability & Safety

Plantations

Edward Rajkumar Daniels
Estates Director,
Upriver

Geoffrey Cooper
Estates Director,
Downriver

Muhammad Ratha
President Director,
PT SSS

C. Mohan Das
Group Manager,
Jendarata Estate

Nek Wahid bin Nek Harun
Group Manager,
Ulu Basir Estate

Azhar bin Yazid
Deputy Group Manager,
Tanarata Estate

S. Chanthravarnam
Sr Manager,
UIE Estate

R. Siva Subramaniam
Sr Manager,
Charong Estate

S. Kumaresan
Sr Manager,
PT SSS

Ridzuan Bin Md. Isa
Sr Manager,
Ulu Bernam Estate

Jason Joseph
Sr Manager,
Lima Blas Estate

Patrick Kanan
Manager,
Changkat Mentri Estate

L. Makesyarang
Manager,
Sungei Bernam Estate

Khor Boon Wah
Manager,
Seri Pelangi Estate

M. Muniswaran
Manager,
Kuala Bernam Estate

Research

Ho Shui Hing
Director of Research

Dr. J. Vijiandran
Research Controller

Lim Chin Ching
Research Manager(Biotechnology)

Kandha Sritharan
Research Manager (Breeding)

Wong Foo Hin
Research Manager (Tissue Culture)

Appala Naidu Marie
Research Manager, PT SSS

Engineering

P. Seker
Director of Engineering,
Upstream

Ir P. Rajasegaran
Director of Engineering,
Downstream

Ir V. Renganathan
General Manager Engineering,
PT SSS

G. Padmanathan
Sr Resident Engineer,
Jendarata

N. Saravanaganes
Resident Engineer,
UIE

M.Arishanggaran
Resident Engineer,
Ulu Bernam Optimill

R. Nathan
Resident Engineer,
Ulu Bernam Optimill

Palm Oil Refining and Others

Jughdev Singh Dhillon
Group Production Manager,
Unitata Berhad

Dr. Andrew Nair
Group Research & Quality Controller,
Unitata Berhad

Dev Ganesh
Manager, OPP
Unitata Berhad

Allan Loh Teik Boon
Manager, Commerce
Unitata Berhad

Senthamarai Selvi
Manager (Shipping & Logistics)
Unitata Berhad

Suganthi Krishnan
Manager, Quality Assurance
Unitata Berhad

Goh Kheng Wee
Resident Engineer,
Unitata Berhad

Soo Yook Kee
Sr Manager / Engineer In-Charge,
Butterworth Bulking Installation Sdn. Bhd.
Bernam Agencies Sdn. Bhd.

Muhammad Silmi
Manager, Biodiversity,
PT SSS

Soo Chin Hong
Deputy Financial Controller,
UniFuji Sdn. Bhd.

Kapil Punj
Refinery Manager,
UniFuji Sdn. Bhd.

Jayarama Reddy
Manager,
Bernam Bakery

Group as at 29 January 2021

Plantations

- United Plantations Berhad (Malaysia)
  Issued Capital (no. shares) 416m
  - PT Surya Sawit Sejati (Indonesia)
    95%

Palm Oil Refining

- Unitata Berhad (Malaysia)
  100%
- UniFuji Sdn. Bhd. (Malaysia)
  50%

Others

- Bernam Agencies Sdn. Bhd. (Malaysia)
  100%
- Butterworth Bulking Installation Sdn. Bhd. (Malaysia)
  100%
- Bernam Advisory Services Sdn. Bhd. (Malaysia)
  100%
- Berta Services Sdn. Bhd. (Malaysia)
  100%

General Shareholding Structure
Group as at 29 January 2021

Other Major Shareholders holding 5% and above	The UIEL Group and The Bek-Nielsen Family	Others
20.50%	49.98%	29.52%

United Plantations Berhad
Issued Capital (no. shares) 416m

Financial Highlights (5 Years)

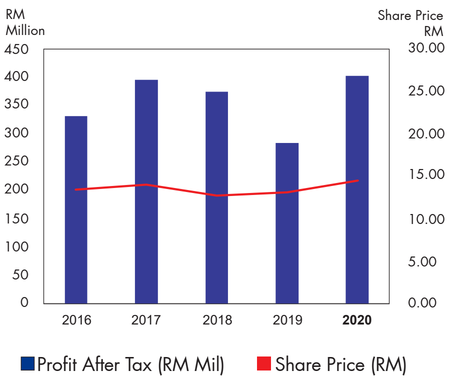
	2020	2019	Change (%)	2018	2017	2016
Revenue (RM' Million)	1,340	1,173	*14.24*	1,306	1,474	1,228
Profit Before Tax (RM' Million)	506	358	*41.34*	491	504	418
Profit After Tax (RM' Million)	402	284	*41.55*	374	395	331
Earnings Per Share (Sen)*	96	68	*41.18*	89.5	94.5	79.5
Net Dividend Per Share (Sen)**	85	67.5	*25.93*	70	75	57.5
Dividend Payout Ratio	0.89	0.99	*(10.10)*	0.78	0.79	0.72
Dividend yield as at 31 December (%)	5.85	5.14	*13.81*	5.49	5.34	4.27
Total Equity (RM' Million)	2,631	2,554	*3.01*	2,589	2,531	2,368
Return on Equity (%)	15.28	11.12	*37.41*	14.45	15.61	13.98
Total Borrowings (RM' Million)	0.1	0.1	-	0.1	0.1	0.1
Non-Controlling Interests (RM' Million)	10.9	9.2	*18.48*	7.8	6.9	5.3
Cash Position (RM' Million)	465	459	*1.31*	916	852	691
Total Assets (RM' Million)	2,975	2,858	*4.09*	2,918	2,850	2,644
Total Liabilities (RM' Million)	344	304	*13.16*	329	319	276
Year-End Closing Share Price (RM)*	14.52	13.14	*10.50*	12.75	14.04	13.46

* Comparative adjusted for Bonus Issue

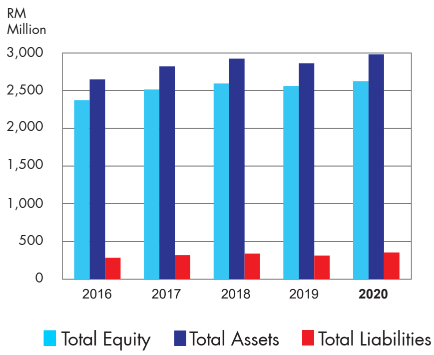
** Including proposed Final Dividend

Financial Graphs (5 Years)

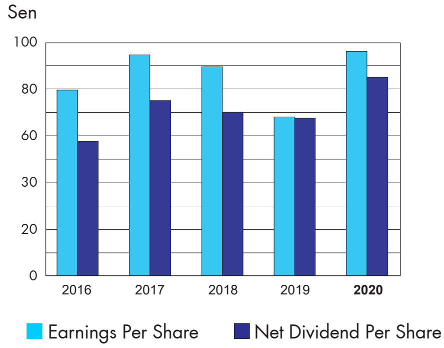
Profit After Tax and Year-End Share Price



Total Equity, Total Assets and Total Liabilities



Earnings Per Share and Net Dividend Per Share



Production & Yield

CPO PRODUCTION	PK PRODUCTION	COCONUT PRODUCTION	CPO YIELD
242,857	**48,911**	**81.4**	**5.93**
METRIC TONNES	METRIC TONNES	MILLION NUTS	METRIC TONNES/HECTARE
▲7.7%	▲6.2%	▲4.2%	▲4%

Group Planted Areas (Ha)

TOTAL OIL PALM		TOTAL COCONUT	
MATURE	IMMATURE	MATURE	IMMATURE
42,636	**4,009**	**3,640**	**987**

Profile Of Directors

Tan Sri Datuk Dr. Johari bin Mat

Chairman, Independent Non-Executive Director
Chairman of the Remuneration & Nomination Committees

Appointed Director of United Plantations Berhad on 9 October 2001 and elected as Chairman of the Board on 8 March 2002.

Tan Sri Datuk Dr. Johari bin Mat, born in 1944, a Malaysian, obtained his B.A. (Hons.) from the University of Malaya and PhD from the University of Southern California, USA and completed the Advanced Management Program from Harvard University, USA in 1997. He was also a chartered member of the Malaysian Institute of Planners.

He has 33 years of work experience in the Malaysian Administrative and Diplomatic Services which included positions as Director of INTAN and the Klang Valley Planning Secretariat in the Prime Minister's Department and as Secretary General in the Ministries of Social Development, Domestic Trade and Education.

He held various positions in several national and international organizations, such as UNESCO, UNCRD, SEAMEO, and COL (Commonwealth of Learning) based in Vancouver, Canada. Currently he is on the Board of a number of private companies.

Dato' Carl Bek-Nielsen

Vice Chairman
Chief Executive Director (CED)
Non-Independent Director-in Charge of Unitata Berhad

Appointed director of the Company on 1 January 2000 and elected Vice Chairman on 8 March 2002 and appointed Chief Executive Director (CED) of United Plantations Berhad on 1 January 2013.

Dato' Carl Bek-Nielsen, born in Petaling Jaya in 1973, is a Danish citizen with a Permanent Resident status in Malaysia. He started his career with the Company in 1993 as a Cadet Planter leaving a year later to pursue his tertiary education in Denmark graduating with a B.Sc. degree in Agricultural Science from the Royal Veterinary and Agriculture University of Denmark. In 1998, he returned to Malaysia to take up the position of Corporate Affairs Officer with the Company. He was promoted to the position of Executive Director (Corporate Affairs) on 1 March 2000. On 9 November 2004, he was appointed Director In-Charge of Unitata Berhad.

He is the Chairman of United International Enterprises Limited (UIEL), a public listed company on the NASDAQ OMX Copenhagen A/S. He is also a Board Member of the Schorling holding company, based in Stockholm.

Since 2005, he has been a Council Member of the Malaysian Palm Oil Association (MPOA). He has also served as a Council member of the Malaysian Palm Oil Council (MPOC) from 2005 to 2020 and on the Programme Advisory Committee to the Malaysian Palm Oil Board (MPOB) from 2008 to 2019.

On 17 November 2014, he was appointed on to the RSPO Board of Governors as Co-Chairman representing the MPOA and was re-elected in November 2019 to continue serving as the Co-Chair of the RSPO.

He is the brother of Mr. Martin Bek-Nielsen, and a Board representative of the Company's two major shareholders, UIEL and Maximum Vista Sdn. Bhd.. He is deemed interested in various related party transactions between UP Group and certain companies carried out in the ordinary course of business as disclosed in Note 27 to the Financial Statements.

Ho Dua Tiam

Non-Independent Non-Executive Director

Appointed director of the Company on 1 January 1995, Mr. Ho Dua Tiam, born in 1943, is a Malaysian citizen.

After completing his study at the Serdang Agricultural College, he started his career with United Plantations Berhad in 1964 as a Cadet Planter. He served the Company in various positions before his appointment as Deputy Senior Executive Director on 28 January 2002 and thereafter as Senior Executive Director on 21 June 2003. He retired from the position of Senior Executive Director (SED) on 31 December 2012 and continued to serve the Company as Inspector General, Estates and Special Advisor of UP Berhad from 1 January 2013 to 31 December 2018. Mr. Ho was appointed, on an advisory capacity as Visiting Director/ Advisor from 1 January 2019 to 31 December 2020. He is also a director of United International Enterprises (M) Sdn. Bhd. and Maximum Vista Sdn. Bhd..

He is not on the Board of any other public listed company.

He is a Council member and Deputy President of the Malaysian Agricultural Producers Association (MAPA) and Chairman of its Finance/Executive Committee.

Profile Of Directors

Ahmad Riza Basir
Independent
Non-Executive Director
Member of the Audit Committee

Appointed director of the Company on 17 June 2000, Mr. Ahmad Riza Basir, born in 1960, a Malaysian, is a lawyer by training.

He graduated with a Bachelor of Arts in Law (Hons.) from the University of Hertfordshire, United Kingdom and Barrister-At-Law (Lincoln's Inn), London in 1984 and was called to the Malaysian Bar in 1986.

He is a director of Perlis Plantations Berhad, a public listed company on Bursa Malaysia Securities Berhad.

He is also a member of the Board of Directors of several other private limited companies in Malaysia.

Dato' Jeremy Derek Campbell Diamond
Independent
Non-Executive Director
Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees

Appointed director of the Company on 31 July 2001, Dato' Jeremy Derek Campbell Diamond, born in 1940, a British citizen with Permanent Resident status in Malaysia, graduated from Durham University with a B.Sc.(Hons.) in Agricultural Economics and Management in 1963.

Commenced his career in Malaysia in 1963 as a Planter with Socfin Company Bhd, and served in that company in various capacities until his appointment as General Manager/Chief Executive Officer (CEO) in 1977. He held that position for 24 years until his retirement in 2001. Currently, he is on the Board of a number of private limited companies which include Jedecadi Sdn. Bhd. and AFN Sports Sdn. Bhd..

He served as a Council member of the Malaysian Agricultural Producers Association (MAPA), United Planting Association of Malaysia (UPAM), Malaysian Oil Palm Growers Council (MOPGC), Malaysian Rubber Producers Council (MRPC) and as an Alternate Member of the Board of the Palm Oil Research Institute of Malaysia (PORIM). He was a member of the General Committee of the Malaysian International Chamber of Commerce and Industry (MICCI) for 15 years.

Martin Bek-Nielsen
Executive Director
Non-Independent
Commercial Director, Unitata Berhad

Appointed to the Board on 29 August 2000, Mr. Martin Bek-Nielsen, born in 1975, is a Danish citizen with a Permanent Resident Status in Malaysia. He served in The Jutland Dragoon Regiment of Denmark during 1994 after which he started his career with the Company as a Cadet Planter in 1995. In 1996, he left Malaysia to pursue his tertiary education in Denmark and graduated with a B.Sc. degree in Agricultural Economics from the Royal Danish Agricultural University of Copenhagen in 1999 and returned to United Plantations to take up the position of Corporate Affairs Officer. In 2001, he was appointed to the position of Executive Director and on 20 February 2003, was promoted to his current position of Executive Director (Finance and Marketing).

On 9 November 2004, he was appointed Commercial Director of Unitata Berhad and in 2019, was appointed Commercial Director of Unifuji Sdn. Bhd.. He is the Deputy Chairman of United International Enterprises Limited (UIEL), a public listed company on the NASDAQ OMX Copenhagen A/S.

He is the brother of Dato' Carl Bek-Nielsen, and is a Board representative of the Company's two major shareholders, UIEL and Maximum Vista Sdn. Bhd. He is deemed interested in various related party transactions between UP Group and certain companies carried out in the ordinary course of business as disclosed in Note 27 to the Financial Statements.

Loh Hang Pai
Executive Director
Non-Independent

Appointed to the Board as Executive Director (Estates) on 1 January 2013, Mr. Loh Hang Pai, born in 1948, a Malaysian, graduated from the Serdang Agricultural College. He served Kumpulan Guthrie as Junior Assistant in 1969 and subsequently joined United Plantations Berhad on 1 January 1973 as an Assistant Manager. He served the Company in various positions and was promoted to the position of Estates Director on 1 January 2004.

Profile Of Directors

He is not on the Board of any other public listed companies. He was actively involved in various activities of the planting associations, having held the position of Chairman, Perak Planters Association, President of United Planting Association of Malaysia and Chairman of Malaysian Cocoa Growers Council.

Currently, he is Chairman, MPOA Security Services Sdn. Bhd.. He is a Council Member and Second Deputy President of the Malaysian Agricultural Producers Association (MAPA). He is Convener of MAPA's Oil Palm and Coconut Committee, Chairman of MAPA's Negotiating Committee and had been actively involved in the Negotiations of several MAPA/NUPW and MAPA/AMESU wage agreements.

R. Nadarajan
Independent
Non-Executive Director
Member of the Audit,
Remuneration and Nomination
Committees

Appointed director of the Company on 1 June 2013, Mr. R. Nadarajan, born in 1948, a Malaysian, joined the company in 1977 as a Management Accountant, after having qualified and worked in the UK in various capacities in management accounting and finance. He was promoted to the position of Financial Controller in 1980 and to the position of Company Secretary/ Group Manager Finance in 2000. He retired in 2012 as Group Financial Adviser, a position he held since 2008 on retirement as Company Secretary/ Senior Group Manager, Finance.

He is an associate member of the Chartered Institute of Management Accountants, United Kingdom (UK) and a member of the Malaysian Institute of Accountants.

He is also a director of a private limited company.

Rohaya binti Mohammad Yusof
Non-Independent
Non-Executive Director

Appointed director of the Company on 30 November 2017, Madam Rohaya Mohammad Yusof, born in 1965, a Malaysian, graduated with a Bachelor Degree in Commerce (Accountancy), Australian National University, Canberra, Australia and is an Associate Member of CPA, Australia.

Madam Rohaya Mohammad Yusof was appointed the Chief Investment Officer of the Employees Provident Fund of Malaysia (EPF) in January 2020.

She joined the EPF Investment Division as Head of Corporate Finance in 2008 and was appointed as the Head of Capital Market Department in 2011, overseeing global and domestic fixed income. In August 2017, she was appointed Head of Private Market, whose primary function is to invest in Private Equity, Infrastructure, Global and Regional Real Estates.

She is a member of the Board of Directors of Malaysia Resources Corporation Berhad, Yinson Holdings Berhad and Projek Lebuhraya Usahasama Berhad.

Appointed as a Chairman of Institutional Investors Council Malaysia since January 2020 and she is also a member of the Board of Trustees, Yayasan Khazanah.

Started her career with Arthur Anderson & Co. as a Senior Financial Consultant in the Audit Division.

In 1990, she joined Maybank Investment Bank and was promoted to the position of Executive Vice President, Corporate Investment Banking in 2005.

Jorgen Balle
Non-Independent
Non-Executive Director

Appointed director of the Company on 21 May 2018, Mr. Jorgen Balle, born in 1964, a Danish citizen, graduated in 2001 with a Masters in Business Administration from SIMI/CBS Copenhagen.

Started his career with Aarhus Karlshamn AB as a Director (2000-2003) and was subsequently appointed to Managing Director of Aarhus Karlshamn A/S (2003 to 2010). He also held the position of VP Global CCF/LFC in the Business Unit of Aarhus Karlshamn AB for a duration of 5 years from 2005 to 2010.

From 2010 to 2019, he served as Executive Director of Frode Laursen Group of logistic companies.

He is also a member of the Board of Directors of other private limited companies in Denmark.

Dato' Mohamad Nasir bin Ab. Latif
Independent, Non-Executive Director

Appointed director of the Company on 1 February 2020, Dato' Mohamad Nasir bin Ab. Latif, born in 1958, a Malaysian, graduated in 1989 with a Bachelor's degree in Social Science (Economics) from Universiti Sains Malaysia and obtained a Certified Diploma in Accounting and Finance from the Association of Chartered Certified Accountants in 1996. He holds a Master of Science in Investment Analysis from University of Sterling, United Kingdom in 1999.

Dato' Mohamad Nasir's career at the Employees Provident Fund Board (EPF) spanned 37 years, starting out as a State Enforcement Officer and rising through the ranks to become General Manager of the International Equity Department before becoming EPF's Investment Chief in 2013. He retired as Deputy Chief Executive Officer (Investment) from EPF on 31 December 2019.

He is the Chairman of PLUS Malaysia Berhad and RHB Islamic Bank. He also serves as a member of the Board of Directors of RHB Bank Berhad, Malaysian Resources Corporation Berhad (MRCB), Malaysia Airports Holdings Berhad (MAHB) and Yinson Holdings Berhad.

Note:

1. Family Relationship with Director and/or Major Shareholder
   Save for Dato' Carl Bek- Nielsen and Mr. Martin Bek- Nielsen, none of the other Directors have any family relationship with any Director and/or major shareholder of the Company.

2. Conflict of Interest
   None of the Directors have any conflict of interest with the Company.

3. Conviction for Offences
   None of the Directors of the Company have any conviction for offences within the past 10 years.

4. Attendance of Board Meetings
   Details of the Directors' attendance at Board Meetings are set out in the Corporate Governance Overview Statement on page 104.

5. Gender
   UP's Board consist of one female director and ten male directors.

6. Profile of Senior Management
   The Senior Management only comprise of the Executive Directors.

Chairman's Statement

On behalf of the Board of Directors of United Plantations Berhad, it gives me much pleasure to present to you the Annual Report of our Company and Group for the financial year ended 31 December 2020. This early release of the Annual Report in February since 2015 is for the benefit of all shareholders and this is in line with global trend.

Financial Performance

For the Financial year 2020 the UP group posted a new record after-tax profit of RM402 million. This represents an increase of RM118 million equal to a 41% improvement when compared with the RM284 million achieved in 2019. This was mainly due to a significant increase in the Groups CPO and PK production vis-à-vis 2019 combined with significantly higher prices for crude palm oil and palm kernels compared to 2019.

Overall, Palm Oil production for our Group was 17,391MT higher than 2019 equal to a 7.7% increase year on year. This was attributed to the favourable weather conditions experienced in 2020. Additionally, we have been pleased to observe how well UP's latest planting materials have performed thereby contributing positively to the increased production through higher yields.

Palm Oil Prices

CPO production in Malaysia declined from 19.85 million MT in 2019 to 19.15 million MT in 2020. The two main contributing factors for this drop in production was a declining biological production trend experienced across most of Malaysia's 13 States as well as the consequences arising from the COVID-19 pandemic. Most notably, the Malaysian Government's halt on the recruitment of Guest Workers from neighbouring country due to the COVID-19 pandemic resulting in severe labour shortages in the plantation sector leading to significant field losses. This in conjunction with the Indonesian Government's commitment to push more palm oil to be blended with mineral diesel through the B20 & B30 programmes (20% and 30% admixture) created an unprecedented demand for palm oil.

The additional demand and drawdown in Global Palm Oil Stocks combined with the sudden introduction of increased levies on all CPO exported out of Indonesia ignited a price rally seeing prices increase to new 8-year highs of above RM3,800/MT CPO in December. Like many other plantation companies, United Plantations faced its worst labour shortages ever during 2020, which till today continues to create enormous operational challenges. However, in spite of this, UP managed to minimise crop losses thanks to higher field productivities as a result of management's drive to operationalise new innovations and embrace a higher degree of in-field mechanisation.

Capital Management

As of 31st December 2020, the Group's cash and cash equivalents stood at RM465 million compared to RM459 million in 2019. The Group continues to maintain a conservative capital structure to have the flexibility to utilize internally generated funds for capital investments within the Group, sustain a stable dividend to shareholders and to have the capability to pursue new investments.

Productivity improvement- a harvester using a motorised cutter.

Dividends

Based on the above gratifying results, your Board is recommending a total final dividend of 65sen per share consisting of:

1. A Final Single Tier Dividend of 15sen per share
2. A Special Single Tier Dividend of 50sen per share

During the financial year, the number of ordinary shares was increased by way of a bonus issue on the basis of one (1) new ordinary share for every one (1) existing ordinary share held. This resulted in 208,134,266 new ordinary shares being issued bringing the total number of shares issued to 416,268,532. Subsequently, the Company has paid interim dividends of 20sen per share during December 2020 (based on the enlarged share issued)

After taking into consideration these interim dividends of 20sen per share, the total dividends paid in respect of FY2020 will be 85sen per share, which is an increase of 25.93 % when compared with the dividend per share of 67.5sen in FY2019 (restated based on the enlarged share issued).

Our Chief Executive Director, Ybhg. Dato' Carl Bek-Nielsen will in detail explain UP's financial performance in the Management Discussion and Analysis section on pages 14 to 29.

Sustainability

The Board upholds its commitment to undertake responsible agricultural practices, focusing on sustainability and good corporate governance. In this connection, I am pleased with the continuous focus on climate change and investments as well as the dedicated efforts undertaken to reduce GHG emissions and promoting initiatives. The UP Group remains committed to the Round Table of Sustainable Palm Oil (RSPO) and our Policies on No Deforestation, No New Planting on Peat as well as No Exploitation are cast in stone as vital prerequisites towards creating shared value.

I am pleased with the progress made and grateful for the support from our stakeholders on this important sustainability journey. More information on our many Sustainability initiatives is covered under the "Sustainability Report" section from pages 31 to 98

Looking ahead I note with optimism that the supply and demand equation for commodities have changed to the better after a few years of depressed prices. However, the threat of accelerated labour shortages and the risk of a COVID-19 outbreak remain hanging above our heads like the sword of Damocles. It has pleased me to see every effort being taken by Management in all corners of our estates, mills, refineries and other departments to mitigate the risk of a COVID-19 outbreak. Furthermore meticulous planning has been integral in order to safeguard the health and safety of our employees and their families as well as expeditiously yet safely resume our operations should an outbreak takes place.

Before closing I wish to underline that we must continue to place strong emphasis on the importance of our core values and continuously adapt to the ever changing and challenging business environment and consumer requirements shaping the landscape for tomorrow's demands. This must continue to be given Management's top priority together with the constraints associated with acute labour shortages and the risk of lower commodity prices that will reappear in the future.

Appreciation

In closing and on behalf of the Board of Directors, I wish to place on record my sincere appreciation to all United Plantations' employees for their loyal and dedicated service which is so essential for the future growth and well-being of our Group. I would also like to thank all our customers, business partners, government agencies and shareholders for their continued support and trust in our Group.

Farewell message

Almost twenty years have passed since I joined the Board of United Plantations in 2001 and I feel that now is the right time to pass the responsibility for the Company into new hands at the forthcoming 100th Annual General Meeting. In this connection, I would like to express my sincere thanks to you, our valued shareholders, Board of Directors, the Executive Committee and Employees of the UP Group for the support, trust, and confidence which you have given to me over the years as Chairman of our company. It has been a great honour and privilege for me to serve this esteemed Company and I am proud of what has been achieved in the past two decades.

I have the utmost faith in my designated successor, Dato' Mohamad Nasir bin Ab. Latif, and am convinced that he will prove to be an excellent Chairman of UP's Board of Directors with his comprehensive expertise, high integrity and pleasant personality. I wish all shareholders, employees, business partners and not least my fellow colleagues on the Board of Directors and the entire management team all the best for a successful future in which United Plantations remains Second to None.

Tan Sri Datuk Dr. Johari bin Mat
Chairman

Management Discussion and Analysis

Summary of Global Operating Environment

World economic growth in 2020 was severely impacted by the COVID-19 outbreak which began in Wuhan, China in late 2019. By March 2020, most countries took the decisive and necessary steps of introducing curfews with strict lock down procedures thrusting the world into its worst economic crisis in 150 years.

The impact of the COVID-19 outbreak crippled global Gross Domestic Product (GDP), which is forecasted to shrink by 4.2% in 2020 while the GDP for OECD members is forecasted to shrink by 5.5%.

The long term and immediate consequences of this remain dire with lower living standards, higher unemployment and greater inequality caused by the pandemic impacting especially the poor and the young hardest.

In this connection, the World Bank has recently stated that the impact on the world's poorest has been "*catastrophic with 88-115 million people being pushed into extreme poverty as a result of the COVID-19 pandemic*".

Little time was therefore directed to issues such as the trade war between China and the USA in 2020 as Governments and Central Banks across the world scrambled and acted decisively by rolling out unprecedented stimulus measures in a bid to cushion their economies from the massive impact of the pandemic. As a result, Government indebtedness has grown to unsustainable record levels but nevertheless assuaged the wave of mass unemployment.

According to the Institute for International Finance, the ratio of global gross debt to world output has jumped from an already high of 321% at the end of 2019 to 362% by end of June 2020, the largest jump ever in global debt on a year to year basis during peacetime (see graph).The only saving grace is that world interest rates are right now at record low levels making government debt cheap.

Commodity Prices

Palm oil prices also saw a sharp rebound and rose from a range of +/- RM1900-RM2100/MT in early May to RM3800-RM4000/MT by the end of 2020. This was triggered mainly by the following two reasons:

Firstly, the Indonesian Government's drive to increase their domestic palm oil consumption through not only food and oleochemical uses but ever more so through the Government supported B30 Biodiesel programme compelling all diesel to contain an admixture of up to 30% palm oil.

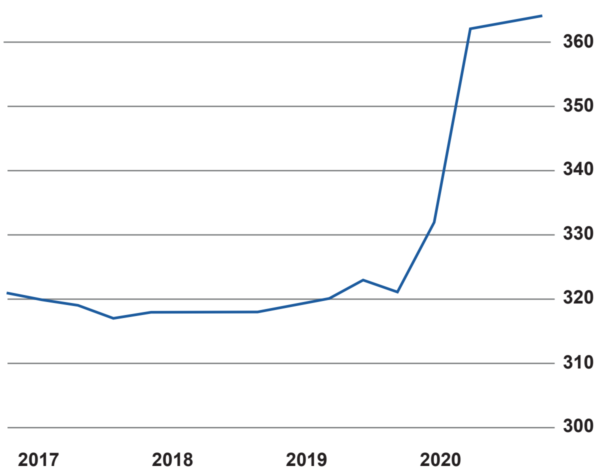
To promote this Biodiesel programme further, the Government on the 10th of December 2020 unexpectedly introduced a significant increase in levies on all CPO exported out of Indonesia which further supported prices.

The impact of the mandatory B30 programme as well as the general increase in palm oil consumption for food and oleochemicals are likely to result in a record high consumption of close to 16 million MT in Indonesia in 2021.

Secondly, following the global outbreak of COVID-19, the Malaysian Government was compelled to impose a Movement Control Order (MCO) in March 2020 restricting movement and bringing the country to a

Global debts have soared during the pandemic

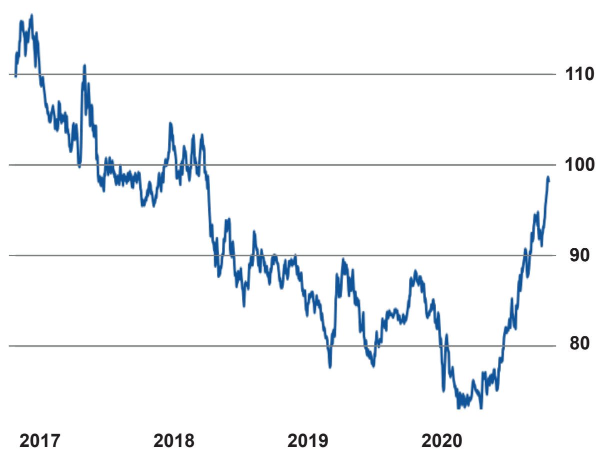
Total debt as share of GDP (%)



Source: Institute of International Finance
© FT

Agricultural commodities stage sharp rebound

Bloomberg agricultural index



Source: refinitiv
© FT

temporary state of lock-down. Employees returning home to Bangladesh, Indonesia, India and other countries could not be replaced with new guest workers and the several thousand guest workers who went back on leave in January and February were suddenly stuck and unable to return to Malaysia to resume work.

This led to mass protests in Bangladesh and Indonesia as many employees suddenly lost their source of income pushing the livelihood of thousands of families in Indonesia, Bangladesh and India into a perilous situation.

The impact of these travel restrictions snowballed during the second half of 2020, when all initiatives to recruit guest workers were put on hold in an attempt to contain and minimise the risk of importing COVID-19 cases into Malaysia.

This aggravated the existing labour shortage in the plantation and agricultural sectors resulting in many plantation companies seeing their harvesting intervals exceeding 35 days which led to unavoidable field losses and thereby lowering an already declining CPO production in Malaysia.

Production and Prices of Crude Palm Oil (CPO)

Crude Palm Oil production in Malaysia (the world's second largest producer) declined by 3.6% year on year from 19.85 million MT in 2019 to 19.15 million MT in 2020.

More importantly, Malaysian stocks of palm oil declined considerably from 3.21 million MT in 2018 to 2.0 million MT at the end of 2019 only to see yet another considerable draw-down to 1.26 million MT at the end of 2020 representing 37.1% lower stocks within a 12-month period.

However, UP's estates located in Malaysia benefitted from better weather in 2020 due to more even rainfall distribution. This together with a stronger performance of the latest in-house planting materials resulted in total production rising by 9.2%, from 179,045 MT in 2019 to 195,542 in 2020. Production on UP's Indonesian estates also increased from 46,421 MT CPO in 2019 to 47,315 MT CPO representing a 1.9% increase.

Based on the above, the Group's overall CPO production rose from 225,466 MT in 2019 to 242,857 MT in 2020 equal to a 7.7% increase year on year resulting in our Group's average yield rising to 5.93 MT CPO per hectare vis-à-vis the Malaysian National yield of 3.33 MT CPO.

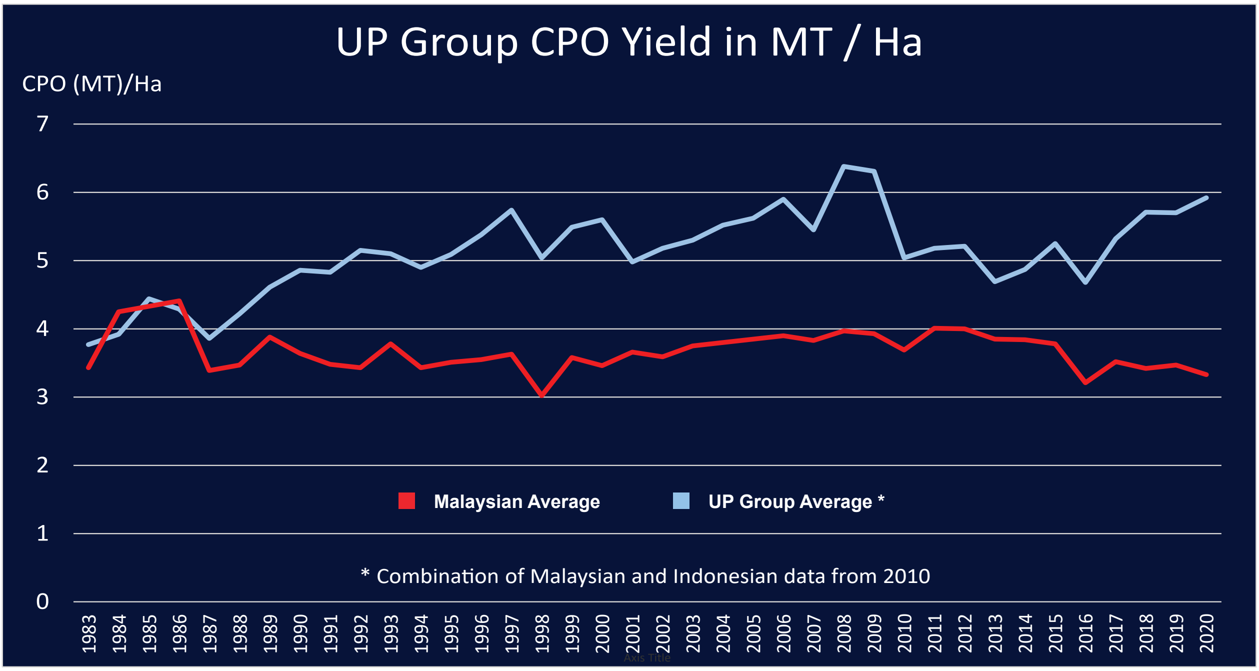
This achievement was most pleasing when considering the acute labour shortages experienced throughout the Malaysian plantation and agricultural industry resulting in unavoidable crop losses for many companies.

2020 Financial Result

Operationally, 2020 was a most challenging year with management taking various steps to minimise the risk of a COVID-19 outbreak taking place on the Group's properties whilst managing the increasing labour shortages.

Nevertheless, through dedicated focus on timely manuring, harvesting and fruit evacuation as well as increased mechanisation, our Group managed to achieve a higher production with minimal field losses.

These commendable efforts combined with significantly higher commodity prices in the second half of 2020 enabled UP to achieve a record high profit after tax of RM402 million.



Financial Review of Operations

- The Group's revenue increased by 14% during 2020 to RM1,340 million compared to 2019 mainly due to higher CPO and PK production and sales prices. In addition, the Refinery unit also witnessed a higher revenue as a function of higher sales prices of Palm and PK products.
- The Group's profit before tax increased by 41% from RM358 million in 2019 to RM506 million in 2020.
- The Group's profit after tax of RM402 million for 2020 represented an increase of 41% from the result of RM284 million in 2019.

Dividends

The Board of Directors have recommended a Final Single Tier Dividend of 15sen per share and a Special Single Tier Dividend of 50sen per share for the year ended 31 December 2020. Summary of Dividends for the year ended 31 December 2019 are shown below.

The total dividend pay-out will therefore amount to RM352.60 million for the year ended 2020, which is a 25.9% increase from 2019.

During the financial year, the number of ordinary shares was increased by way of a bonus issue on the basis of one (1) new ordinary share for every one (1) existing ordinary share held.

This resulted in 208,134,266 new ordinary shares being issued bringing the total number of shares issued to 416,268,532.

Subsequently, the Company has paid an interim dividend of 20sen per share during December 2020 (based on the enlarged share issued).

After taking into consideration this interim dividend of 20 sen per share, the total dividend paid in respect of FY2020 will be 85sen per share, which is an increase of 25.93% when compared with the dividend per share of 67.5 sen in FY2019 (restated based on the enlarged share issued).

*Dividends for the year ended 31 December 2020/2019

	2020	2019
Interim single tier dividend declared and paid	15sen	10sen
Special single tier dividend declared and paid	5sen	5sen
Proposed final single tier dividend	15sen	10sen
Proposed special single tier dividend	50sen	42.5sen
Total Dividends	85sen	67.5sen

* Comparative adjusted for Bonus Issue

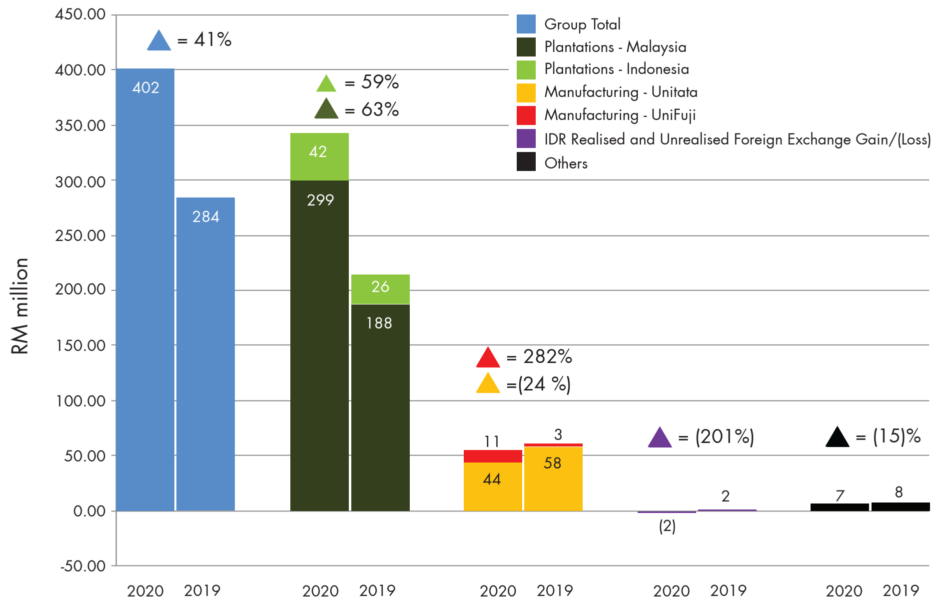
Capital Structure

The Group continues to maintain a conservative policy in respect of its cash and cash equivalents, which as of 31 December 2020, stood at RM465 million.

Our prudent approach towards capital management has served our group well and will ensure that we can utilize internal funds for replanting and other capital expenditures required within our group, sustain a stable dividend to shareholders and pursue new investments when the right opportunities arise, without having to be dependent on banks.

This approach enabled our Group to acquire the 3,642 Ha Tanarata Estate (formerly Pinehill) in 2019 for a total consideration of RM401 million, fully funded by internal funds.

Group Total and Segmental Contribution 2020 & 2019



Newly replanted oil palm fields at Tanarata, with lush cover crop establishment which till today remains a company policy in order to safeguard the fertility of the soil.

Capital Expenditure

The Group´s 2020 capital expenditure for property, plant and equipment (including bearer plants) was RM108.4 million compared to RM500.30 million in 2019 when the acquisition of Tanarata Estate was finalised.

During the year RM31 million was spent on replanting 1,384 Ha of oils palms and coconuts on our Malaysian estates compared to 2,580 Ha in 2019. All capital expenditures were funded by internally generated funds.

Replanting Policy

Concerted efforts are continuously made by Management to enhance the Company's Breeding-Agronomy and Tissue Culture activities based on our strong commitment towards enforcing sustainable practices. These developments remain of cardinal importance in terms of our Group´s ability to further improve our agronomic productivities.

Yield Targets

The below table provides an overview of our targeted FFB and CPO yields per Ha as well as OER, in Malaysia and Indonesia.

UP Group	FFB yields/Ha	OER	CPO yields/Ha
Malaysia	28.0MT	23.0%	6.5MT
Indonesia	25.5MT	25.5%	6.5MT

The difference in terms of FFB/Ha /year and the OER between the countries is caused by the variance in planting materials, soils, climate and labour availability.

A total of 1,169 Ha were planted with oil palms on our Malaysian properties during 2020 compared to 2,444 Ha in 2019. Whilst our Group's average age profile has improved, we must nevertheless appreciate that the major bulk of our Group's replanting programme for our Malaysian Estates will only be completed by 2022 when the necessary and overdue replanting on Tanarata Estate will be completed.

During 2020 good progress has been made on Tanarata after taking over this estate on the 17 of August 2019. As of 31 December 2020, the Company has replanted 1,370 Ha of low yielding oil palm stands with the latest high yielding and proven planting materials developed at UPRD.

During the course of the last 10 years (2011- 2020), 21,494 Ha of oil palms have been replanted on our Malaysian estates equal to 57% of the total area under oil palms today. This is absolutely necessary if we are to further improve on the age profile of our established plantations and with that our average yields which is of special importance in maintaining a favourable cost base.

In this connection, I am pleased to mention that our Group's long-term replanting policy remains a high priority, both in times of low as well as high commodity prices.

All planting material used for this extensive replanting programme are produced at UPRD using proven germplasm of highest quality based on more than 60 years of sterling plant breeding techniques with the ultimate goal of securing high yields.

Failure to implement this critical aspect of plantation management will inevitably lead to stagnating yields and declining production, thereby losing the competitive edge.

UP's Plantation Operations

CPO production in 2020 reached 195,542MT in Malaysia and 47,315MT in Indonesia totalling 242,857MT of CPO compared to 225,466MT in 2019. The 7.7 % increase in the Group's overall CPO production, equal to 17,391 MT of CPO was as mentioned before mainly due to a strong performance on our Malaysian Estates facilitated by favourable climatic conditions combined with the improved performance of UP's latest planting materials now coming into their prime age profile. Similarly, our group also achieved a pleasing improvement in overall PK production of 6.2%.

CPO Production in MT	2020	2019	Change
UP Malaysia	195,542	179,045	9.2%
UP Indonesia	47,315	46,421	1.9%
Total UP Group	242,857	225,466	7.7%

PK Production in MT	2020	2019	Change
UP Malaysia	39,233	36,854	6.5%
UP Indonesia	9,678	9,182	5.4%
Total UP Group	48,911	46,036	6.2%

Yields and extraction rates are summarized in the below table. The average yield for the UP Group increased to 5.93MT CPO/Ha compared to 5.70 MT CPO/Ha in 2019 equal to a 3.86% improvement. In this connection, it was most pleasing that the yields on our Malaysian estates reached 6.13MT CPO/Ha from 5.88MT CPO/Ha in 2019 representing a 4.3% increase.

Yields & Extraction Rates*	2020	2019	Change
UP Group FFB average yield in MT/ Hectare including Indonesia	26.65	25.88	2.98%
UP Group average Oil Extraction Rates (OER) in %	22.24	22.02	1.00%
UP Group average Kernel Extraction Rates (KER) in %	4.48	4.50	(0.44%)
UP Malaysian Average Yield in MT CPO/Hectare	6.13	5.88	4.25%
UP Indonesian Average Yield in MT CPO/Hectare	5.21	5.11	1.96%
UP Group Average Yields in MT CPO/Hectare	5.93	5.70	3.86%
Malaysian National yield in MT CPO/ Hectare	3.33	3.47	(4.03%)

** Excludes crop from Tanarata estate which is being processed externally whilst awaiting for RSPO certification planned in 2022.*

As of 31 December 2020, our Group's areas planted up with oil palms can be summarized as follows:

Total Oil Palm Area In Hectares	2020	2019	Change
UP Malaysia			
Mature Area	33,557	32,932	1.9%
Total Group Area having come into Maturity	1,883	2,395	(21.4%)
(oil palms between 2 $^{1}/_{2}$ - 5 years in age)	14.41%	16.85%	(14.5%)
Immature Area	4,009	4,723	(15.1%)
Replanted Area	1,169	2.444	(37.2%)
Total Area under Oil Palm	37,566	37,655	(0.2%)
UP Indonesia			
Mature Area	9,079	9,076	0.0%
Immature Area	-	-	-
Total Area under Oil Palm	9,079*	9,076*	0.0%
Grand Total for the Group	46,645	46,731	(0.2%)

** net of areas converted to Plasma.*

Coconut Production

Our coconut production reached 81,427,861 nuts in 2020 compared to 78,104,344 nuts in 2019, representing a 4.25% increase in production year on year. Average yields nevertheless declined from 23,557 nuts/Ha in 2019 to 22,827 nuts/Ha in 2020 due to younger areas coming into production, which inherently have a lower yield profile during the ascending phase. Problems in penetrating the Malaysian coconut market were encountered during several months of 2020 amidst the COVID-19 pandemic where the movement control orders implemented adversely affected demand and prices for this perishable product.

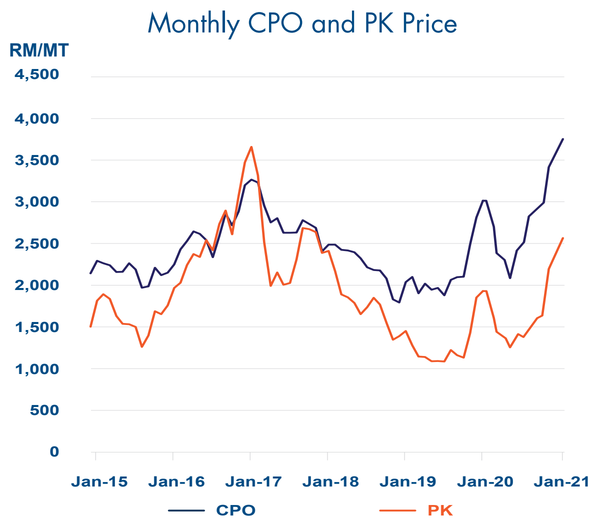
Selling Prices of CPO and Palm Kernels

The average Malaysian selling price of Crude Palm Oil achieved during the year increased from RM2,356/MT in 2019 to RM2,613/MT in 2020 as a function of the impressive rebound in CPO prices experienced during the second half of the year. Whilst this was a significant improvement, UP's average selling price was slightly below the MPOB average price for the year.

This was a consequence of our forward sales policy which will usually result in lower average sales prices in a rising market, as opposed to higher average sales prices in a falling market as was the case in 2019.The forward sales policy is in place to secure certain margins and reduce exposure to large price fluctuations and is not in anticipation of being able to consistently predict market prices which is impossible.

High yielding yellow dwarf coconut palms.

Discussion in the field during an EXCOM visit.



Source: CGS-CIMB RESEARCH, MPOB

	Crude Palm Oil			Palm Kernel		
	2020	2019	Change	2020	2019	Change
MPOB Avrg price (RM)	2,686	2,079	29.2%	1,532	1,214	26.2%
UP's Avrg price (RM)	2,613	2,356	10.9%	1,594	1,312	21.5%

The average selling price for PK in Malaysia increased by 21.5% to RM1,594/MT in 2020 compared to RM1,312/MT in 2019.

Cost of Production of Crude Palm Oil

The total cost of production including depreciation and additional remuneration/bonuses for 2020 was RM1,235/MT CPO vs. RM1,286/MT in 2019 mainly due to the improved production.

Labour costs is a key area of focus within our Group. In this respect management continues to accentuate numerous initiatives to increase productivities through new innovations as well as mechanizing all possible field tasks. This has yielded very pleasing improvements during year 2020 where labour savings of between 15-20% were achieved in less than 12 months through adopting new innovations in the fields. This will also continue in 2021.

Labour Shortages

Labour shortages continued to affect operations within the Malaysian Plantation Sector in 2020 to levels not experienced before. Whilst engagements continue to take place between the industry body in the form of the Malaysian Palm Oil Association (MPOA) and the Malaysian Government there is little light in the tunnel as of now with the Government restricting all new recruitment of guest workers since March 2020 due to the COVID-19 pandemic.

This has caused very considerable disruptions in the plantation and agricultural industries in general as the acute labour shortages, currently estimated to exceed 70,000 employees within the Malaysian plantation sector alone have severely hampered operations such as harvesting leading to higher field losses. This is beyond doubt the main contributing reason as to why the Malaysian national production of palm oil declined from 19.85 million MT in 2019 to 19.15million MT CPO in 2020 equal to a reduction of approximately 3.5 million MT of Fresh Fruit Bunches.

COVID-19 screening in progress in UIE.

The impact on Malaysian palm oil producers has indeed been bruising and will become very serious in 2021 as guest workers, who make up around 80 percent of the total labour force in the Malaysian plantation sector, can leave the country but cannot re-enter until the borders re-open. In UP, subject to the Malaysian Government's approvals, we are pursuing every means of safely bringing back 224 guest workers who wish to return to Malaysia and resume their jobs on the plantation but who right now are prevented from doing so.

These are amongst the thousands of workers who went home for holidays in January and February 2020 and now cannot come back to Malaysia – although they very much want to - as they now have no source of income in their home countries. The livelihoods of thousands and thousands of families are therefore at stake.

Furthermore, the movement control orders and travel restrictions have also made the process of repatriation of workers protracted and complicated and resulted in many cancelled flights on short notice.

Nevertheless, by purchasing new tickets and arranging for additional and necessary COVID-19 tests our HRSS department have successfully managed to ensure the safe return of more than 300 guest workers wishing to go back since the introduction of travel restrictions in March 2020.

Recruitment of local workers

We have been advertising for vacancies on all our estates since March 2020.The total number of local Malaysians recruited to date is 86. Of these only one was willing to take up harvesting operations even though they would be able to earn 50% above the Malaysian minimum wage, in addition to free housing, electricity, water and free medical provided by the Company.

This is the reality on the ground and summarizes the perilous situation that many plantations companies are experiencing.

Indonesia

Our Plantation Division in Indonesia generated a Group contribution of RM42.5 million in 2020 against RM26.1 million in 2019, representing an increase of 62.8%.

The improvements were primarily a function of the higher market prices for CPO and Palm Kernels and to a lesser extent the 1.9% higher CPO production combined with various improvements in efficiencies and costs controls implemented during 2020.

Whilst operating conditions continue to be challenging it is with much satisfaction that after 14 years of operations since entering Indonesia the efforts and commitments towards the difficult expansion process into Central Kalimantan is finally paying off not only financially but just as importantly from a socioeconomic point of view.

It is therefore most pleasing to report that the investment made in PT SSS has now been totally paid back. This would not have been possible without the commendable dedication and commitment of our Directors, management and employees. In this connection, we wish our shareholding partner Bapak Dr. Soedjai a happy retirement from the Board of PTSSS and extend our sincere appreciation for the many valuable insights into the Indonesian plantation industry and the support provided over the years.

UP Indonesia's production accounted for 19.5% of our Group's CPO production in 2020 compared to 20.6% in 2019. All plantings have reached maturity and the company now provides employment for 1,243 employees, many of whom were previously unemployed.

All infrastructural additions have now been completed in Indonesia bringing the total number of high-quality modern living quarters for our executives, staff and workers to over 500 units today.

Management continues to do a commendable job in consolidating the existing properties where agricultural standards have now reached levels similar to those on our Malaysian properties as well as continuing the high focus on sustainable practices in line with RSPO Principles & Criteria.

To date, 9,079 Ha of oil palms and 1,314 Ha of Plasma have been planted and more than 7,500 Ha of permanent conservation areas established.

These conservation areas make up about 41% of the concession area in our Indonesian operations consisting primarily of riparian reserves, peat swamps as well as heavily degraded secondary forests as a result of the intense logging activities carried out in the past prior to UP acquiring the properties.

These sanctuaries are a testimony to our Group's commitment towards maintaining an important balance between economy and ecology and where conservation means development as much as it does protection of the environment. These assets are now overseen and managed by our Biodiversity Department in close cooperation with the advices given through our more than 10-year close collaboration with the Copenhagen Zoo.

Our well landscaped modern housing facility and palm oil mill in the background at Lada Estate, Central Kalimantan.

Manufacturing Division

Unitata

In our downstream refinery division, our wholly owned subsidiary Unitata, continued to perform well despite the much tougher market conditions following the COVID-19 pandemic and increasing competition by especially the Indonesian Refinery Sector.

Total contribution to the Group amounted to RM44 million in 2020 vis-à-vis RM58 million in 2019 representing a decline of 24.1%.

The decline in contribution was mainly due to the timing differences of raw material hedging positions. This is expected to reverse when the finished goods are delivered in 2021.

The interest in certified sustainable palm oil remains strong and Unitata Bhd is committed to provide high quality tailor-made solutions to clients who demand palm fractions which go well beyond the sustainability criteria of the RSPO and standard quality parameters.

Customers who work with the UP Group can be assured of a consistent supply of high-end, fully traceable palm oil fractions encompassing the lowest possible level of food contaminants such as 3-MCPD, GE and MOSH/MOAH in the edible oil industry today.

In order to prepare our Group for future opportunities, we continue to invest in technology and capable people that can successfully propel Unitata forward. This saw a new deodoriser being commissioned in 2020, and a new fractionation plant is scheduled for commissioning in the fourth quarter of 2021.

UniFuji

For our refinery UniFuji, which is a 50:50 JV between UP and Fuji Oil, positive progress continues to be made after its commissioning in 2018. The state-of-the-art factory is a result of two companies coming together with a shared goal of producing value added palm components based solely on UP's certified sustainable and traceable palm oil and Fuji Oil's expertise on technical capabilities.

The UniFuji complex, which today remains a perfect example of what the circular economy can look like by running without the use of fossil fuels, generated a very satisfactory profit after tax of RM22 million in 2020 up from RM2.9 million in 2019. This result is a reflection of much dedication from all members of the UniFuji team who have contributed tirelessly to make the JV a success.

In this connection, we would particularly like to thank Mr. Taniguchi Atsushi who has been instrumental in the commissioning and early stages of production and who will be undertaking new responsibilities within the Fuji Oil Group. We wish him all the best in his future endeavours.

The Unitata Refinery with the newly commissioned Multistock Deodoriser.

First class replanting at Changkat Mentri Estate with the old red tea factory now a fertiliser store and the Optimill and UniFuji Refinery Complex at the background.

A healthy looking Long-Tailed Macaque Monkey commonly seen around the palm fields.

Sustainability Report (SR)

Since our foundation in 1906, UP has been focusing on economic development combined with social and environmental care. Identifying and managing UP's social risks and opportunities are fundamental to our continued success and to our core principle of being a good corporate citizen through proper governance, doing business responsibly and committing ourselves to a long-term perspective.

Today, more than ever, Environmental, Social and Governance are an integrated and inter-woven part of the UP Group's well-being and pursuit of sustainable value creation. Our sustainability commitment is focused on continuous care, attention and responsibility towards our employees, the environment, the community and the marketplace in which we operate. We foresee this trend intensifying in years to come compelling everyone to understand that the sustainability journey is a shared responsibility yet demanding individual changes if we are to reach the goal. In this sense we must all appreciate that transparency is the new normal and that everything is now discoverable. In this day and age, trust between a brand and the consumer is therefore built through actions and not through advertising or glossy brochures as was the case in the past.

Ultimately, we must in this respect appreciate that our Group's behaviour is our brand and that our license to operate more than ever depends on behaving well. In UP, we wish to demonstrate a level of leadership by taking ownership and by behaving well to be an example to others who operate within the global agricultural sector.

In this connection, and in the spirit of continuous improvement, we welcome enquiries into our sustainable practices and operations and are happy to engage in open and transparent dialogues to foster mutually beneficial learning and pursue shared sustainable value creation.
The oil palm industry remains an extremely important player within the oils and fats market - representing 37% of total oils and fats globally, and 58% of all exported oils and fats globally yet occupying less than 0.5% of world agricultural land today.

In this respect, we must also acknowledge that in terms of sustainability vs other crops and commodities – RSPO certified palm oil continues to take the lead and is today recognised for setting the highest agricultural standards internationally, well ahead of beef, soy, rapeseed, pulp and paper to name but a few.

Nevertheless, additional efforts must be taken not just individually but collectively by the global palm oil industry to further raise the bar within the sphere of sustainability by not only committing itself to a NDPE (No Deforestation, No New Peat Planting, No Exploitation) Policy but operationalizing this in earnest so we can be a part of the change by being a front-runner in the agricultural sector for setting science-based environmental targets and green initiatives.

Management's commitment towards providing as well as improving social amenities within our Group shall continue to remain the hallmark of the EXCOM and management in 2021. A detailed Sustainability Report is accounted for in a separate section of this Annual Report (please refer to pages 31 to 98).

Dato' Carl Bek-Nielsen (CED) and Mr. Martin Bek-Nielsen (Executive Director, Finance & Marketing) enjoying the view of the well- established Optimill & UniFuji Refinery complex.

Prospects and Outlook

Based on the current operating environment, UP is respectful of the challenges which 2021 may bring especially amidst the COVID-19 pandemic. The UP Group places the highest priority on the health and safety of our employees and their families, our stakeholders and the communities in which we operate. We are doing our level best to ensure a stable and undisrupted supply of high-quality products to our customers, and this unwavering commitment and vigilance will continue in 2021 through strict enforcement of our SOPs and other risk mitigating initiatives.

On this notion, we are grateful for how well our employees have navigated through the complex challenges presented by COVID-19, as we continue to adjust to this new normal. There is no doubt that adopting such strict SOPs has come at the expense of professional and personal sacrifices to keep COVID-19 at bay, and we are deeply impressed with the Group's ability to adapt, come what may. For this, management would like to extend our warmest thanks and appreciation to all employees.

In 2021, special attention will continue to be given towards addressing the present acute labour shortages as well as improving cost efficiencies and, increasing yields and productivity as a vital part of sustaining our positive development. To further improve on weaknesses identified in respect of our sustainability journey, much more attention must also be given to operationalise and mainstream the principles of our sustainability commitments, so these are "built in" and not just "bolted on".

UP is far from perfect and we shall dedicate our energies to this by taking ownership of these challenges and will during 2021 also intensify the importance of enhancing our awareness within the important field of safety through our newly established Safety Department.

In accordance with our replanting policy, UP will proceed to replant the older and less productive oil palm stands in Malaysia during 2021 in order to take full advantage of our latest superior planting materials from UPRD.

In a period of less than 12 months global stocks of the 8 major oils have come down to levels that do not allow or give room to any disruptions in production such as a drought or other adverse weather conditions. This sharp reduction in world vegetable oil stocks, notably led by palm oil which has seen its stock/usage ratios drop to levels that have not been seen since 2014, has created a near term bullish outlook for oils and fats. As the production of palm oil is expected to remain low in the first 3 months of 2021, and with the development of La Nina which potentially has a negative impact on soybean production in the southern states of America, combined with the limited supply of sunflower and rapeseed oil from the Black Sea region, we therefore believe that the present price range of RM3,300-RM3,500 is sustainable in the near to short term as supply remains tight amidst a consistent level of demand.

A spectacular view with the sunrise in the horizon captured across the Kingham-Cooper Tree Reserve surrounding the Lagoon which today resembles a thick jungle of indigenous trees and is home to varieties of birds and wildlife.

Mandatory COVID-19 screening of temperature, hand sanitizing and face mask compliance at all UP checkpoint.

Nevertheless, there are 3 factors which must be monitored closely as the development of these will have an impact on the supply and demand fundamentals and thereby price developments going forward.

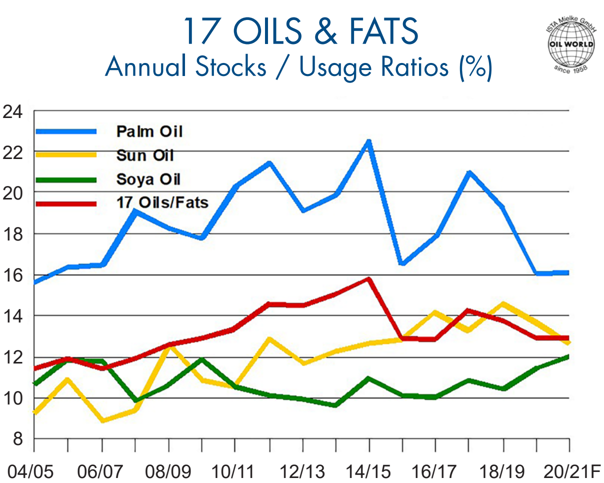
1) The consequences of the COVID-19 pandemic have left a big dent on the world economy and until an effective global vaccination programme is rolled out, we believe that the impacts of the pandemic will linger on and flare up not enabling the world to resume to a pre-COVID-19 era.

   In this respect, our Group also faces great operational risks as the threat of a COVID-19 outbreak would bring our operations to a temporary halt and potentially disrupt supply to customers. This risk is further exacerbated on our Malaysian operations where labour shortages will soon reach a "breaking point" resulting in field losses. We view this as the biggest risk to the United Plantations Group as of now.

   These risks are not confined to UP but reflect the nationwide dilemma many companies are experiencing, especially those within the agricultural, construction and manufacturing sector. This warrants the Governments intervention and understanding, failing which, the future remains precarious.

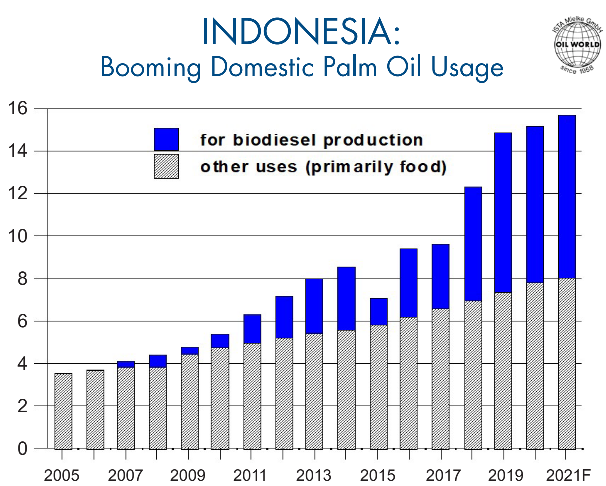
   In this respect, the Plantation sector has committed to the Government that it will step up and voluntarily participate as well as cover all costs associated with the safe recruitment of guest workers from Indonesia, Bangladesh and India

17 OILS & FATS
Annual Stocks / Usage Ratios (%)



Source: Oil World - Feb 4, 2021

INDONESIA:
Booming Domestic Palm Oil Usage



Source: Oil World - Feb 4, 2021

Dedicated workers attending to well established palm seedlings at the Research Department nursery.

as soon as permission is given by the Malaysian authorities to resume the recruitment process. This includes taking COVID-19 tests and the mandatory quarantine period at assigned centres designated by the Malaysian Government.

2) The Indonesian government's mandated B30 admixture programme if implemented and enforced effectively will likely have a bullish impact on prices as a large quantity of palm oil notably up to 8 million MT could be used for Indonesia's biodiesel programme in 2021.

3) An aspect which we feel must not be side-lined revolves around a possible El Nino. Weather patterns have been good for the last 3 years but have of late brought excessive amounts of rains to the region. This erratic weather could be a gentle reminder of more extreme weather ahead.

   In Malaysia and Indonesia, we must therefore monitor the weather patterns closely especially from May to September which is when extreme dryness normally takes place.

   It is at this moment far too premature to make such predictions, but we must remain vigilant and put in place all mitigative measures now in case the weather suddenly turns dry.

Acknowledgment

In closing, I would like to applaud Management for the various concerted efforts made during the last many years especially in view of the difficult situation associated with the effects of the COVID-19 pandemic combined with the acute labour shortages experienced on our estates in 2020. This dedication and loyalty displayed by our officers, staff and employees alike continue to win my respect and admiration.

I wish to thank you all for this level of devotion which is equalled only by a few organizations in today's world. I would also like to thank all our customers, business partners, government agencies and shareholders for the continued support and trust in our Group where it shall always be our common goal of striving to be recognised as "second to none".

Finally, on behalf of the EXCOM and Board of Directors, I wish to place on record our special thanks and appreciation to the outgoing Chairman Ybhg. Tan Sri Datuk Dr. Johari bin Mat, who has decided to retire after a period of 20 years on the Board at the forthcoming 100th AGM to be held on the 22 April 2021.

Many milestones have been reached during the past two decades, amongst others the World's first RSPO certificate, the commissioning of the Optimill and UniFuji Refinery complex and not least the acquisitions of UIEM, Lima Blas and Tanarata estates as well as our expansion into Indonesia increasing our total planted hectarage from approximately 26,000 Ha to 51,000 Ha.

Your contributions to our Group's success during this period and strong support to the EXCOM have been invaluable and we wish you all the best on a happy and healthy retirement.

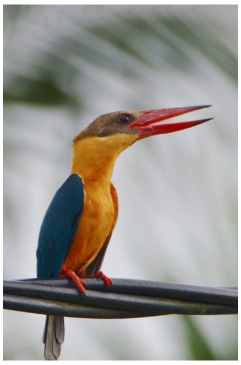
Dato' Carl Bek-Nielsen
Chief Executive Director (CED)

A Buffy Fish owl displaying impressive flexibility by rotating its neck to a 180 degrees whilst engaging a snake as its meal.


Sustainability Report 2020

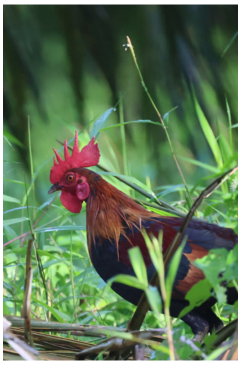

Contents









About This Report

United Plantations has always taken pride in its sustainable approach to all aspects of its operations and we are therefore pleased to present our 2020 Sustainability Report to interested stakeholders. This Report covers our pursuit of sustainable value creation through good governance, and strong commitment towards environmental, economic and social performance across all our operational and management activities within the UP Group including Subsidiaries in the form of our Refineries (Unitata and UniFuji), bulking installation (Butterworth Bulking Installation), as well as our plantations and mills in Malaysia and Indonesia.

This report, which represents a further step towards an integrated report, focuses primarily on updates and activities carried out within the financial year ended 31 December 2020, with comparable prior year statistics, where available and relevant.

The Sustainability Report for 2020 will remain as part of our Annual Report. There is no structural change in our Annual Report 2020 however the data reporting for our Joint Venture refinery, UniFuji and our newly acquired plantation, Tanarata Estate have been included in the scope.

The structure and content for this report draws upon guidance from Bursa Malaysia's Sustainability Reporting Framework and the GRI Sustainability Reporting Guidelines. Our internal Sustainability Committee is responsible for officially coordinating with the various departments and subsidiaries in assessing and covering all key material sustainability matters within our Group. In preparation of this report, we have again engaged and considered the responses from both internal and external stakeholders and performed a thorough internal review and assessment of key sustainability aspects and impacts which represents the most critical areas of our Group's business and operations and in this connection, we would like to thank all stakeholders for their valuable participation. This exercise resulted in arriving at 22 material sustainability matters at various significant levels. These are reflected in the materiality matrix included in this report.

As part of our sustainability processes and activities we will continue to strengthen our performance and disclosures to various stakeholders by monitoring our specific targets and key performance indicators, fostering close relationship with our stakeholders as well as harmonising material sustainability risks across the Group. We hope to provide our stakeholders with an overview of our approach and continuous progress in meeting our sustainability commitments.

This report has been prepared in accordance with the GRI Standards: Core option.

For more information on the GRI Index, please refer to our website *www.unitedplantations.com/sustainability/*.

External Assurance

GRI recommends the use of external assurance, but it is not a compulsory requirement under the Standards. Nevertheless, we believe external assurance adds credibility and transparency to our sustainability reporting. In this connection, we are pleased to inform our stakeholders that KPMG has provided limited assurance over 10 selected Key Performance Indicators (KPI's) reported in our 2020 Sustainability Report thereby bringing additional value and credibility to our disclosure. Their assurance report is available on pages 96 to 97.

A beautiful sunset at Jendarata Estate with an owl house amongst young oil palms.

Message From The CED

Dato' Carl Bek-Nielsen giving an address on Sustainable Palm Oil

I am pleased to present UP's 2020 Sustainability Report to you in which we describe our Group's sustainability policies and actions in order to share our commitment on sustainability and to demonstrate how we are pursuing this in practice. Ultimately, it is our actions and behaviour that defines what type of company we are. In this context, it must be clear that the Executive Committee (EXCOM) of UP continues to view sustainability as one of the key pillars in our Group's Strategy that is of paramount importance to our long-term success and well-being.

Governance & Certification

For generations, UP has interweaved Environmental Responsibility, Social Awareness and Economic viability into the way we conduct our business. Through our Governance structure and robust risk management policies, our sustainability commitments are transparently operationalized and monitored, and we continue to strengthen this important focus area based on third party independent assessments, feedbacks from customers, partnerships and other stakeholders.

This commitment was evidenced by the fact that the world's very first RSPO certificate was awarded to UP in 2008. Our commitment was further reinforced by obtaining the Malaysian Sustainable Palm Oil (MSPO) certification in 2018 and Indonesian Sustainable Palm Oil (ISPO) certification in 2019.

Today we remain 100% committed to the MSPO, ISPO and RSPO principles and criteria(P&C), where we welcome the implementation of the new RSPO P&C 2018 which came into effect in November 2019. This involves major enhancements to an already robust standard including amongst others a clear commitment to No deforestation, No new planting on peat regardless of its depth, reinforced protection of human and labour rights (stronger alignment with the Core International Human Rights Treaties and relevant ILO Conventions across all RSPO membership categories) as well as an enhanced focus on fire prevention.

These initiatives combined raises the bar for sustainable production even further in order to meet the changing consumer requirements shaping the landscape for tomorrow's demands. We see this as a necessary commitment in order to assure the industry's future relevance and acceptance by consumers around the world. This compels Management to keep stimulating new progressive ideas, failing which, the positive momentum created by so many individuals in our Group over the last 115 years will slow down.

In this connection, we are pleased that all UP Mills and Estates have been successfully certified against this latest RSPO P&C 2018 except for our newly acquired plantation, Tanarata Estate, which is anticipated to conduct the RSPO Scope Extension Assessment before the end of 2022 (within three years from the date of acquisition i.e August 2019). We nevertheless acknowledge that much more can and must be done and intend to continue working hard at integrating as well as mainstreaming our sustainability efforts into our operations.

We also acknowledge the latest sustainability initiatives by e.g. the European Union and various sustainable palm oil forums like FONAP, to improve Human Rights and supply chain traceability amongst others. We welcome such initiatives to promote sustainable palm oil and improve existing standards whilst also establishing a level playing field with the same standards for all agriculture related commodities.

During 2020, the materiality assessment has again been carried out in close collaboration with our stakeholders, in which views and expectations on various topics have been discussed and documented, thereby enabling us to identify and map the most relevant issues pertaining to our economic, environmental and social risks and opportunities. This exercise has been very rewarding and is fundamental to achieving our business strategy and with that our well-being. However, we must not forget that our commitment to sustainability is an ongoing journey with no finishing line. We will therefore continue to align our business values, purposes and strategy with sustainability principles divided into four main areas, namely Employees, Environment, Community and Marketplace.

2020 was a challenging year due to the presence of the COVID-19 pandemic, and we have taken many proactive measures to safeguard our employees. This includes the establishment of Standard Operating Procedures (SOPs) to prevent an outbreak within our premises, dedicated quarantine centres for isolation and regular internal audits and training sessions to create awareness and ensure compliance with the SOPs. In our Malaysian operations we had several suspected COVID-19 cases during the year, however after isolation and testing, none of them turned out positive.

In Indonesia, on the other hand, seven employees to date have unfortunately tested positive. Our Group places the highest priority on the health and safety of our employees and their families and it is therefore most pleasing that all the affected employees have now recovered. Furthermore, the strict measures taken to keep COVID-19 out of our premises enabled all manufacturing units to operate without disruptions. The chain is no stronger than the weakest link and much focus will be dedicated towards this area during 2021 as we must not become complacent and let our guard down with record-high COVID-19 numbers now being recorded in both Malaysia and Indonesia.

In line with our commitment of reducing GHG emission, all UP's Palm Oil mills are equipped with Biogas Plants. The above are situated at the Optimill in Ulu Bernam.

Human Rights and Safety

Our employees have been and will always be our core assets and a key pillar for the success and continued growth of our Group. In this connection, their welfare and rights as well as a safe and healthy workplace are of key importance in every aspect of our operations.

We remain focused on safety leadership and strategies targeting risk reduction as we value the lives and well-being of our employees, contractors, visitors and local communities throughout our operations. We are doing our best to improve awareness on safe practices and to enhance preventive skills among all our employees in order to minimise the risk of workplace accidents. It is therefore most disturbing and regretful that our Group experienced two fatal accidents in UP Malaysia and another two in UP Indonesia in 2020.

The fatalities in UP Malaysia involved an employee falling from height, and a confined space related work incident. In UP Indonesia, the two fatal accidents happened while awaiting transport to return home, as one employee fell into a river and the other employee trying to rescue him resulting in both of them drowning. Such accidents are most unfortunate and deeply regrettable and our hearts go out to their bereaved families for their loss.

Newly established Safety Division

In this connection, I am pleased to report that during 2020 we took affirmative steps by taking on a greater level of ownership towards this commitment by creating a Safety Division under the Human Resources, Sustainability and Safety (HRSS) Department.

An additional 3 full time safety officers have been recruited to the Safety Division now totalling 5 officers. Going forward the Safety Division will on a quarterly basis be requested to brief the Company's Executive Committee Members on the progress made as well as shortcomings that have been encountered, so these can be addressed affirmatively. A higher degree of vigilance has now started with a more systematic and disciplined follow up to areas identified to have weaknesses. This will be galvanised through training programmes, "Reach and Teach" and "Reach and Remind" sessions combined with impromptu safety audits in our mills, estates and refineries and HIRARC programmes across the UP Group so to better prevent and minimise the risks of accidents taking place. Our common goal on safety must be "one accident is one too many".

During 2020, progress was made to maintain the highest possible welfare standard for our workforce. In this connection, new investments in infrastructural amenities as well as improving on services to our employees will continue in 2021. With the acquisition of the 3,642 hectares Pinehill Estate (now known as Tanarata Estate), a total upgrade in the infrastructure and social amenities has begun in earnest in order to emulate the high standards present at our other Estates. We are confident that there will be a positive turnaround of the property which includes its upgrade into a MSPO and RSPO certified entity of our Group by 2022.

Environment

As the world faces the threat of global warming, we are all becoming increasingly aware that our presence on this earth leaves a mark on the environment.

UP is committed to being a leader in environmental performance by not just focusing on good agricultural practices but also by committing itself to minimising its impact on the natural resources. Finding the right balance between Economy and Ecology remains a cornerstone in our Group and much emphasis is therefore placed on reducing variables that impact our environment negatively.

Much scrutiny and criticism has been aimed at the palm oil industry, with accusations of habitat destruction and endangered of protected species, indiscriminate burning and causing regional trans-boundary haze, as well as contributing towards social conflicts and climate change.

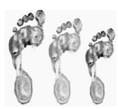
Whilst palm oil production has contributed to certain aspects of the above and whilst there are rogue players who blatantly violate most environmental laws, it is important that the accusations are backed by holistic facts and presented objectively instead of being singled out as the lightning rod for the public's growing anger on issues concerning deforestation and climate change. Herein it is important to note that the palm oil industry today accounts for less than 0.5% of the world's total agricultural area, yet accounts for the 37% of the global oils and fats production.

The palm oil industry is complex and far too often it is subject to being painted with one brush without recognizing the tremendous efforts undertaken by many different stakeholders, including producers, to promote the responsible production and consumption of sustainable palm oil.

Unjust subjective accusations keep tarnishing the image of the industry without offering solutions or taking ownership of problems. This behaviour will get us nowhere apart from negatively impacting the livelihoods of millions of people whose sole objective is to uplift themselves out of poverty. We need to be more nuanced with our criticism but also highlighting good practices so others may emulate these.

Our Group therefore believes that producing palm oil sustainably is the only way forward wherefore it is important that all stakeholders support the gold standard RSPO, or other credible initiatives, in order to make sustainable palm oil the goal. This above all else should be our shared objective.

Reducing our Carbon Footprint



Our Group's commitment towards mitigating its "carbon footprint" and thereby its Greenhouse Gas (GHG) emissions remains a high priority to which new initiatives and investments continue to be made.

Since 2005 our Company began working with 2.0-LCA consultants from Denmark on a very comprehensive Life Cycle Assessment (LCA) study, which was finalised in 2008 becoming the first LCA on palm oil ever. This pioneering study was fully compliant with and critically reviewed according to the international ISO 14040 and ISO 14044 standards for a LCA. Another update was undertaken during January to February 2020, building on top of four other large studies carried out for United Plantations Bhd in 2008, 2011, 2014, 2017 and 2020.

In this connection, I am pleased to report that the summary of the LCA clearly demonstrates that United Plantations Bhd has shown a 59% reduction in its GHG emissions per kg of palm oil produced from 2004 to 2020 when including indirect land use change (iLUC) and nature conservation.

Our goal of reaching 60% reduction (including iLUC and nature conservation) of the GHG emissions by 2025 remains an ambitious target set by Management and we shall relentlessly pursue to reach and exceed this through new innovations inspired by our strong collaboration and network in Scandinavia. (please refer to page 66)

In this respect, new investments were made during 2020 to further expand our light railway network which uses 1/10th of the fossil fuels compared to tractor/lorry transportation when transporting one unit of Fresh Fruit Bunches from the fields to our 4 mills in Malaysia. The total length of our light railway network has expanded from 479km in 2015 to 587km as of 31st December 2020 equal to a net increase of 108km in 5 years.

Another milestone was also reached in September 2020 when our Group phased out the usage of a class 1A and 1B pesticides under the Stockholm convention by ceasing its use of Monocrotophos. This has been a long journey and included cooperations and lengthy trials with large agrochemical companies initiated before 2010.

Collaboration with Copenhagen Zoo

Conservation of jungle reserves and promoting biodiversity remain of vital importance to the UP group. In this respect it continues to be our view that conservation means development as much as it does conservation and that all growers should strive towards reaching this balance and in doing so simultaneously aspire to fulfil the United Nations Sustainable Development Goals (SDGs). This is the only sustainable and holistic approach which will help to ensure that positive changes takes place.

Herein, I am delighted that our collaboration with Copenhagen Zoo which was initiated in 2007 and officially established in 2010, continues to develop positively with many success stories arising from the hard work, research and studies undertaken to date.

The commitment and skills introduced by Copenhagen Zoo have been extremely valuable mainly from a conservation point of view. This has helped our Group operationalise one of the vital components of sustainability namely building an in-house capacity to manage conservation and nurture our more than 7,500Ha jungle reserves under our Group's landbank.

Today, our Biodiversity team more than ever is responsible for mainstreaming environmental concerns into standard operating procedures. Nevertheless, more can be done and there are still areas in need of greater attention which will be areas of focus in 2021.

Community

We recognise that we are part of a global community, and that we therefore have an obligation to bring about positive change to the lives for the families of our employees and our local communities. In that connection, we shall keep striving to play a positive role in and around the locations where we operate by first and foremost taking ownership of problems that arise.

Amongst others, we intend to do so by engaging and working closely with local communities in our efforts to uplift their living standards and to offer business and employment opportunities to interested parties wherever possible, thereby contributing to the wealth, resources and expertise to local economies. During 2020, our desire to engage with various stakeholders was compromised very considerably following the COVID-19 pandemic where large physical gatherings were forbidden both in Malaysia and Indonesia.

We will nevertheless resume our various engagements with the smallholder societies as soon as normalcy returns by conducting smallholder field days where the overall objective continues to be passing on knowledge to the smallholders so they can improve their yields, agricultural practices, safety awareness, conservation and thereby their livelihoods.

In Indonesia, we are fully committed towards the Plasma scheme and continue our positive progress in establishing additional areas for the benefit of neighbouring communities.

Through respect and engagement with local communities and community leaders in Indonesia, we have seen positive developments in alleviating conflicts relating to land rights, which are handled in an amicable and transparent manner through proper grievance procedures and in line with the spirit of the RSPO which is described further in this report. Furthermore, continuous improvements were made during 2020 to maintain the highest possible welfare standards for our workforce and to ensure high standards of educational facilities provided for their children.

This naturally includes the continuous review and upgrading of our housing facilities provided to our employees, be this guest workers or local employees. A total revamp has been underway on Tanarata Estate (formerly known as Pinehill Estate) with all of the earlier employee houses being demolished and new, modern and spacious houses in the process of being constructed.

This process will continue at Tanarata Estate during 2021 as well as in other areas of our Group. We believe that in order for any business to develop fruitfully one must commit oneself to a long-term perspective and shun short-termism.

Only by committing oneself to this and taking ownership can one conceptualize the true spirit of creating shared value (CSV) which is a fundamental step towards forming a sustainable and successful business.

Marketplace

UP recognises the importance placed by our customers and consumers on food safety, product quality and traceability of the supply chain. Full traceability demonstrates that we are in control of our operations and that our supply of palm oil is safe as well as produced ethically. This has opened up market opportunities amongst reputable brand manufacturers and retailers globally who more than ever demand on verifying the evidence relating to the assurances of sustainable and traceable palm oil which we have been able to offer customers. We welcome this level of transparency and acknowledge that the trust between a brand and a consumer can only be built through actions and not through advertising or glossy brochures as was the case in the past. Ultimately, our Group's behaviour is our brand and our license to operate therefore depends on behaving well.

We have established a total overview of our supply chain and for our upstream operations, we can identify the palm oil mills from which the Crude Palm Oil and Palm Kernels are produced as well as the plantations from which fresh fruit bunches (FFB) are derived from. This supply chain has been mapped out to ensure traceability and food safety and to focus on a structured approach should any grievances be raised by our stakeholders. For our downstream operations, we have also mapped our supply chain and whilst all our palm oil can be traced back to the plantations or the various palm oil mills, the main portion of the palm kernel oil which we use can only be traced back to the Palm Kernel crushing plants and palm oil mills. To trace all the palm kernel oil back to the plantations is still a challenge and is a process that will be pursued further in the coming years.

Whilst we acknowledge that we have come a long way in our sustainability journey, we are also aware that there are many challenges ahead which we will have to meet. The points I have touched on above serve only as highlight to this report, and will be further elaborated upon in the following pages (pages 31 to 98).

Furthermore, I would recommend that you seek additional information under the sustainability section on our website, *www.unitedplantations.com/sustainability/*.

Finally, I thank you for your interest in our sustainability efforts and I hope that you will find our journey interesting. I would also like to thank our Board of Directors for their continuous support, guidance and interest in this report as well as all our partners and stakeholders including NGOs for their active and valuable participation and inputs that continues to be of much value to our Group. With the continuous commitment by our Group including an active participation by all our stakeholders, I am confident that we will be able to face most challenges ahead of us as we keep moving forward with our sustainability commitments.

Dato' Carl Bek-Nielsen
Chief Executive Director (CED)

High quality products from the Unitata refinery are destined for local and oversea buyers.

A vision and a mission accomplished - the Optimill and UniFuji project encompassing an example of the "circular economy" in full operation.

Our Value Creation Model

We strive to remain a leader within responsible agriculture based on our core values of integrity, discipline, innovation and R&D combined with a dedicated focus on sustainability. Our value creation model enables us to focus on the resources we have available and how we can create value for our stakeholders over time through our integrated business activities.

Business Resources (Input)

FINANCIAL RESOURCES

Strong and stable financial position enabling investments

Access to financial institutions

MARKET CAP
RM6.04 billion

CASH AND SHORT TERM FUNDS
RM465 million

DEBT/EQUITY RATIO
0.13

HUMAN RESOURCES

Dedicated and competent employees

Succession planning and training

Sustainability focus

EMPLOYEES
6,098

INTELLECTUAL RESOURCES

Vast experience and knowledge

Innovation and R&D capabilities

Good agricultural practices and policies

SINCE
1906

R&D ESTABLISHED
1951

SOCIAL & RELATIONSHIP RESOURCES

Key stakeholders including suppliers and international customers

Good collaboration with local government institutions and surrounding communities

PLASMA
1,314 Ha

COPENHAGEN ZOO COLLARBORATION
Since 2010

SOCIAL COMMITMENTS
RM18 million

MANUFACTURED RESOURCES

Well-functioning palm oil mills and refineries integrated with estates

Quality control and R&D investment in place

REFINERIES
2

PALM OIL MILLS
5

BIOGAS PLANTS
5

NATURAL RESOURCES

Fertile and strategically located land bank

Biomass availability

Water availability through adjacent rivers

LAND BANK
63,074 Ha

PLANTED AREA
51,272 Ha

CONSERVATION
8,026 Ha

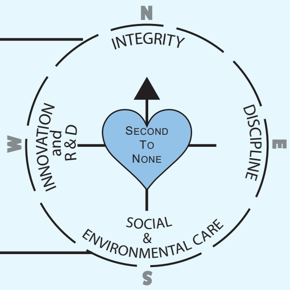
Our Integrated Business

Leadership Governance & Planning

Plantations — Upstream

Milling — Upstream

Refining — Downstream



Business Resources (Output)

SHAREHOLDER VALUE

Value created through good performance

Capital appreciation and sustainable dividends over time.

PROFIT AFTER TAX
402 million

EARNING PER SHARE
96 sen

DIVIDEND YIELD
5.85%

EMPLOYEE SATISFACTION AND CREATING SHARED VALUE

Safe and respectful work environment

Good housing, medical & education facilities

Advancing the economic and social condition in the surrounding communities

SAFETY PERFORMANCE
UP MALAYSIA : LTIFR - **8.31**
UP INDONESIA : LTIFR - **117.20**

PLASMA FARMERS
815

CERTIFIED SUSTAINABLE PALM OIL

Sustainability practices operationalised

Increasing sales of certified sustainable products of high quality

RSPO CERTIFIED PALM OIL
214,000 MT

RSPO CERTIFIED PALM KERNEL
43,000 MT

RSPO CERTIFIED AREA
82%

BALANCE BETWEEN ECONOMY AND ECOLOGY

Focus on R&D and efficiency to optimise yields

Preserving the environment through conservation efforts

FFB YIELD/Ha
26.65 MT

OER
22.24%

CPO YIELD/Ha
5.93 MT

TOTAL ANIMAL SPECIES
485

QUALITY PRODUCTS

Delivering premium quality products and services that are safe and based on a high level of responsibility

CERTIFICATION
ISO 9001, HACCP, HALAL, KOSHER, BRC, GMP, MESTI, FDA, GMP +B2, MPCA

LOW CONTAMINANTS
3-MCPD < 0.5 ppm
GLYCIDYL < 1.0 ppm

GREEN HOUSE GAS EMISSIONS AND WASTE

Key focus and investments in the circular economy where waste is converted to renewable energy.

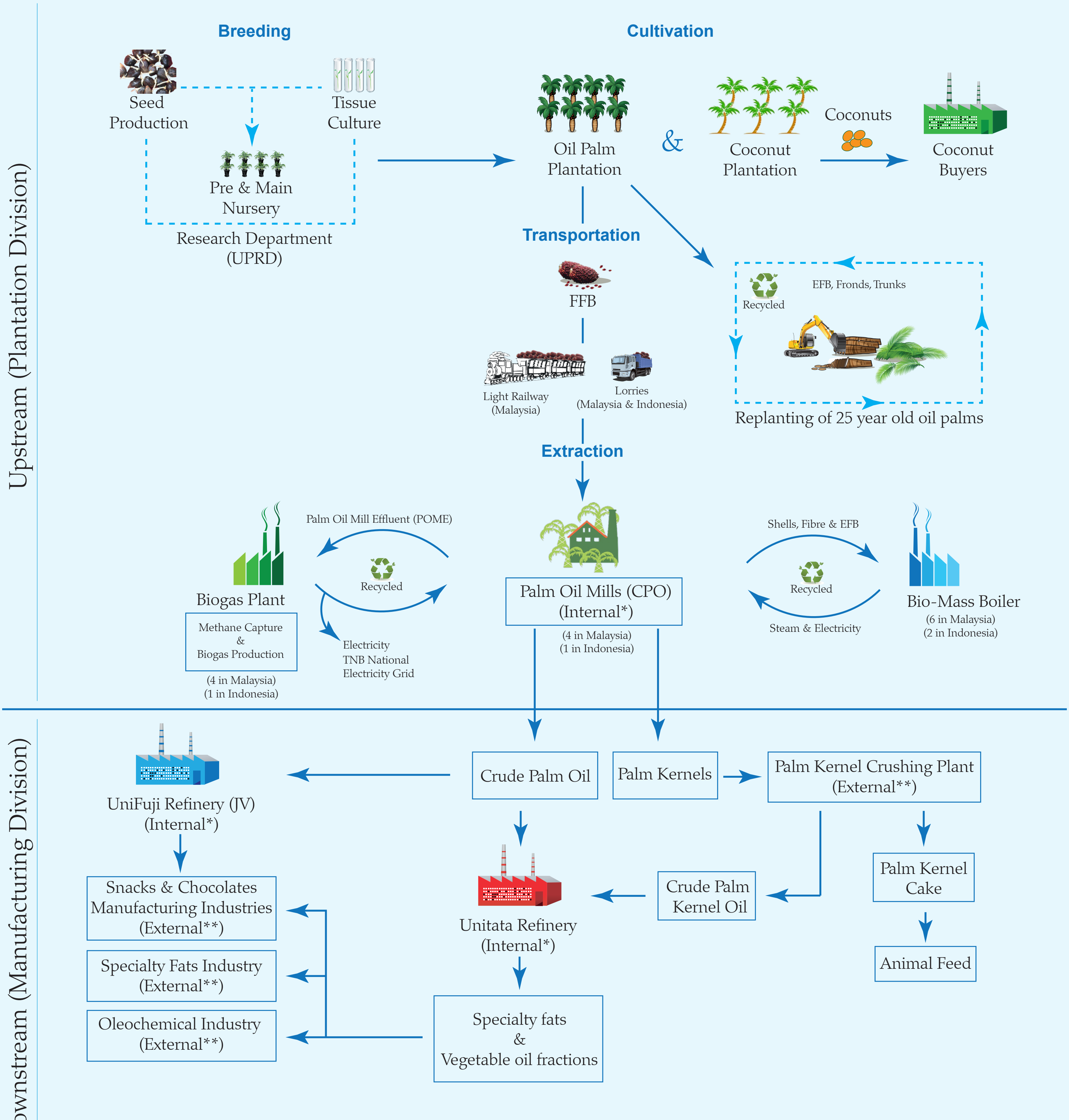
REDUCTION OF GHG EMISSIONS SINCE 2004 (INCLUDING iLUC & NATURE CONSERVATION)
59%

BIOMASS UTILISATION RATE
99.7%

UNSDGs

Through our integrated business, we support and contribute towards the United Nation Sustainable Development Goals (UNSDGs).

Creating Value Through UP's Integrated Business Activities



Internal* : Within the UP Group.
External** : Stakeholders, outside the UP Group.

Segmental Contribution 2020

UPSTREAM	DOWNSTREAM	OTHERS
85 %	14 %	1 %
RM341 million	RM55 million	RM6 million

Governance Structure

Effective governance and robust risk management policies and procedures combined with our core values are key for achieving long term success.

The Board of Directors of UP is responsible for approving the direction and overall strategy for UP Group and monitoring and management's progress in connection with the financial objectives and strategic priorities. The Board receives a formal Sustainability Report at least once a year before it is reviewed and approved for release to the shareholders and public.

In relation to UP's overall sustainability objectives, targets and priorities, the Board of Directors has delegated responsibility to the Executive Committee (EXCOM) headed by the Chief Executive Director (CED), Dato' Carl Bek-Nielsen. The Executive Committee reviews and approves UP's sustainability objectives and monitors progress and sustainability developments within the Group.

The CED and EXCOM are assisted by the Group Sustainability Committee (GSC) which is chaired by the CED. There is also the Group Sustainability Reporting Team (GSRT) headed by Mr. Martin Bek-Nielsen, Executive Director, Finance & Marketing and includes key personal from Finance, Research, HR, Sustainability and Safety, Share Registrar and Marketing Departments.

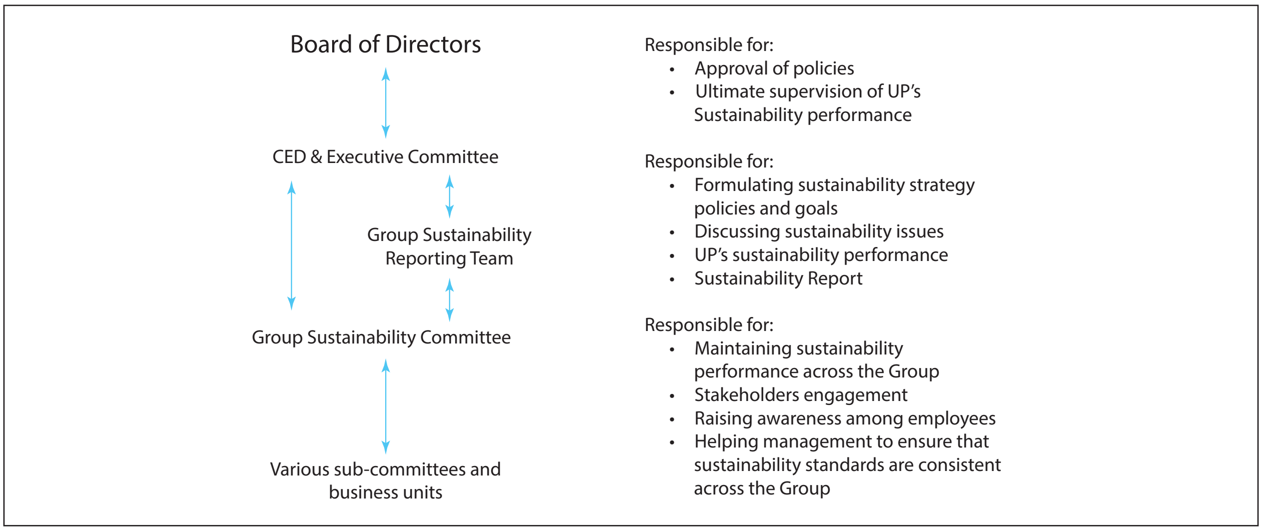
The GSRT collates all the information from the GSC, stakeholders' responses and prepares the Sustainability Report.

Sustainability matters have been a subject close to the heart of UP. Officially established in 2003, the GSC provides policy direction on strategic leadership on UP's Sustainability agenda, identifies our Group's most material issues in relation to risks and opportunities and monitors progress against targets set by the CED and EXCOM on a bi-annual basis.

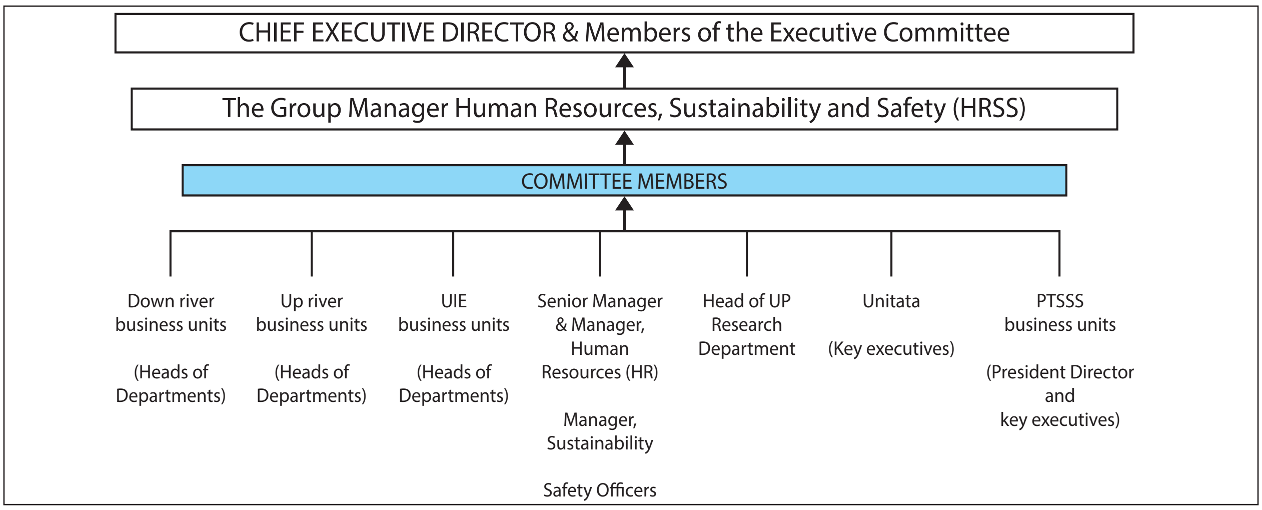
Since the Sustainability Report became mandatory in 2016, Mr. Martin Bek-Nielsen has been briefing the Board, CED and EXCOM on the work of the GSRT and sustainability issues at every official meeting held.

Sustainability is also a key aspect in the Group's Risk Management Structure which assesses various sustainability issues and developments in its annual Risk Assessment and Management process.

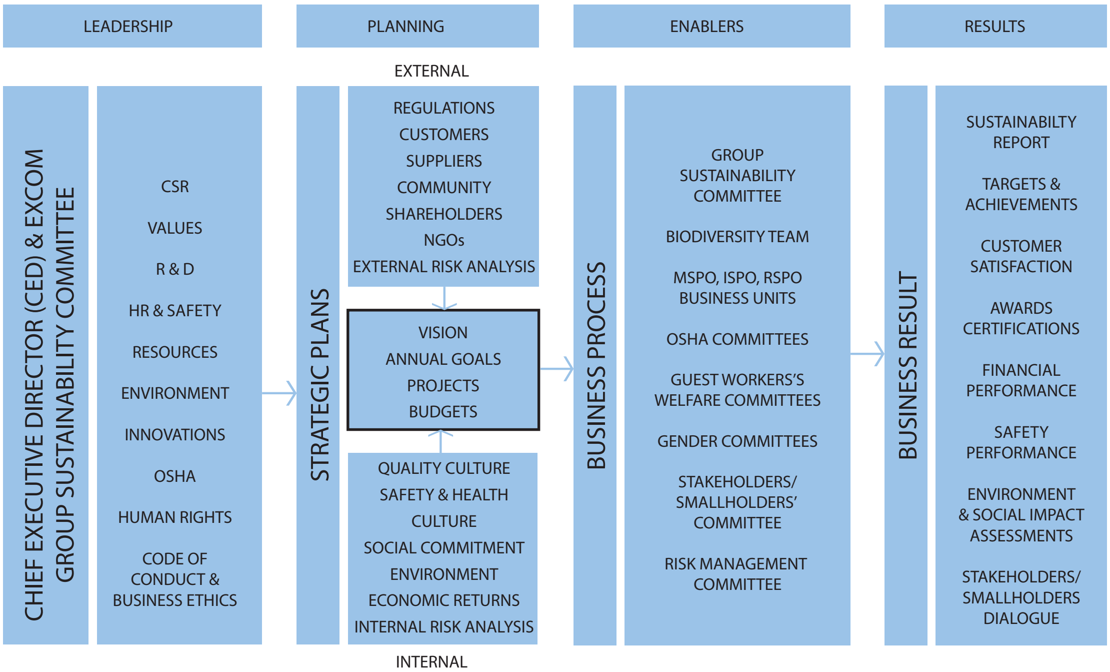
Sustainability Governance Management Structure



Group Sustainability Committee



Group Sustainability Systems Framework (GSSF)



UP's Group Sustainability Systems Framework (GSSF) is the system through which its commitment to environment and sustainable development including social and occupational safety & health matters are formalized. It is based on four key focus areas as follows:

Leadership of the Group Sustainability Committee is at the highest level of the company and is spearheaded by the Chief Executive Director Dato' Carl Bek-Nielsen. This committee provides policy directions on environment and sustainable development, occupational safety and health, allocation of resources and communications.

Planning encompassing external and internal needs that are formulated through the company's vision, policies, goals, projects budgets and risk analysis.

Enablers are various sub-committees and teams that ensure the adoption of environment and operational practices that are in line with current best practices and policies.

The MSPO, ISPO and RSPO business units and the various sub-committees are enablers of the GSSF and ensure that the environmental and operational policies are implemented. They are guided amongst others by the MSPO, ISPO and RSPO's Principles and Criteria and following Manuals and SOPs:

1) MSPO, ISPO and RSPO Principles and Criteria
2) Field Management Manual
3) Standard Operating Procedures – Oil palm field practices
4) Standard Operating Procedures – Palm Oil Mill operations
5) Occupational Safety and Health and HIRARC Manual
6) Environment & Social Impact Assessments and its Management & Monitoring Plans
7) High Conservation Value, High Carbon Stock Assessments and its Management & Monitoring Plans
8) ISO9001:2008, HACCP and Quality Manual for our Refineries

Results are measured through customer satisfaction, safety performance, financial performance, environment protection and management and certifications.

The Group's Internal Audit Department, together with the Group's HRSS Department carries out audits on various sustainability issues and areas throughout the year to ensure compliance to the Group's sustainability policies and procedures.

Materiality

This report addresses key sustainability matters which have been identified after taking into consideration both the Group's view on significant environmental, economic and social aspects, impacts, risks and opportunities which are vital to the success and continued growth of the Group, and the views and responses from our stakeholders on pressing material issues.

In identifying the material sustainability matters, and opportunities, we have drawn information from various internal and external sources of information which include the views of the Group Sustainability Reporting Team within our organisation, stakeholders, industry groups, standards recommended by global and industry specific reporting bodies, such as the Roundtable for Sustainable Palm Oil (RSPO) and the Global Reporting Initiative (GRI) and existing peer literature.

As a result of the abovementioned exercise and evaluation of the Group's Sustainability Risks and Opportunities, we have this year identified 22 key sustainability issues under four main headers, namely Environment, Employees, Community and Marketplace, which we have assessed as being of high concern to stakeholders and of high significance for our Group in2020.

Data collected from various stakeholders are then analysed and used to create a materiality matrix which also includes the assessment on the significance of the identified key sustainability matters and the prioritisation of stakeholders to the organisation.

The resulting Materiality Matrix is as shown on the following page. Material issues which have been identified are then assessed by the Sustainability Reporting Team to establish if there are policies and procedures in place to address and manage these issues, and if none, to ensure implementation plans are drawn up and presented to the management for follow up as part of the Group's sustainability commitment.

Quantifiable indicator data and targets are assigned where relevant and are communicated to our stakeholders via this Sustainability Report. The materiality assessment has been reviewed and endorsed by Executive Committee (EXCOM) of UP.

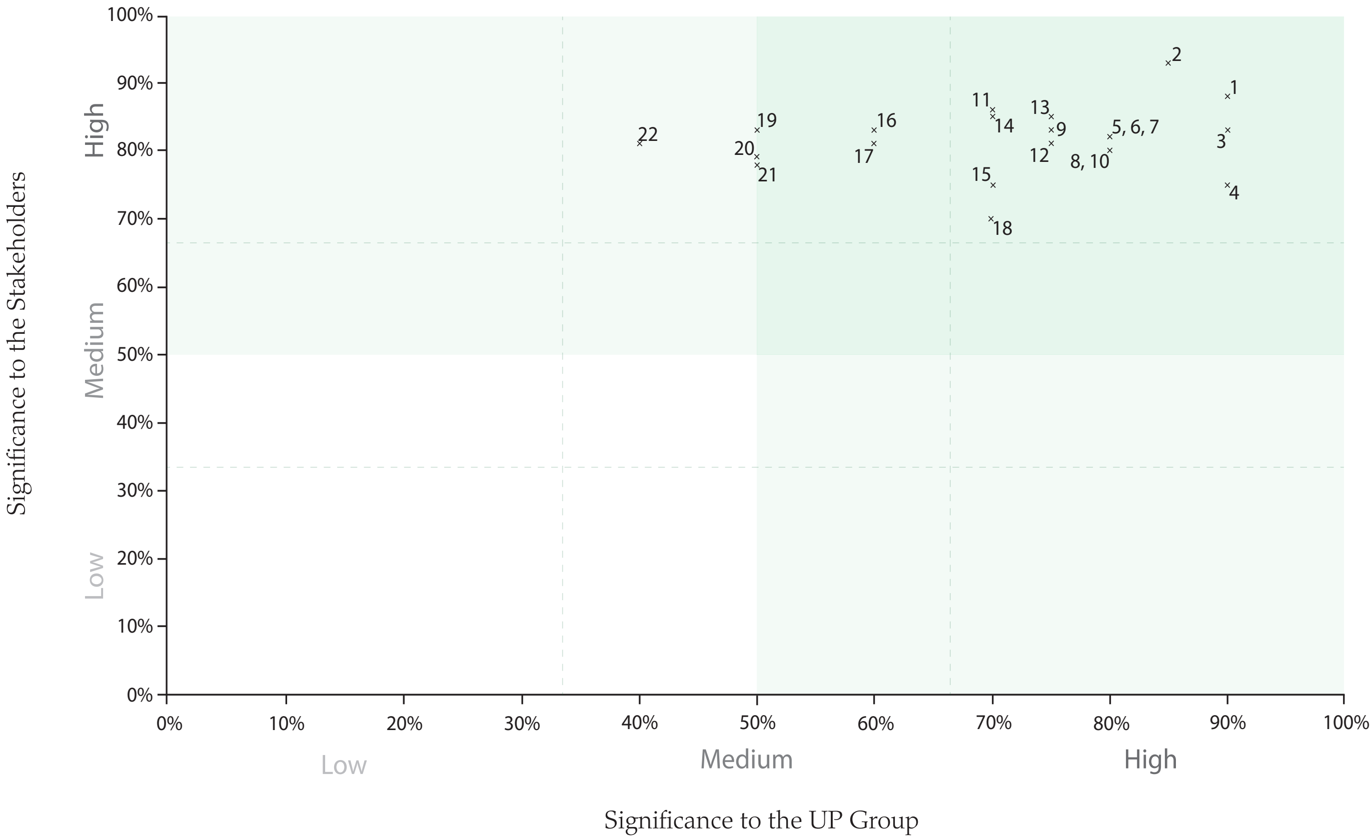
Hampered field operations during the exceptionally wet weather experienced in December.

Summary of Materiality Matters

22 Key Sustainability Issues	Relevant UN SDGs *	Stakeholder Groups
1. Human & Workers' Rights	1, 8	- Shareholders - Employees - Customers/Consumers - Local Communities /Smallholders - Government Agencies / Regulators - Non-Governmental Organisations (NGO) - Palm Oil Industry Group - Suppliers/Contractors
2. Occupational Safety & Health	3, 9	
3. Product Quality	12	
4. Commodity Prices	-	
5. Deforestation / High Carbon Stock	13	
6. Certifications for Food Safety, Sustainability and Others	12	
7. Biodiversity & Conservation	14, 15, 16, 17	
8. Sustainability and Traceable Supply Chains	12	
9. GHG Emissions, Discharges & Waste Management	7, 9, 13, 16,17	
10. Free, Prior and Informed Consent	16	
11. Social Care & Workers' Welfare (COVID-19 Precautionary Measures)	2, 4, 8	
12. Fighting the Haze and Preventing Fires	13	
13. Community Welfare	3, 4, 8	
14. Code of Ethics and Governance	8, 16	
15. Currency Fluctuation	-	
16. Equal Treatment	5	
17. Grievance Resolution	16	
18. Plasma Development (for Indonesia)	2, 12	
19. Water Impacts	6, 9	
20. Evaluation of Suppliers/Contractors' Sustainability Commitment	12	
21. Peat Development	13	
22. Pesticides and Chemical Usage	12	

** Please refer to page 46 on United Nations Sustainable Development Goals (UN SDGs).*

Materiality Matrix



United Plantations Berhad supports the United Nations Sustainable Development Goals (UN SGDs)

United Nations Sustainable Development Goals (UN SDGs)

UP respects and recognises the importance of its role in this global initiative. As such, the Group has mapped the relevant SDGs with each materiality topic and identified eight (8) UN SDGs with their specific targets that are most relevant to its business operations as well as key concerned materiality topic highlighted by the stakeholders.

For more information, please refer to our website, *www.unitedplantations.com/sustainability/.*

Targets and Achievements

Our targets and commitments are what drives us to continuously improve. We subscribe to the mantra "what we measure, we can manage" and provide information on our progress of targets and achievements over a period of three years in the areas of Certifications, Biodiversity, Climate Change, Community, Employees, Legal Compliance and Economics amongst others.

As an example of our targets, we are aiming to reduce the carbon footprint per metric tonnes of NBDPO produced by 60% between 2004 and 2025. Tremendous progress has been made through investments in renewable energy such as biomass boilers and biogas plants which today have been introduced in all our palm oil milling operations. These steps amongst others have resulted in a commendable achievement whereby we, as of today, have achieved a carbon footprint reduction of 59% between 2004 and 2020.

Another example is our ambition to ensure that all Guest Workers have their own individual passport lockers for the safekeeping of their passports and personal documents. We have almost achieved this target and expected that the last three estates will have these facilities by 2021.

Awards and Recognitions

In 2020, we were ranked 2nd out of 161 companies in the Plantations Sectoral award based on two financial performance indicators by the Edge Billion Ringgit Club:

- Highest Return on Equity over three years
- Highest Return to Shareholders over three years

We are also pleased to inform that all of our mills and estates have been successfully certified against the new RSPO P&C 2018 in 2020 except for our newly acquired plantation, Tanarata estate.

UP and Sustainability Certifications

The Migros Criteria, ProForest and UP´s involvement in the RSPO

Whilst UP has focused on responsible agricultural production for generations, our formal journey towards being recognized as a certified producer of sustainable palm oil commenced in September 2003 when we were audited by ProForest and became the world's first audited producer and processor of sustainability produced palm oil in accordance with the Swiss supermarket chain, Migros' principles and criteria on sustainable palm oil.

Our entire oil palm plantations in Malaysia were successfully certified in accordance with the RSPO Principles and Criteria on the 26th August 2008 thus becoming the world's first producer of certified sustainable palm oil.

UP's role regarding the RSPO remain one of being active and in this connection, we are pleased to state that our Company was one of the initial palm plantations signatories to the RSPO in 2004. Shortly after the establishment of the RSPO, UP was a part of the initial stakeholders group involved in developing the principles and criteria to define sustainable palm oil.

In addition, our CED, Dato' Carl Bek-Nielsen is the Co-Chairman of the RSPO Board of Governors today representing the Malaysian Palm Oil Association's seat. He was elected to this position in November 2014 and has thereby actively participated in and helped to oversee important developments and decisions within the RSPO which now has over 5,000 members worldwide.

Our capability of supplying sustainably certified, traceable and high-quality palm oil and palm kernel oil is an important part of our commitment to customers. Our total RSPO certified and traceable quantity available based on own production was approximately 214,000MT of palm oil and 43,000MT of palm kernels in 2020 for our Malaysian and Indonesian operations.

For our Indonesian operations, UP/PTSSS have successfully obtained the certificate for the entire *HGU area of 6,717.62 Ha in December 2019. The Time Bound Plan for the balance uncertified areas will be in tandem with the issuance of HGU certificates by the Government of Indonesia. This is expected to be obtained by 2023. (*HGU refers to the certificate on land cultivation rights title issued by the Government of Indonesia)

For our Plasma scheme smallholders, the full certification is expected by 2023 subject to the issuance of individual land certificates by the local government.

In 2020, all of our estates and mills except our newly acquired plantation, Tanarata Estate have been successfully certified against the new RSPO Principles and Criteria 2018 which demonstrate a stringent compliance on No Deforestation, No New Planting on Peat regardless its Depth and No Exploitation of Workers and Local Communities (NDPE). Tanarata Estate is anticipated to conduct the RSPO Scope Extension Assessment before the end of 2022 (within three years from the date of acquisition i.e August 2019).

Supply outpacing RSPO certified demand

Whilst it is commendable that approximately 19% of the world production of palm oil is now certified by the RSPO, it is unfortunately still a fact that the global uptake of RSPO certified palm oil was 7,326,206MT or 50.1% of the supply volume of 14,609,915MT in 2020, thereby outpacing demand.

The RSPO certified oil not purchased will end up in the supply chain without being sold as certified sustainable palm oil-but just conventional palm oil sending a negative message to responsible growers worldwide.

It is, however, most pleasing that the concept of commensurate effort/shared responsibility has now been incorporated within the new RSPO P&C 2018, whereby the participation of the consumer goods manufacturers (CGMs) and retailers has led to a slight increase in the demand for RSPO certified products in 2020. More attention needs to be given to further raising the uptake of certified sustainable RSPO Palm oil by the CGMs and retailers taking a great hand of ownership.

Malaysian Sustainable Palm Oil (MSPO) Certification

The Malaysian Sustainable Palm Oil (MSPO) standard is a national certification standard created by the Malaysian Government and developed with input from stakeholders in the palm oil industry. We are pleased to announce that all of our mills and estates in Malaysia have successfully obtained the MSPO Certificates in August and September 2018.

We also anticipate to conduct and complete MSPO Scope Extension Assessment for our newly acquired plantation, Tanarata Estate by 2021. The documentations in compliance with MSPO requirements have been completed and good progress has been made in the upgrades of the infrastructures including stores and employee accommodation which are scheduled to be completed in 2021.

Indonesian Sustainable Palm Oil (ISPO) Certification

The Indonesian Government established a mandatory certification scheme in 2011, namely the Indonesian Sustainable Palm Oil Principles & Criteria (ISPO) to ensure that all producers within a few years will have to live up to certain standards when operating in Indonesia. We are pleased to announce that we have successfully obtained the ISPO initial certificate for the entire HGU area of 6,717.62 Ha in August 2019 and subsequent Annual Surveillance Assessments (ASA) are ongoing.

Sustainable Palm Oil Transparency Toolkit (SPOTT)

UP participates in the Sustainable Palm Oil Transparency Toolkit (SPOTT) assessment conducted by Zoological Society of London (ZSL). SPOTT is designed to measure the transparency of companies in public disclosures of best practices and sustainability commitments via the RSPO Annual Communication of progress (ACOP), RSPO New Planting Procedures (NPP) Public Notification, Company Annual/ Sustainability Report and Company Websites.

The key objectives of the SPOTT assessment are to promote industry transparency and accountability to drive the uptake and implementation of environmental and social best practices in high biodiversity impact sectors. United Plantations Berhad maintains an active engagement and commits to collaborate with the Zoological Society of London (ZSL) in the progress towards improving sustainability reporting and enhancing a greater transparency.

Our current status on SPOTT assessment as of November 2020 is 86.5% resulting in UP being ranked as number 4 amongst the over 100 assessed Global Oil Palm Producers and Traders.

For further details on SPOTT assessment for palm oil companies, please refer to SPOTT's website, *www.spott.org/palm-oil/*

Young oil palm seedlings with high yield potential being sent to the main nursery before field planting in another 9 months.

Employees

The success and achievement of our Group is related to our employees, both past and present, who loyally through hard work, strong leadership, honesty and respect have committed themselves to serve and dedicate their career and livelihood at UP.

We promote a working environment where there is mutual trust and respect and where everyone feels responsible for the performance and reputation of our group as "No One at the top is stronger than the pyramid of people who support him/her." We recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed and meritocracy is a hallmark of our Group.

Our employees are the Groups' core assets, without which the success and stability of UP would not materialise. We are committed to diversity and have an equal employment opportunity policy. Whilst we actively promote the employment of women at UP, we also recognise that some work on our plantations is potentially more suitable for men due to the heavy physical nature of the tasks.

Male workers predominantly perform tasks such as harvesting fresh fruit bunches, crop collection and evacuation to the railway cages for transport to the mills, while women are assigned lighter work such as weeding, gardening and loose fruits collection. We provide crèches, playgroup classes and kindergartens at all operating sites to support our employees and their children.

UP Group

Employees – Year 2018 to 2020

	2020	2019	2018
UP Bhd	4,550	5,169	4,936
Unitata Bhd. and UniFuji Sdn. Bhd.	291	304	282
Butterworth Bulking Installation Sdn. Bhd.	14	16	16
PT SSS1, Indonesia	1,243	1,355	1,274
Total	6,098	6,844	6,508

Category of Employees (Malaysian) as at 31 December 2020

Employee Classification	Gender Classification		Age Classification			Ethnic Classification				Total
	Male	Female	18-30	31-50	>50	Malay	Chinese	Indian	Others	
Directors	1	-	-	-	1	-	1	-	-	1
Management	110	21	18	74	39	26	23	80	2	131
Staff	187	138	62	152	111	89	7	224	5	325
Workers	542	332	204	352	318	229	-	643	2	874
Total	840	491	284	578	469	344	31	947	9	1,331

Category of Employees (Other Nationalities) as at 31 December 2020

Employee Classification	Gender Classification		Age Classification			Ethnic Classification					Total
	Male	Female	18-30	31-50	>50	Others	Indonesia	Nepalese	Indian	Bangladeshi	
Directors	2	-	-	2	-	2*	-	-	-	-	2
Management	13	2	1	10	4	2*	13	-	-	-	15
Staff	43	12	13	42	-	-	55	-	-	-	55
Workers - PTSSS	910	259	322	760	87	-	1,169	-	-	-	1,169
Guest Workers - Malaysia	3,502	24	1,372	2,107	47	6	758	14	876	1,872	3,526
Total	4,470	297	1,708	2,921	138	10	1,995	14	876	1,872	4,767

** Danish & British*

Grand Total = 6,098

Summary of our Group's employees gender mix

	UP Indonesia (PTSSS)	UP Malaysia	UP Group
Percentage Female Employees	22.09%	10.60%	12.92%
Percentage Male Employees	77.91%	89.40%	87.08%

Code of Conduct and Business Ethics

A key element of UP's sustainability framework is our Code of Conduct & Business Ethics. We implement responsible and ethical business policies and practices in all aspects of our operation. The Government in line with its anti-corruption drive has announced that S17(A) MACC Amendment Act (2018) which came into force on 1 June 2020. To comply with this new enactment, the Code of Ethics & Governance Policy was reviewed and expanded to include all associated persons as defined under the Act. The changes were made under the Business Integrity and Corruption section of this Policy as follows:

UP has a zero-tolerance to fraud, bribery, and corruption and this applies to all dealings by our directors, employees, suppliers, consultants, agents and any persons associated with UP.

- UP as a responsible corporate citizen has been and shall continue to give scholarships and donations to deserving cases on the condition that this is not corruptly given as defined under Section 17 A(1) of MACC Amendment Act 2018. However, UP has a general policy of not giving political contributions to any political parties or candidates.

- UP does not prohibit the giving of meals and gifts in the course of business dealings as long as these are of reasonable value, not in cash and are not corruptly given.

- Corruption and bribery risk assessment was done and adequate procedures have been put in place to minimize the exposure to the Group. This risk like all other identified risks shall be periodically assessed and reported in the Statement On Risk Management and Internal Control.

- Directors and officers have been sent for training to familiarize themselves with S17A MACC Amendment Act (2018). In-house anti-bribery training has been and will continue to be conducted in all operating units. Associated persons like contractors, agents, consultants, suppliers with bribery risks have been made aware and they have undertaken to comply with this Policy.

- The Internal Audit Manager has been appointed as the competent person responsible for anti-corruption compliance matters and he is to report all his findings on this area to the Chairman of the Audit Committee who is an independent director. The Chairman of the Audit Committee shall after deliberation at the Audit Committee report the findings to the Board.

In addition to the above, all directors and employees who are vested with approval authorities on purchasing or enter into trades are to declare in the Annual Conflict of Interest Statement their compliance with the section on Conflict of Interest under this Policy.

Whistleblower Policy

We are committed to high standards of ethical, moral and legal business conduct. This policy aims to provide an avenue for employees, that they will be protected from reprisals or victimization for whistle blowing.

UN Guiding Principles On Business And Human Rights

During the launch of The Malaysia Chapter of the UN Sustainable Development Solutions Network (UN-SDSN) in 2015, UP was mentioned as one of the sustainable development solution initiatives being undertaken in Malaysia. In the SDSN Malaysia Chapter, UP was identified as a "Business with a soul". This acknowledgement was indeed pleasing and indicated our commitment to being a leader in economic, environmental and social sustainability.

For more information on our Company Policies, please refer to *www. unitedplantations.com/sustainability.*

Human Rights Protection

Guest Workers' Passport Locker

We have constructed rooms containing passports lockers within the plantations to enable our guest workers free access to their passports without any restriction.

Minimizing the Financial Burden for Guest Workers

We are committed to ensuring that exploitation of our guest workers have no place in our business operations. We conduct assessments, interviews at the source countries and spot checks to identify gaps and potential risks within our operations and develop mitigation plans and provide remedial actions.

Guest Workers' Verification by HRSS Department

The HRSS Team verifies each and every guest worker on arrival to ascertain the recruitment supply chain and expenses from respective source countries until the arrival in Malaysia. Appropriate translators are engaged on need basis during the interviews. This exercise is done to add credence for responsible sourcing within our supply chain.

Guest workers make up more than 85% of the Malaysian Plantation industry. Without these dedicated and hardworking employees the industry would be crippled today.

Human Rights Policy

United Plantations Berhad is committed to the protection and advancement of human rights including prohibiting the use of child or forced labour wherever we operate. Our human rights policy is based on our core values on Safety and Health, Environmental Stewardship and Respect for people.

Guest Workers Policy

We consider our foreign workers as guests and they are vital partners in our business along with our local workers. In 2020, we have revised our Guest Workers Policy to incorporate the key elements on human rights protection which include reimbursement of statutory recruitment fees, no withholding of passports, execution of employment contracts in the source countries, no withholding of wages and no penalty for premature repatriation.

Recruitment Practices

In view of the COVID-19 pandemic outbreak, the Malaysian Government has frozen all recruitment avenues for guest workers as a precaution against imported cases of COVID-19. We are waiting for the new recruitment policy by the Malaysian Government, and upon its release we plan to establish call centres in the respective source countries. This will act as a bridge between the workers from villages to the main accredited recruiting agents in order to clarify the recruitment process, job scope at the plantations and conduct pre-departure briefings. This process will also minimize the risk of sub-recruiting agents charging additional recruitment costs on the guest workers.

Paying fair wages and employees benefits

The average monthly earnings of our workers in Malaysia amounts to RM1,894 which includes productivity incentives and overtime. The minimum wage set by the Malaysian Government in 2020 was RM1,200. We practice gender equality policy on wages payment and remuneration for all our employees. For our Indonesian operations, the average monthly earnings of the permanent workers amount to IDR3,423,246 which includes productivity incentives and overtime. The minimum wage set by the Indonesian Government in 2020 was IDR3,047,533. The average earnings per workers per month are reflected in the table below.

	2020	2019	2018
Total Average Earnings per worker per month – UP Group Plantations (Malaysia)	RM1,894	RM 1,625	RM 1,595
Total Average Earnings per worker per month - UP Group (Indonesia) - Permanent Workers	IDR3,423,246	IDR 3,561,489	IDR 3,767,903
Total Average Earnings per worker per month - UP Group (Indonesia) - Temporary Workers	IDR3,279,475	IDR 2,968,447	IDR 3,276,675

Guest Workers Repatriation and Leave

With 85% of our workforce being guest workers, there is a frequent turnover of employees within our Group. We strongly promote freedom of movement which can be seen in the table below. During 2020, 368 guest workers were repatriated upon completion of their employment tenure. Another 306 guest workers went back on leave to their respective home countries but only 58 managed to return to UP before the travel restrictions were introduced. Of the balance 248 guest workers, 224 are now waiting to return upon approval from the Malaysian Government.

Repatriation and Leave during the year	2020	Total number of guest workers (%)
Total number of guest workers	3,256	100
Repatriation	368	11.30
Gone on leave	306	9.40
Gone on leave and returned	58	1.78
Gone on leave and didn't/ couldn't return	248	7.62

Freedom to form a Union

Our staff and workers have the right to form and become members of labour unions on a voluntary basis and they are through these unions free to carry out collective bargaining as permitted under Malaysia and Indonesia laws.

UP Group (Malaysia)	2020	2019	2018
% of staff as members of All Malayan Estates Staff Union (AMESU)	74	74	76
% of workers as members of National Union of Plantations Workers (NUPW)	15	15	16
% of workers as members of Food Industry Employees' Union	56	39	45
UP Group (Indonesia)	2020	2019	2018
% of workers as members of Union*	6	6	6

**In Indonesia, the union committee has been re-established and membership drive is in progress.*

An aerial view of Charong (Chawang & Erong) Estate and its housing, seen fully integrated with the office complex and social amenities such as a community hall, creche, clinic, water treatment plant, shop houses, mosque and a temple.

We conduct regular briefings on our Human Rights Policy for all employees to raise awareness on freedom to join or form trade union.

Mars Supplier Human Rights Advance Programme

It is important to acknowledge that running a business today requires a greater level of transparency compared to before. What a few years ago may have been considered to be enough is no longer adequate. Companies therefore have a choice: To continue with status quo and gradually move towards fossilization or to adapt to the changing business environment and consumer requirements shaping the landscape for tomorrow's demand. In UP we have chosen the latter option and amongst other initiatives we have embarked on a strategic collaboration with Mars supported by Verité and Arche Advisors to address current sustainability gaps. We look forward to participating on this partnership journey with a common goal of transparently improving safety and human rights gaps within our supply chain.

Social Commitments and Social Amenities

UP is committed towards providing quality housing and social amenities and maintaining the highest possible welfare standards for the families of our workforce. Improving and providing social amenities remains very much a hallmark within our Group, and

Social Commitments of the Group

	2020 RM	2019 RM	2018 RM	Grand Total RM
Hospital & Medicine for Employees, Dependents & Nearby Communities	2,464,774	2,443,905	2,424,918	7,333,597
Retirement Benevolent Fund *	692,500	460,656	531,338	1,684,494
Education, Welfare, Scholarships & Other	247,273	323,408	298,841	869,522
Bus Subsidy for School Children	132,354	169,244	206,377	507,975
External Donations	539,806	119,735	127,359	786,900
New Infrastructure-Road, TNB and Water–Supply for domestic use	1,138,072	1,510,388	772,903	3,421,363
Employee Housing	6,828,433	4,510,135	7,134,389	18,472,957
Infrastructure Projects, Buildings, Community Halls, Places of Worship	584,829	1,678,719	2,508,547	4,772,095
Provision of Social Amenities	5,416,182	5,975,262	5,158,811	16,550,255
Total	18,044,223	17,191,452	19,163,483	54,399,158

** The above payments are in addition to the regulatory contributions by the Group to the Employees' Provident Fund, Social Security Contributions and other benefits.*

continuous improvements were made during 2020 to provide our workforce with the best possible facilities which are significantly above the latest amendments to the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990.

For babies and young children UP continues to provide and maintain crèches for personalised childcare thereby ensuring that employees are comfortable about their children while at work.

Today, our Group has 9 Primary Schools and 7 Kindergartens which are maintained by the Company, providing education for more than 500 children ranging from age of 5 to 12 years. Bus subsidies for school children above the age of 12 years old are also provided for. Places of worship for our employees, Group Hospitals & Clinics and an Old Folks' Home to care for the aged and the homeless as well as a fully operational Danish Bakery are also a part of UP's care and commitment towards the wellbeing of its employees.

In addition, 26 scholarships were granted to children of our employees during 2020 thereby enabling these students to pursue their tertiary studies.

For more information of our social amenities, please refer to our website, www.unitedplantations.com/sustainability/.

Training and Development

In UP our human capital is indispensable and our approach is "Reach and Teach" as well as "Reach and Remind'. Training schedules are prepared for our employees annually in the respective Estates and other Departments to ensure that the various trainings are being carried out on a regular basis throughout the year.

This is monitored and verified internally by the HRSS team and also through external auditors during RSPO/MSPO/ISPO annual audits. As for Staff and Executive levels, trainings are generally conducted on a group basis. These trainings cover Occupational Safety & Health, Human Rights, Best Agriculture & Management Practices, Industrial Laws and other relevant topics for our employees and stakeholders including our neighbouring communities.

The competence and skills of the Group's employees are the main contributors to Operational Success. This, undoubtedly, also helps them to enhance their capabilities and build capacity. Life-long learning, through training programme, conferences and seminars which are relevant to the Group's businesses are identified on an ongoing needs basis and the Company allocates a dedicated training budget to support the continuous development of our employees.

Occupational Safety and Health

We are committed to securing the safety and health of all our employees at work and strive to maintain a safe and healthy working environment for our employees, contractors, visitors and local communities throughout our operations.

We value our workplace safety and health as being of paramount importance for all our employees and our respective Managers/Heads of Departments are responsible in implementing and complying with this policy.

For further details on our Occupational Safety and Health Policy, please refer to our website, *www.unitedplantations.com/sustainability/.*

Fatal Accident Rate (FAR)

During 2020, the Group regrettably experienced two fatal accidents in UP Malaysia and another two in UP Indonesia. The fatalities in UP Malaysia involved an employee falling from height, and a confined space related work incident. In UP Indonesia, the two fatal accidents happened while awaiting transport to return home, as one employee fell into a river and the other employee trying to rescue him resulting in both of them drowning. Such accidents are most unfortunate and deeply regrettable, and our hearts go out to their bereaved families for their loss.

The Group is determined to continue to mitigate all safety risks through robust safety programmes and preventive intervention. Our Group will further improve and continue its regular in-house training programmes combined with impromptu safety audits in our mills, estates and refineries through our "Reach and Teach" and "Reach and Remind" initiatives. In line with our approach of preventive measures as a way of providing safe workplaces, we continuously conduct HIRARC on all our operations to raise the level of awareness on safety. The Company has recently established a dedicated Safety Division under the Human Resources, Sustainability and Safety (HRSS) Department to strengthen its commitment. As mentioned earlier, two additional safety officers and one safety supervisor have been recruited and we are in the midst of recruiting one more safety officer. Our common goal on safety must be "one accident is one too many".

Fatal Accident Rate (FAR per 1000 employees)

	2020	2019	2018
Malaysian operations	0.39	0.56	0.19
Indonesian operations*	1.41	0	0

**The difference in FAR between our Malaysian and Indonesian operations is due to smaller population size in our Indonesian operations.*

Lost Time Injury Frequency Rate (LTIFR)

In 2020, more than 50% of accidents involved harvesting operations (thorn pricks, debris falling into eyes, cutting stalk, fronds falling on body) while the balance are commuting accidents, workshop, fall from height, factory operations, tractor and lorry related, slipped and fall and general works related.

Lost Time Injury Frequency Rate
(LTIFR per million hours worked)

	2020	2019	2018
Malaysian operations	8.31	8.27	6.56
Indonesian operations*	117.20	148.63	110.06

**The difference in LTIFR between our Malaysian and Indonesian operations is due to 8 working hours per day for Malaysia while 7 working hours per day for Indonesia.*

Our jungle reserve at Lima Blas Estate. UP places strong emphasis on conservation of jungle reserves and promoting green corridors.

Environment

UP is committed to being a leader in sustainable agricultural practices and is aware of the footprint it leaves on the environment and our Group therefore constantly strives towards reducing variables that impact the environment negatively. We strictly adhere to No Deforestation and No New Development on Peat soils regardless of its depth since 2010 and focus on the reduction of GHGs, energy, water and waste in line with the concept of the circular economy as a vital part of our environmental policy.

Global plantation development has contributed significantly to economic development and prosperity. However, deforestation and other unsustainable practices have many negative consequences for people and the environment, and our Group is therefore fully committed to protect forests, peatlands, and human and community rights.

As an important part of our sustainability journey, we work closely with other growers, suppliers, contractors, processors, NGOs, Brand manufacturers and other industry stakeholders to take part in transforming the industry as well as creating further awareness on the importance of sustainable palm oil production.

The colourful white-throated Kingfisher, commonly seen as one drives along our fields.

In addition to our focus on continuous improvement to minimize waste and our overall carbon footprint we are committed to the Principles and Criteria of the RSPO, MSPO and ISPO. Our Group has through investments and a dedicated Group Sustainability Committee introduced policies to break the link between palm oil and deforestation and strictly adhere to No Deforestation and No New Development on Peat soils regardless of its depth and No Exploitation of People and Local Communities (NDPE) which is embedded in our Environment and Biodiversity as well as Human Rights Policies.

Key points of our Environment and Biodiversity Policy are summarized below and for further details please see the sustainability section on our website, *www.unitedplantations.com/sustainability/.*

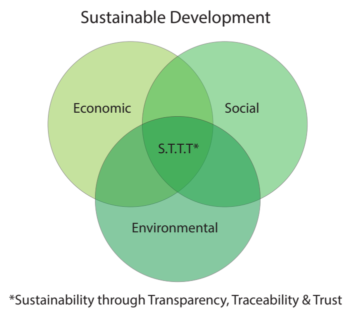
In addition, we have strengthened High Conservation Value (HCV) assessment by combining them with High Carbon Stock (HCS) assessment and Land Use Change Analysis (LUCA) for new plantings in 2014 and strive to maintain an open and dynamic approach towards continuous improvements in respect of protecting Peat soils, HCV, HCS and other fragile areas.

We conduct our operations under the best principles of agriculture and are committed through our more than 7,500Ha of conservation areas to promote biodiversity and protection of the natural environment within our group.

Key environmental milestones achieved are as follows:

- Zero-burn policy (1989)
- No primary forest clearing policy (1990)
- No bio-diesel production/supply policy (2003)
- Methane capturing facilities introduced (2006) and all mills equipped with methane capturing facilities (2018)
- HCV assessment introduced (2007)
- LCA on Palm Oil production completed in (2008) with annual updates since then
- No Deforestation, No new development on High Conservation Value (HCV) areas and No new development on peat soils regardless of its depth (2010)
- Total phase-out of Paraquat (2010)
- HCV combined with HCS assessments and LUCA for new plantings (2014)
- Total phase-out of Class 1A/1B chemicals (Monocrotophos/Methamidophos) (2020)

Our employees, contractors, suppliers, trading partners and stakeholders are expected to adhere to this policy and thereby focus on sustainability within our supply chain based on transparency, traceability and trust.



Environmental Commitments of the Group

	2020 RM	2019 RM	2018 RM	Grand Total
Environmentally Friendly Operational Activities	5,817,120	6,416,803	6,680,501	18,914,424
Environmentally Friendly Projects (Biogas, Biomass, others)	443,185	328,883	1,577,752	2,349,820
Biodiversity & Conservation (Forest reserve, Endangered Tree Species Projects, Collaboration with Copenhagen Zoo)	923,167	1,021,791	758,797	2,703,755
Total	7,183,472	7,767,477	9,017,050	23,967,999

A riparian reserve along the Bernam River which is an important habitat for a rich array of flora and fauna.

Partnership, Biodiversity & Conservation

Conservation of jungle reserves and wildlife sanctuaries as well as promoting green corridors are examples of our commitment to the environment. To date, United Plantations has set aside more than 7,500 Ha of land for conservation purposes representing approximately 15% of our total planted area in order to encourage biodiversity and wildlife on our estates. In Indonesia, UP has set approximately 40% of its land concession for the purpose of conservation.

Riparian reserves are maintained to preserve flora and fauna, provide wildlife corridors, ensure water quality and prevent erosion. In order to develop effective conservation strategies, we need the assistance of experts in these fields who have established a series of collaborations and partnerships. One such partnership is Copenhagen Zoo (CPH Zoo) which was initiated in 2007 and officially established on 1 October 2010, through a Memorandum of Understanding (MOU) between UP and CPH Zoo. It marked an important milestone for the Company's target of producing certified sustainable palm oil in Indonesia and being able to document the environmental integrity of its Indonesian operations.

Biodiversity Department

In order to better manage our large conservation areas, UP set up its Biodiversity Department (BioD) in 2011 under the purview of Dr. Carl Traeholt, our Group's Chief Environmental Advisor.

The Biodiversity team consists of a Division manager with solid natural resources management experiences, supported by five subject specialists and five field staff. This is supplemented by additional contract-workers when the need arises. The team is responsible for mainstreaming environmental concerns into standard operational procedures and focus on activities primarily within the following areas:

- Biodiversity (Fauna and Flora)
- Habitat and Ecosystem
- Forestry and rehabilitation
- Hydrology and Limnology
- GIS and Mapping
- Integrated Pest Management
- RSPO and ISPO
- Protection and Monitoring
- Community Outreach

One of the key components in making the BioD a success which is our common goal was to develop internal capacity to manage and conserve UP's ecological resources, and to make first-hand information about biodiversity assets easily available. This is possible with the current BioD headed by Dr. Carl Traeholt, our Group's Chief Environmental Advisor and Mr. Muhd Silmi, Manager BioD and their team including essential topic specialists, such as a limnologist, a forester/ botanist, zoologist, herpetologist and database officer. These subject specialists are supported by two chief rangers and a number of ranger assistants, as well as a native tree nursery manager.

Biodiversity Department's activities

Since 2011, the BioD had undertaken an impressive amount of activities in support of the company's commitment of producing sustainable palm oil and conserving the natural environment. In the past, many exciting activities and accomplishments have been reported. For example, the Biodiversity Division has worked with leopard cats, *Prionailurus bengalensis*, as predator of rats to replace the environmentally detrimental chemical control.

The work with the Sumatra cobra (*Naja Sumatrana*) and king cobra (*Ophiophagus Hannah*), the world's largest venomous snake has not only produced some amazing results, it has also attracted one of the world's best known and respected herpetologists, Romolus Whitaker, who continues to grace UP/PT SSS in Kalimantan and offer support and capacity building.

The Biodiversity Division has also undertaken numerous camera trap surveys, bird and tree surveys to document the biodiversity within the company's conservation areas. The BioD has recorded many of Borneo's endangered species to date, among them Asia's only great ape, the orangutan, *Pongo pygmaeus*.

While these are exciting and inspiring stories about exotic species, the BioD is far more than that. An entire host of other activities commenced right from the modest beginning in 2011, including developing a GIS database that incorporates literally all the team's recorded data, be it from camera trap pictures, radio-tracking locations, number of tree seeds collected, time and place of illegal logging or recovery of aquatic fauna. Most of these stories can be found on our website.

Biodiversity activities during 2020 in PT SSS

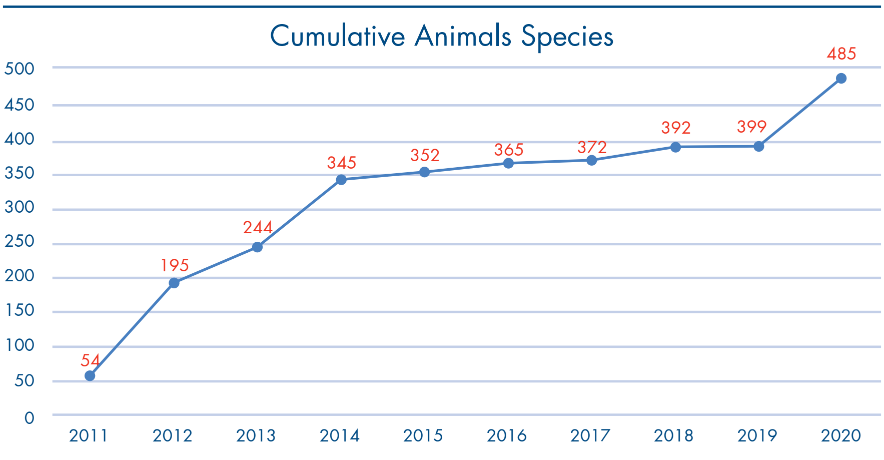
In 2020, the emergence of and rapid spread of the COVID-19 affected almost every country on earth. Domestic and international travels were put on hold, and countries went into lockdown across the world causing delays in trade, services and manufacturing output. Despite the hard times, our BioD Division continued to work near normal capacity throughout 2020.

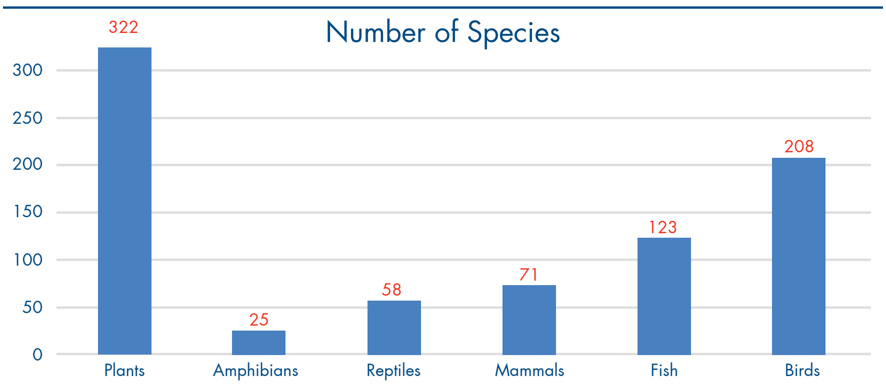
The Division continues to focus on wildlife conservation and management within the UP/PT SSS landbank, to further enhance environmental focus throughout the operations in line with the company's goals of producing sustainable palm oil. While many urban based activities have been hit hard by COVID-lockdown, the BioD team was less affected, because most activities took place in conservation areas with few other people present.

During surveys, the team encountered very few humans, but fortunately a lot of biodiversity, which meant that the team could continue to carry out its duties without compromising the company's COVID-19 safety protocols.

The number of vertebrate species recorded in PTSSS continued to increase in 2020. To date, the BioD has recorded a total 485 different vertebrate species, consisting of 71 mammal species, 208 bird species, 58 reptile species, 25 amphibian species and 123 fish species. In addition, 322 plant and tree species were identified in PT SSS' conservation areas. The total number of species is expected to increase significantly in the future when more surveys are completed with the maturing of rehabilitation areas.

In summary for year 2020, the team added a total of 86 new species to the list, consisting of 10 reptiles, 3 mammals, 45 fishes, 3 amphibians as well as 25 birds. This is the highest number of new annual addition recorded in PT SSS.





The seed (reddish color) on a Shorea balangeran of the Dipterocarp family. The species has suffered greatly from excessive logging and is now listed as Vu on IUCN's Red List.

Growing fig trees in coconut husk in our tree nursery. The coconuts with the fig seedling are positioned approx. 1.3 meter above ground to trigger root setting and growth.

Rehabilitation activities

The BioD division continues to monitor the diversity of birds in Field 86 rehabilitation area. This is to gauge if rehabilitation efforts deliver the expected results. We had chosen to monitor understory bird species, because these are very sensitive to habitat disturbance, relying mostly on dense tree canopies for their daily activities. Due to these variety of birds being elusive in behavior, we use mist nets for bird capture, a process that commenced in 2015 and has been repeated annually using the same method every year.

In 2020, the BioD team recorded four new species in the area resulting in the cumulative number of bird species continuing to increase. To date, a total of 32 bird species have been recorded from the area, which is an incredible positive trend and a strong evidence that rehabilitation actually works, even for many sensitive species. The BioD team is proud to document this positive trend and aim to continue the effort until Field 86 is considered "rehabilitated".

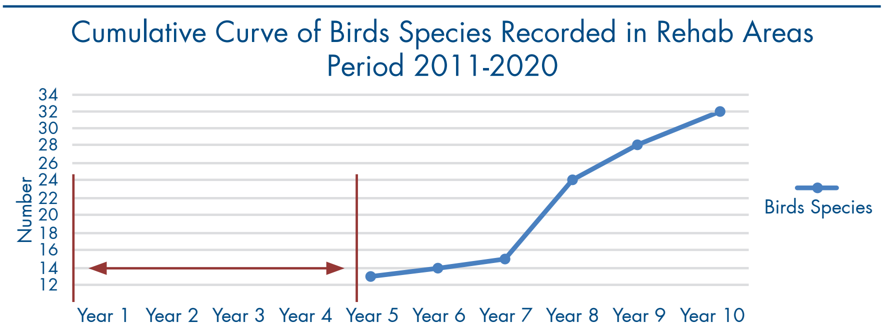
In addition to birds, a few trees in the Dipterocarp family (*Shorea balangeran*) set their first fruit (seeds) in 2020. This is a marvelous milestone that began 10 years ago with harvesting initial seeds, propagating them in nurseries, outplanting the seedlings, caring for the seedlings until they have become large enough to grow on their own. What is equally important is that *Shorea balangeran* is considered a rare species today and listed as "vulnerable" on the IUCN Red List due to overharvesting of it for its valuable timber. The long conservation process also contributes far beyond the boundaries of PTSSS, as Field 86 will become an important "seedbank" for future natural seed dispersal, an ecological process that is incredibly important for "natural" rehabilitation in other relevant areas.

Efforts to propagate jungle tree seeds for our rehabilitation activities

Propagating native Borneo fruit trees has been the main challenge pursued by the team in our nurseries in Lada and Runtu Estate. These trees are very important for the rehabilitation as they will be providing food sources for a lot of animals in the conservation areas of PTSSS. At the onset of rehabilitation 10 years ago, the main goal was to plant fast growing species to create a level of canopy to prevent excessive soil erosion and subsequent loss of minerals and nutrients.

At this point in time, the BioD team has begun to either add or replace existing trees with fruiting trees, thereby enriching the forests to the benefit of wildlife. During 2020, we planted 18,075 jungle trees in our rehabilitation areas with an additional stock of 18,614 seedlings in our nurseries.

In 2020, we prioritized to propagate fig species that are attractive for many bird species as well as primates. Some species are considered "strangler figs" and is named for



The diversity of understory birds in Lada Estate, Division II, Field 86 was set aside for rehabilitation 10 years ago. The steady annual increase in the number of understory bird species is the result of dedicated effective rehabilitation efforts that show real and positive changes. We will continue to work on restoring this area to its natural condition and are optimistic of further species enhancement in the years to come.

Ikan Sumpit (Toxotes jaculatrix)

Ikan sengiringan (Mystus singaringan)

their pattern of growth upon host trees, which often results in the host's death after 150-200 years. Although fig trees can easily be propagated from a pot, their seeds are eaten by birds and often defecated onto branches of host trees, where they sprout by setting out roots that will eventually reach the ground. To accelerate this otherwise long process, we propagate fig trees on coconut husk that is then deployed on a host tree in a conservation area. At the time of writing, we have 500 fig trees on coconut husks in our nursey ready to be "planted" in a conservation area. The BioD team has also setup a sample plot where trials are made concerning which propagation technique is most effective, including different kinds of host trees.

Fish survey in conservation areas

In 2020, BioD conducted extensive fish survey in three types of habitat i.e. peat, brackish and fresh water bodies that form part of the river and lake systems in PT SSS conservation areas. This survey added 45 new fish species to an already extensive species list. To date, the BioD team has recorded a total of 123 species of fish in PT SSS conservation areas and, while this is in itself impressive, the team expects the number to increase when more intensive surveys are undertaken in the near future.

The BioD team is very pleased with the high fish species diversity in PTSSS' water bodies, as it reflects that plantation activities have improved significantly in the management of fertilizer and pesticide application, as well as the mitigation actions put in place to prevent contamination of the estates water ways.

Some of the fish recorded are commonly used by local communities as diet supplements as well as alternative household income by selling their catches or part there of at the local market. The positive impact of PTSSS' conservation areas on local community livelihoods cannot be underestimated. As long as the areas remain well managed and protected, they become refuges for many fish species and are important spawning grounds for many species, thereby becoming sources that can continue to supply fish to water bodies in and beyond the property of PTSSS.

First sighting of endangered species Irrawaddy Dolphin

During the 2020 fish surveys, the BioD team had the extreme fortune of sighting an Irrawaddy dolphin (*Orcaella brevirostris*) foraging in the Jergendul river, a tributary to the Kumai river. This rare creature is listed as "Endangered" on the IUCN Red list. The dolphin was actively foraging for fish at the edge of the mangrove conservation area along Jergendul river, Lada Estate Division II. Lada Estate's mangrove conservation area measures approximately 1,100 Ha, which is an important fish spawning ground, especially due to its closeness to the sea.

For dolphins to forage in rivers at Lada estate is another testament to how the integrated estate management and conservation is producing positive conservation results. The Irrawaddy dolphin is both the largest mammal species and species in general recorded in PTSSS' properties, and the BioD team is delightful over this sighting and to realize that this endangered species utilizes our mangrove conservation area.

Ikan Kerandang (Channa pleurophthalmus)

Ikan Patung (Pristolepis fasciata)

The Irrawaddy Dolphin (Orcaella brevirostris) foraging in Jegundul river along the edge of the mangrove conservation area in Lada Estate.

The elusive Bornean ground cuckoo

The elusive Bornean ground cuckoo, *Carpococcyx radiceus*, is a large terrestrial species of Cuckoo in the family Cuculidae. It is endemic to the island of Borneo and generally widespread across the island's humid forests. Unfortunately, large parts of its preferred habitat are being lost from extensive agricultural and urban development activities and, from being common in the past, it is now listed as "Near Threatened" on the IUCN Red List and is only recorded in "good natural habitat".

The species has been recorded occasionally in PT SSS' conservation areas, where it forages the forest floor for insects and fruits, often following feeding frensies of bearded pigs, Sus barbatus, and Malayan sun bear, Ursus malayanus commonly found in our conservation areas. The species remain elusive and poorly known and its respective habitat have become a top priority for conservation managers across Borneo.

Saving critically endangered species

Fishing has always been a very important livelihood component to local communities. Despite the loss of traditional natural fishing grounds from excessive urban and agricultural development activities, fishing continues to contribute to community livelihoods in communities neighboring PTSSS. With our conservation areas often the only natural habitat left in a sea of agricultural and urban landscape, conserving these areas has become even more important.

Concurrently, with the loss of natural habitat surrounding PTSSS, the pressure to utilize resources in PTSSS' conservation areas has increased significantly during the past decade. This has put increasing resource demands on the BioD team to patrol and manage the areas sustainably and as safely as possible. The team understands that no amount of patrolling and fencing can keep hungry humans out of the area and while "trespassing" into private property is illegal, it is unrealistic to keep local communities from using some of these resources.

Therefore, the BioD team has taken an integrated approach, where communities are generally allowed entry for subsistence purposes, provided they comply with "sustainability rules" set out by the BioD team. These rules prohibit, for example, fish bombing, using fish poison, logging and hunting. In certain areas, the

The Bornean ground cuckoo, Carpococcyx radiceus, recorded by camera trap in PT SSS' conservation area.

The Malaysian giant turtle, Orlitia borneensis, that was rescued from an illegally deployed line and hook.

use of fish nets is also prohibited, and during extreme dry periods, areas may be temporarily closed due to the high risk of causing bush fires.

In general, this approach has worked well and the BioD has built up a very good relationship with many adjacent communities which is an important factor that translates positively to the rest of PTSSS management. There is, of course, always a risk of "bad apples in the basket" and illegal activities and unwanted incidents happen simply due to violating the BioD rules and/or by pure chance. One such cases involved a regular fisherman who accidentally hooked a Malaysian giant turtle (*Orlitia borneensis*). This is an extremely rare and fully protected species in Indonesia and listed as "Critically Endangered" on the IUNC Red List.

There are only a few large reproductively mature individuals left in the wild and nesting grounds are few and far in between. There is a very high risk that this ancient species will be functionally extinct within the next two decades and the presence of a mature individuals in PTSSS' conservation areas is akin to finding conservation gold. A fishing method that BioD prohibits is deploying line and hook overnight.

The reason for this is that it often results in the injury or deaths to species like turtles, otters and water birds, usually by drowning. Although the fisherman knew he had broken the rule, he reported the incident of having captured the Malaysian giant turtle instead of selling it for a very high price on the black market. The turtle's flesh is very highly sort after both locally and in China. Quick response by the BioD team unhooked the turtle, treated the minor wound and released it back into its habitat.

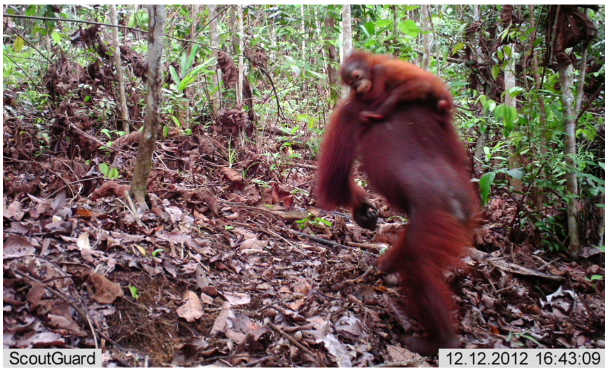
Orang Utans and their babies

Despite the relatively extensive conservation areas in PTSSS(7,500Ha), it remains too small to sustain genetically viable orangutan populations. However, it provides sufficient habitat for a number of individuals to thrive as well as reproduce actively in the area as long as they are left undisturbed. From the onset, PT SSS implemented a "no kill" policy of orangutan and did not consider them as a pest for the plantation. And, the positive conservation results of this strategy are emerging now.

For the past 10 years, the BioD team has conducted regularly awareness programmes internally with company employees as well as externally with communities who live adjacent to our conservation areas. Company staff and communities are aware of not disturbing orangutans when they encounter this animal. The result is positive i.e. there has been no reported conflicts with orangutans in neither PTSSS conservation areas nor inside the plantation land.

Whilst this is extremely positive, more focus on orangutan will be afforded in the near future, because orangutan conservation management in fragmented habitat requires habitat enrichment, landscape connectivity and possibly either reintroduction or replacement of a number of individuals to ensure genetic diversity and resilience. Only then, when such processes are undertaken smoothly in collaboration with the local authorities, will it be possible for our BioD to report "successful orangutan conservation accomplished".

The BioD have continued to record and monitor orangutans. Whereas we have yet to capture on camera a picture of a large breeding male, we know that they must be around. The reason for this is that, almost every year the team has recorded a female orangutan with a baby. The fact that both mother and baby on the pictures appear healthy is a good sign, since it provides evidence that PTSSS' conservation areas are home to reproductively active orangutan population(s). The BioD team will be focusing on habitat enrichment activities and, together with the local authorities, attempt to secure connectivity between, particularly, Tg Puting national park and PTSSS' Kumai Estate.



2012

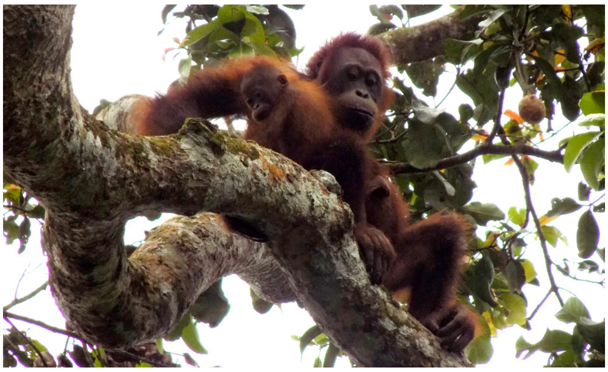
2015

2016

2017

2017

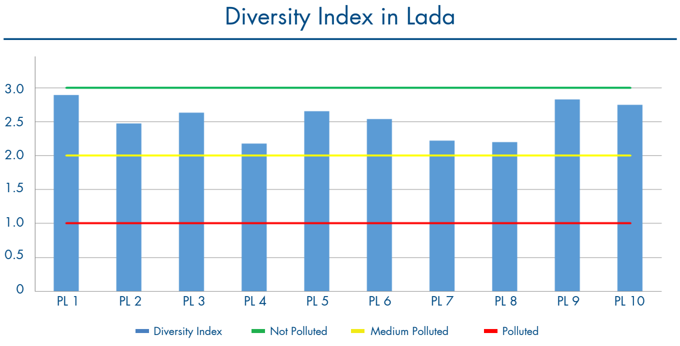
2018

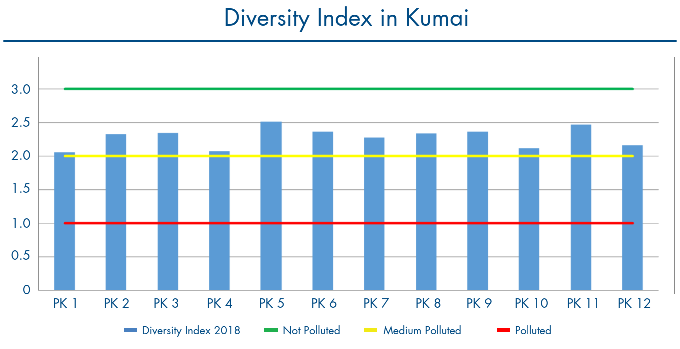


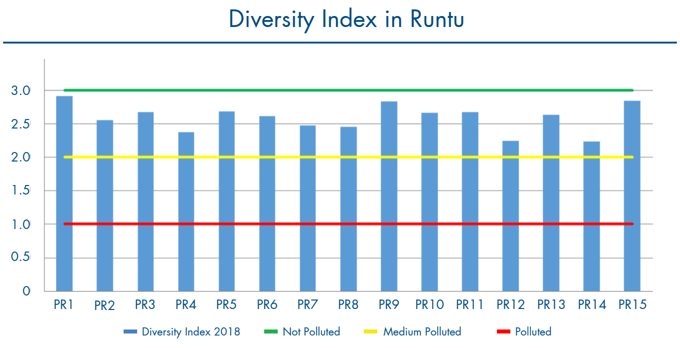
2019

2020

Female orangutans with babies have been recorded on camera traps as well as photographed directly with handheld cameras in 2012, 2015, 2016, 2017, 2018, 2019 and 2020. All pictures are from Runtu Estate's conservation area, however, orangutan presence are also frequently reported in the conservation areas of Kumai Estate.





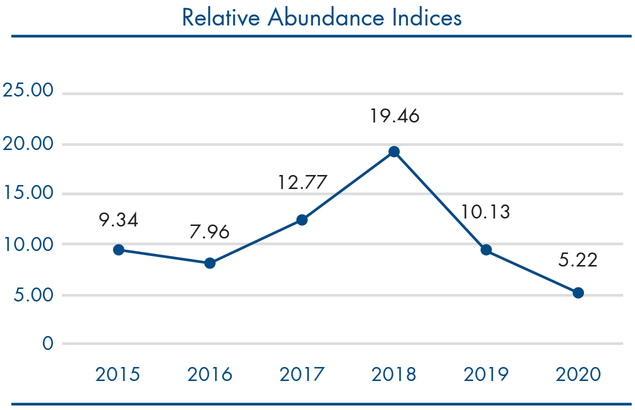


Freshwater plankton diversity in Lada, Kumai and Runtu estates in its indicator of water quality.

Monitoring bio-indicators in various water bodies

Streams, rivers and wetlands in and around PT SSS land areas play important roles in supplying both humans and wildlife with ecosystem services. The diversity of water plankton is often neglected in general conservation efforts, but they happen to be one of the best bio-indicators for water quality. This is mainly because they form one of the most fundamental lower part of the food chain that almost all other living creatures are dependent on. A good plankton diversity is a sign of good diversity of other species too, which in turn can be used to predict an area's ecological health.

The BioD team has monitored plankton diversity in Lada and Kumai estate and use it to evaluate water quality. As of today, 106 species of plankton have been recorded to live on the surface water, indicating that the water quality in Lada, Kumai and Runtu Estates can be considered slightly polluted. Whereas this is considered "good" in a plantation context, the BioD will strive to reach a"not polluted"category in the future. Meanwhile, more work needs to be done to identify the potential source(s) of pollution and/or residual ecological factors from the original land preparation activities.



Leopard cat monitoring

Since 2015, the BioD team has monitored leopard cat population in Lada Estate, using 40 units of camera traps deployed in an 800 x 800meter grid system. In the first three years, the relative abundance of leopard cat increased peaking in 2018, however, in 2019 and 2020 data showed a significant drop with 2020 being the lowest on record.

Whereas it is not yet clear what has caused this downwards trend, it appears too significant to be simple statistical variation. It may be caused by dry season forest fires, decreasing habitat suitability, higher predator pressure (e.g. illegal hunting, increasing population of pythons), drop in prey density (e.g. chemical treatment of rats), diseases and/or other reasons. Nevertheless, leopard cat population continues to be high, with at least 2-4 individual/km^2 compared to natural forest habitat (less than 1 individual/ km^2).

The BioD team already knows that leopard cats are very effective rat predators. Rats constitute almost 75% of the leopard cats diet and an adult cat will often consume 2-3 rats per day.

A significant drop in prey availability, or a significant increase in predator pressure are the most common causes that can alter a predator's population density. The BioD team has observed active Empty Fruit Bunch treatment in the study area that could easily cause disturbances and a temporary drop in the cat population. In addition, the number of reticulated python, Malayopython reticulatus, appear to have increased significantly.

Pythons are the most significant predator of adult leopard cats and they will do their best to avoid contact if possible.

In 2021, the BioD will set up a comparative study to assess what may have caused the drop in leopard cat population. Hopefully, this biological controller of rats can be restored to its full potential.

Dr Carl Traeholt
UP Group Chief Environmental Advisor

Mr. Muhd Silmi
Manager Biodiversity Division

Various types of wildlife photographed by our BioD Department.

Deforestation

UP strictly adheres to No Deforestation and No New Development on Peat soils regardless of its depth and No Exploitation of People and Local Communities (NDPE) which is embedded in our Environment and Biodiversity as well as Human Rights Policies. Through our more than 7,500 Ha of conservation areas we contribute to the protection of critical ecosystems and biodiversity in and around the landscapes where we operate.

New Planting Procedure (NPP) and Responsible Land Use Planning

The RSPO New Planting Procedure (NPP) consists of a set of assessments and verification activities to be conducted by growers and certification bodies (CB) prior to a new oil palm development. The intention is that new oil palm plantings will not negatively impact primary forest, HCV, HCS, fragile and marginal soils or local people's lands. UP subscribes and supports this stance. It is not enough to set aside areas for conservation. Patrolling of the conservation areas need to be conducted to protect these areas from intruders and fires so that the biodiversity is truly conserved. Our Bio-D Division utilizes the SMART system which is the world's preferred, most comprehensive and user-friendly conservation monitoring system.

The added advantage of using SMART is its statistical power that allows the BioD to compile and develop trend-lines and other forms of analyses pertaining to managing and protecting conservation areas and species..

For more information on our HCV and HCS assessment, please refer to our website, *www.unitedplantations.com/sustainability/*.

Peat Developments

Since 2010 our Group has adhered to No Deforestation and to No new development on peatland regardless of depth. For existing plantation areas with Peat Soils best management practices are in place to minimize any adverse impact by operating on these fragile soils.

The total land bank of United Plantations Berhad as of 31 December 2020 is 63,074Ha. The total planted area under oil palm is 46,645 Ha of which Malaysia has 37,566 Ha and 9,079 Ha in Indonesia. In Malaysia the total peat area is 4,627.24 Ha and in Indonesia it is 784 Ha, i.e total peat is approximately 5,411.24Ha equal to approximately 11.6% of our total oil palm planted area. Our Research Team has re-assessed the peat area at our newly acquired brownfield plantation, Tanarata Estate, where there was a reduction in the peat hectarage. This is in line with the latest peat inventory which has been submitted to RSPO Secretariat.

Water Management

Water management is particularly important on the acid sulphate and peat soils. These soils are fragile and if over drained, they will rapidly deteriorate. On the acid sulphate soils, the water level should be maintained up to the jarosite layer, submerging the pyrite (FeS_2) and preventing it from oxidizing to sulphuric acid, which can cause a steep drop in the pH.

Weirs for Moisture Conservation

To conserve moisture during dry periods, a series of weirs are constructed across the collection drains to hold back water and raise the water-table to within 50-75 cm from the surface. To regulate the height of the water table, wooden planks are slotted into the desired level.

The density of weirs varies with the soil type, slope, rainfall and cropping system. On the average, one weir is provided for every 40 to 60 hectares or every 600-1000 m along the collection drain. Assisted by the water gates at the discharge ends of the main drains, the weirs are very effective in minimizing the adverse effects of the moisture stress. Our Research team is undertaking a Drainability Assessment in our peat areas which are due for replants in the next 5 years in accordance with RSPO Peat Drainability Guidance. This will help us better understand the hydrological characteristics of our peat areas.

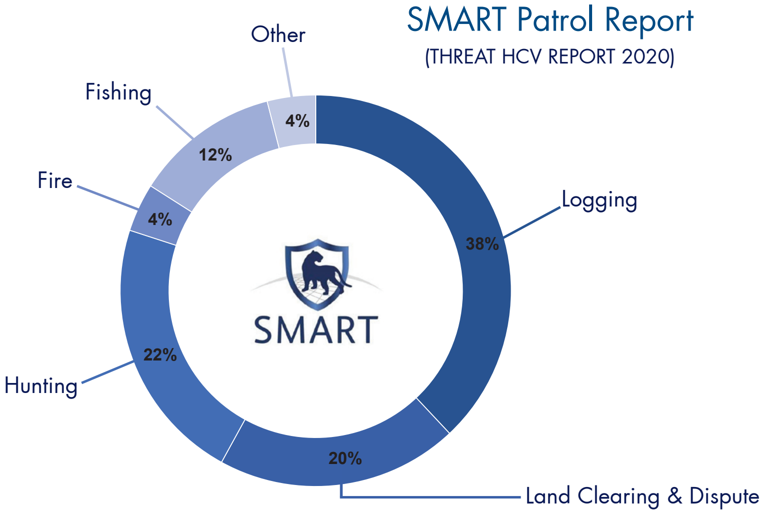
Monitoring of Meteorological Parameters

Weather stations have been set up at strategically important locations throughout our Group. These provide a large amount of micro-climate information critical to, particularly, make accurate fire-risk predictions.

Being able to predict the risk of fire allows the management in each estate to implement proactive measures, to prevent and minimize the risk of fire, as well as to be on high alert with firefighting equipment, in case of fire outbreak.

SMART Patrol Report

(THREAT HCV REPORT 2020)



Threat	Activities
Logging	19
Land Clearing	10
Hunting	11
Fire	2
Fishing	6
Others	2

n=50

Carbon Footprint Initiatives and Climate Action

UP respects and recognises the importance of global initiatives to protect fragile ecosystems and combat climate change. Since 2005, UP has actively been pursuing means of identifying ways to reduce its Greenhouse Gas (GHG) emissions and with that its reliance on fossil fuels. On a global perspective much more attention must be directed towards the adverse impacts of fossil fuel usage and minimising this as about 65% of all CO2 (eq) emissions still come from burning fossil fuels. The world purchases about 93 million barrels of crude oil per day (equal to about 130 million MT per day), and it is therefore important to apply more pressure on mineral oil producers. As an example, a country like Norway today produces about 2 million barrels of crude oil per day. This alone is equal to 913,194 MT of CO2 emission /day or similar to the CO2 (eq) emitted from clearing 1,793 hectares of tropical jungles per day or deforestation rate of 650,000 hectares per year.

Positive change can be made through individual accountability and collective action and it is therefore important that we focus on a balanced approach where we all have to help minimize the impact of deforestation and green house gas emission and not just a selected few. There must be a commensurate effort in reaching this goal and therefore things should be put in perspective and acknowledgement given to the fact that palm oil production is not the main cause of deforestation. In this connection, ongoing initiatives must be intensified to minimize the impact of not just agriculture but all activities that in one way or the other contribute to deforestation and global warming.

Life Cycle Assessment (LCA)

In 2006, following the completion of the world's first peer reviewed Life Cycle Assessment (LCA) study on the "cradle to grave" production of 1 MT of refined palm oil, various areas were identified within our production chain, which could mitigate GHG emissions. Following that, the world's first comprehensive LCA in accordance with ISO 14040 and 14044 International Standards on palm oil was finalized in 2008 and subsequently underwent a critical panel review.

Further annual updates to this LCA were carried out by 2.0-LCA Consultants involving Dr. Jannick Schmidt from Aalborg, Denmark including the latest update undertaken for year 2020. The updated 2020 LCA model incorporated the new EXIOBASE background database and the contributions from indirect land use change, peat emissions and nature conservation have been reviewed in light of new data. These studies indeed helped to identify additional areas in need of further improvement within our Group.

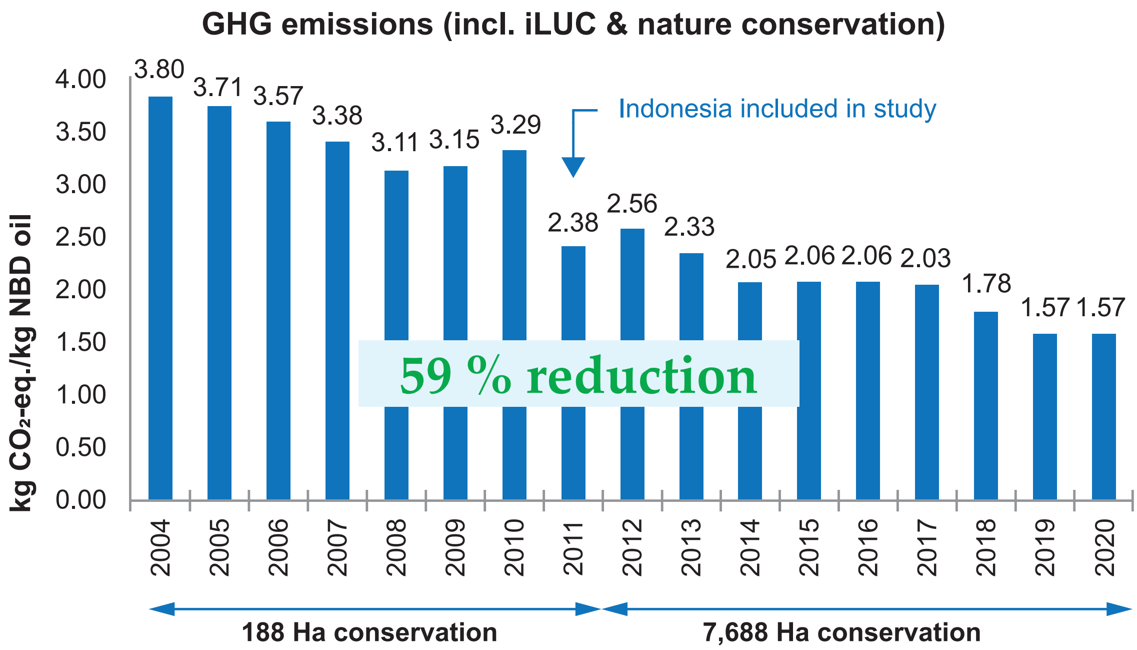
It should be noted that the GHG emissions per kg palm oil calculated in this study cannot be compared with the results obtained with the GHG accounting tool PalmGHG, due to key methodological differences between the two models.

Significant reduction in UP's GHG emissions since 2004

Below, time series of GHG emissions from palm oil at UP is presented. The time series for NBD palm oil at UP shows a reduction of 52% (without iLUC) and 49%(with iLUC) from 2004 to 2020. When including nature conservation, a substantial reduction of 59% has been achieved. This study highlights the fact that UP's palm oil has significantly lower GHG emissions when compared to average RSPO certified palm oil as well as Rapeseed and Sunflower oil produced in Europe as seen in the graph on the next page.

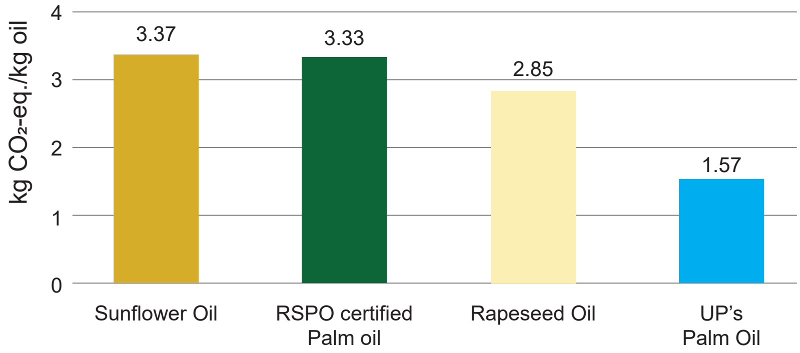
Target 2025

Our internal goal of reaching 60% reduction of UP's Carbon Footprint per MT of refined palm oil produced by 2025 when compared to 2004 levels (with iLUC and nature conservation) remains an ambitious target set by the Company. We shall relentlessly pursue to reach and exceed this through more initiatives and further investments between 2021-2025.



Time-series for NBD palm oil at United Plantations Berhad (with iLUC and nature conservation) for 2004 - 2020.

Comparison of Palm Oil Produced in United Plantations Against Average RSPO Certified Palm Oil and Other Oils



The 2020 GHG emissions from UP's palm oil production have been compared with industry averages of RSPO certified palm oil (Malaysia/ Indonesia), rapeseed oil (Europe) and sunflower oil (Ukraine). The industry averages are based on Schmidt and De Rosa (2020) and Schmidt (2015).

Emissions Reductions & Biogas Plants

As a necessary element in our pursuit to combat climate change, significant investments have been made in promoting green energy starting with the Biomass Reciprocating Boiler cum Power Plant and the first Biogas Plants built and commissioned in 2006.

These projects combined have since helped to significantly reduce our emissions of CO_2 by 70% and CH_4 by 80% at the respective operating units thereby paving the way for additional green investments. All of our mills are now equipped with Biogas Plants since 2018. For more information on our LCA assessment, please refer to our website, *www.unitedplantations.com/sustainability/.*

Biogas to Grid Project

Since the UIE biogas plant began operation in 2010, the biogas generated at the mill was either flared or used as a substitute fuel in the mill boiler. In 2020 a total of 7,176 MWh of electricity was generated from the biogas plants and sold to the grid which is a 60% increase from the previous year.

Photovoltaic Cell Pilot Project

A pilot project was initiated in 2020 to evaluate the feasibility of photovoltaic cells to produce green electricity from sunlight to offset electricity consumption from the grid. Located on the roof of the Tissue Culture Laboratory, these battery of cells are expected to generate 525 kW/ day with the option of selling electricity unutilised by the laboratory to the grid.

Biomass Reciprocating Boiler

The first Biomass Reciprocating Boiler (BRBI) was successfully commissioned in 2006 and supplied green steam to Jendarata Palm Oil Mill as well as the Unitata Refinery, thus playing a crucial role in reducing the fossil fuel consumption at the refinery. Since then the company has built and commissioned another 7 biomass reciprocating boilers with the latest unit at UIE (M) installed in 2019.

Biomass boilers in our mills are also equipped with VORSEP dust particle minimizing system, and an automatic fuel feeding system with greater energy efficiency, reduced dust emissions and a lower labour requirement.

Isokinetic Monitoring of Gaseous Emissions from the Palm Oil Mills

In conformance to the Department of Environment's stipulations as well as to monitor the quality of our gaseous emissions, flue gas compositions were regularly checked by certified assessors throughout 2020. The average dust concentration in the flue gasses of four palm oil mills in UP's Malaysian Operation and the Indonesian mill without the VORSEP system were tabulated.

In all Malaysian mills the average dust concentrations were below the limit of 0.15g/Nm^3 set by the Department of Environment as per the Environment Quality Act (Clean Air Regulations) 2014and the Lada mill emissions is well within the 0.3g/Nm^3 set by the *Peraturan Menteri Negara Lingkungan Hidup No 07 Tahun 2007 in Indonesia.*

VORSEP Dust Collector System

The VORSEP dust collector system was first installed on our Biomass Reciprocating boiler at Ulu Basir Palm Oil Mill replacing the old conventional multi-cyclone dust collector system. The unit was commissioned in June 2015 followed by progressive installation of additional units in the rest of the mills. With the commissioning of the VORSEP system at UIE mill in 2019 all of UP's palm oil mills in Malaysia are now fitted with the VORSEP dust collector system.

Palm Oil Mill		Average Dust Concentration (g/Nm^3)
Jendarata	- BRB 2	0.136
Ulu Bernam	- Boiler 1 & 2	0.126
Ulu Basir	- Boiler 4	0.125
UIE	- Boiler 2, 3 & 4	0.063
Lada	- Boiler 1 & 2	0.068

These units were installed primarily to meet the DOE's Environmental Quality Act (Clean Air Regulation) 2014 which among others requires a cleaner emission standard from the boiler with the following conditions: -

i) The dust concentration emitted from the stack should not be more than $0.150 g/Nm^3$

ii) The smoke should not exceed shade No. 1 on the Ringlemann chart and should be less than 20% opacity

Palm Oil Mill Effluent (POME) and Palm Oil Refinery Effluent (PORE) Treatment

Palm oil mill effluent and palm oil refinery effluent are treated in treatment ponds to reduce their BOD and COD contents before they are used to irrigate the oil palm fields. Any release into this waterways after treatment must satisfy the DOE discharge limits.

Biomass utilisation and economic value

In 2020, a total of 725,920 MT of biomass residues were generated through the various field and mill operations of the Company's Malaysian operations.

Almost all of the total biomass generated (99.7%) or 723,729 MT were effectively utilised as organic matter back to the fields applied as organic mulch in the nursery or as fuel source, thereby enriching our soils and displacing the use of fossil fuels whilst adding value to the biomass generated.

Our Indonesian operations generated a total of 158,070 MT of biomass dry matter in 2020. Even though the quantum is lesser than what is generated in Malaysia, a very high proportion of these biomass (157,583 MT or 99.7%) was utilised through recycling in the field or as a green energy source with all the added benefits to the environment.

Production and Level of Utilisation of Oil Palm Biomass Residues in UP in 2020

(Dry Matter Basis-Malaysian Operations)

Biomass	Quantity Produced (MT)	Quantity Utilised (MT)	% Utilisation	Method of Utilisation
Trunks and fronds at replanting	111,001	111,001	100	Mulch
Pruned fronds	348,981	348,981	100	Mulch
Spent male flowers	33,556	33,556	100	Organic matter recycled on land
Fibre	71,890	71,890	100	Fuel & mulch in nursery
Shell	42,992	42,992	100	Fuel & mulch for polybag seedlings
POME	29,214	27,023	93	Biogas generation, nutrient source, field irrigation and base for organic fertiliser production
EFB	88,286	88,286	100	Mulch and Fuel
Total	725,920	723,729	-	-
Level of utilisation =99.7%				

(Dry Matter Basis-Indonesian Operations: Lada and Runtu Estates)

Biomass	Quantity Produced (MT)	Quantity Utilised (MT)	% Utilisation	Method of Utilisation
Trunks and fronds at replanting	-	-	-	-
Pruned fronds	88,190	88,190	100	Mulch
Spent male flowers	8,480	8,480	100	Organic matter recycled on land
Fibre	19,289	19,289	100	Fuel & mulch in nursery
Shell	11,870	11,870	100	Fuel & mulch for polybag seedlings
POME	6,487	6,000	92	Biogas generation, nutrient source, field irrigation
EFB	23,754	23,754	100	Mulch and Fuel
Total	158,070	157,583	-	-
Level of utilisation =99.7%				

In compliance with our zero-burn policy, palm trunks are felled and chipped and mulched, enhancing the organic carbon content in the soil.

The Jendarata Estate Biogas Plant commissioned in 2006 treating the Palm Oil Mill Effluent. In the process of reducing the Biochemical Oxygen Demand by 99% in Palm Oil mill effluent, biogas is produced by methane bacteria and subsequently used as a source of green energy.

Fertilizer Equivalent and Monetary Value of Oil Palm Biomass Residues Recycled on Land in UP in 2020

(Malaysian Operations)

Biomass Residues	Method of Utilisation	Quantity Utilised on Dry Basis (MT)	Fertiliser Equivalent (MT)			
			Urea	Rock Phosphate	Muriate of Potash	Kieserite
Trunks & fronds at replanting	mulch	111,001	1,388	466	1,785	851
Pruned fronds	mulch	348,981	7,867	2,559	6,654	4,356
Spent male flowers	organic matter	33,556	1,080	715	1,985	1,030
EFB	mulch	37,443	651	275	1,810	416
Digested POME	biogas generation & irrigation	27,023	940	595	1,477	1,081
Total (MT)		558,004	11,926	4,610	13,711	7,734
Monetary value (RM)			14,131,696	1,451,904	16,248,189	4,361,996
Total monetary value RM36,193,785						

(Indonesian Operations - Lada and Runtu estates)

Biomass Residues	Method of Utilisation	Quantity Utilised on Dry Basis (MT)	Fertiliser Equivalent (MT)			
			Urea	Rock Phosphate	Muriate of Potash	Kieserite
Trunks & fronds at replanting	mulch	-	-	-	-	-
Pruned fronds	mulch	88,190	1,988	647	1,681	1,100
Spent male flowers	organic matter	8,480	273	181	502	260
EFB	mulch	23,129	402	170	1,118	257
Digested POME	biogas generation & irrigation	6,000	209	132	328	240
Total (MT)		125,799	2,872	1,130	3,629	1,857
Monetary value (RM)			4,217,834	567,279	5,118,512	1,321,066
Total monetary value RM11,224,691						

With our commitment to sustainability and good agricultural practices, the recycling of field and mill biomass residues back to the oil palm land remains a cornerstone in UP. These measures have been shown to maintain and even improve soil fertility in the long term and enhance palm growth and yield.

In 2020, the total organic matter recycled on land in UP amounted to 558,004MT of dry matter which is equivalent to 323,642MT of carbon. At this rate, we are returning more than 17MT of organic matter or close to 10MT of carbon to each hectare of land, over the period of a year, thereby helping to replenish the soil carbon stock which is an important component of soil health.

Upon mineralisation, the organic residues release substantial quantities of previously locked plant nutrients to the soil which is available for palm uptake. The fertiliser equivalent of the material recycled on land is of the order of 37,211MT of NPKMg fertiliser which in itself has a monetary worth of RM36.19 million at the prevailing 2020 fertiliser prices.

For our Indonesian operations, a total of 125,799 MT of biomass was recycled back onto our plantation land. This is equivalent to adding 72,963 MT of organic carbon to enrich the land which on a hectare basis is akin to returning 15MT of organic matter or almost 9 MT organic carbon to the land.

On the more sandy soils in Indonesia such inputs will have a significant benefit on improving long term soil health. The nutrient content in these recycled biomass is equivalent to 9,488MT of inorganic NPKMg fertilisers, with a value equivalent to RM11.22 million at 2020 prices.

Recycling of pesticide containers and scheduled wastes

To avoid contaminating the environment and prevent misuse of pesticide containers and other scheduled wastes we have been collecting and disposing off triple rinsed pesticide containers, spent lubricants, used batteries and spent fuel filters through certified waste managers.

The waste managers will either safely recycle these items or dispose of them in accordance with government regulations. There is no deemed hazardous waste under the terms of Basel Convention Annex I, II, III and VIII, that were transported, imported, exported or treated.

Triple rinsed plastic pesticide containers (MT)

	2020	2019	2018
UPB	14	17	29
PTSSS	1.4	1.4	1.8

Spent lubricants (lit)

	2020	2019	2018
UPB	51,167	41,661	46,909
PTSSS	4,677	3,760	3,242

Used batteries (pieces)

	2020	2019	2018
UPB	107	159	161
PTSSS	11	18	15

Spent fuel filters (pieces)

	2020	2019	2018
UPB	4,936	4,888	4,021
PTSSS	195	267	175

Water Impacts

Relates to UP's measures to preserve and protect water ways and manage the use of water throughout our organisation.

UP fully appreciates that much more can be done in terms of water productivity. In order to maximize the available water resources, United Plantations has, since 1913, gone to great length to construct an extensive system of water gates, bunds, weirs, canals and drains hereby enabling us to harvest and optimize the usage of rain water.

In addition, leguminous cover crops are established in all our immature plantings to conserve moisture.In this context, it is important to mention that except for the nursery areas, none of UP's planted areas under oil palms or coconuts are irrigated. All our areas are under rain-fed agriculture, thus making use of whatever water which comes naturally from above. We are continuously working to mitigate our water footprint related to mill waste, maintaining buffers along natural waterways, harvesting rainwater, frugal domestic water usage and judicious use of pesticides and weedicides.

The consumptive use of water (evapotranspiration) of these crops ranges from 120-150 mm per month. To meet requirements, the monthly rainfall should equal or preferably exceed this figure, failing which moisture stress would occur.

The rainfall in the UP Group ranges from 1,600 to 2,500 mm per year, with the average being 2,000 mm. Monthly distribution is reasonably uniform, but drought does occur when some estates receive less than 100 mm of rainfall over 2-4 months as experienced in past years.

Weirs have been constructed across the collections drains to harvest rainfall and hold back water to raise the water table.

Hydrology and Limnology

Clean water is critical to sustain all kinds of life form on Earth. In rural Indonesia thousands of local residents are dependent on water supplies from lakes and rivers.

Maintaining a clean and uninterrupted supply of water constitutes one of the most critical components in sustainable palm oil production.

The Biodiversity team has developed a "Hydrology map" and identified a number of permanent sites for sampling water quality. Using the state-of-the-art equipment, the team measures and records organic, inorganic and physical pollution parameters in the field.

Potential trace elements and toxins are measured with a spectrophotometer in the laboratory. In the event of a sudden deterioration in water quality, the team will identify the source of pollution and initiate a process to rectify the problem.

This includes identifying any unusual organic contamination, usually due to empty fruit bunches that mistakenly have slid into a stream or if an unusual high level of inorganic contamination is detected, it is usually a result of excessive wash-out of fertilizer.

Such information is communicated to the respective estate manager, allowing them to rectify a potential problem within a very short time period.

In our pursuit to conserve this depleting precious gift, every effort is being done to educate our residence to be frugal on its usage.

Old water pipes, water tanks, faulty taps are being replaced from time to time to arrest leakages. We aim to reduce the consumption in the coming years with more awareness programmes.

Domestic Water Consumption (gallons per capita per day)

	2020	2019	2018
Malaysian operations	73	69	69
Indonesian operations	77	71	76

Erosion Monitoring Plots

To better understand the dynamics of soil, water and nutrient loss that can occur in our property, several erosion monitoring plots measuring 6m x 20m were set up in one of our estates on slightly sloping land under mature oil palm. Thereafter the amount of soil loss, surface runoff and nutrient losses in each of these fractions are being closely monitored to determine the major routes of soil, water and nutrient loss. Such studies illuminate the areas of major loss through which mitigating measure can be developed to minimise the depletion of these vital natural resources.

Rain Harvesting

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

Mill Water Consumption Rate

We monitor the water consumption for processing of FFBs and ensure optimum water consumption without unnecessary wastage. Any leakage in water supply will be repaired immediately.

Mill water consumption rate in processing fresh fruit bunches (MT water/MT FFB processed)

	2020	2019	2018
Malaysia operations	1.7	1.7	1.5
Indonesia operations	1.1	1.4	1.2

Pesticides and Chemical Usage

Conducting our operations under the best principles of agriculture and to reduce chemical and pesticides usage thereby minimising the impact to the natural environment.

UP has a strong commitment to Integrated Pest Management (IPM), and in line with the Principles and Criteria of the RSPO we are continuously working on reducing the usage of pesticides. Our employees' safety is a top priority and in this connection all sprayers are trained extensively and are required to use full Personal Protective Equipment.

According to CropLIfe International, a global federation representing the plant science industry, 42% of crop production throughout the world is lost as a result of insects, plant diseases and weeds every year. In the tropics crop losses can reach as high as 75%.

Careful use of pesticides can deliver substantial benefits for our society through increasing the availability of good quality and more affordably priced food products. However, pesticides are inherently dangerous and it is in everyone's interest to minimize the risk they pose to people and the environment.

Integrated Pest Management (IPM)

IPM, means a pest management system that in the context of the associated environment and the population dynamics of the pest species, utilizes all suitable techniques and methods in as compatible a manner as possible and maintains the pest population at levels below those causing economically unacceptable damage or loss.

Source: FAO

Our commitment towards continuous improvements has resulted in minimizing the usage of pesticides in relation to other major oil seed crops, primarily through Good Agricultural Practices and improvement in planting materials.

Today, UP's use of pesticide is 4-6 times lower per tonne of oil produced compared to Rapeseed and Soybean farmers and about 30-40 times lower compared to Sunflower growers.

Establishing Beneficial Flowering Plants

To date, a total of 296,252 broadleaf flowering plants have been planted in our plantations encouraging parasitoid and predator activities which is a vital part of our IPM programme.

There has been a steady increase in the number of beneficial plants which were planted in our Malaysian and Indonesian properties over the last few years to function as shelter and food source for the beneficial insects.

		Malaysia		*Indonesia*
Cassia cobanensis	-	*43,091 planted*	-	*14,832 planted*
Tunera subulata/ulmifolia	-	*111,062 planted*	-	*93,307 planted*
Antigonon leptosus	-	*15,296 planted*	-	*151 planted*
Carambola sp	-	*3,554 planted*	-	*10 planted*
Others	-	*6,315 planted*	-	*8,634 planted*
Total		*179,318 planted*		*116,934 planted*

Tunera ulmifolia - one of the beneficial plants being established in our fields.

EXCOM inspecting a field with foliage damage by severe bagworm (lepidoptera) outbreak.

Surveillance and Monitoring of Pest Outbreaks

The key to minimizing both the economic impact of pest and environmental impacts from excessive use of pesticides is by regular surveillance and monitoring. Treatment is only carried out when the damage exceeds established critical thresholds. Several census gangs are deployed on each estate to survey the extent of pest infestation. This is coupled with regular aerial reconnaissance in order to track and pre-empt pest build-up thereby more effectively treating potential outbreaks.

Use of Biological Pesticides and Pheromones

First line treatment against leaf pests i.e. Nettle Caterpillar and Bagworm is by biological treatment in the form of *Bacillus thuringiensis*. The use of pheromones to trap Rhinoceros Beetles thus reducing the dependency on chemical pesticides is also adopted on all estates.

Besides trapping out the beetles, pheromone traps also provide management with statistical information of the severity of the beetle problem and supplements the chemical spraying operations to minimise beetle damage.

Overpopulation of rats, beetles and various kinds of weeds can have profound negative impact on production yield. UP Group attempts to minimize the usage of chemical control-agents where possible, and the BioD undertakes a number of research projects to maximise the usage of biological control agents where possible. For example, leopard cat (*Prionailurus bengalensis*) is one of the key-predators of rats and other small rodents, and preliminary studies on the effect of these cats as rat-controllers in a plantation landscape is ongoing.

The results have been very promising, and UP's biodiversity team is currently exploring ways to enrich the habitat conditions for leopard cats, to maximise the population density and thereby reduce the effect of rat damage. Apart from leopard cats, the team also records ecological parameters along with the effect on rat populations of other predators such as barn owls (*Tyto alba*), Spitting cobra (*Naja sumatrana*) and water monitor lizards (*Varanus v. salvator*).

	United Plantations Palm Oil (Malaysian Operations*)			Soybean**	Sunflower**	Rapeseed**
	2020	2019	2018			
Pesticides / Herbicides (kg per MT oil)	0.76	0.70	0.70	3.95	28	3.73

**Includes palm oil+palm kernel oil (UP, 2018-2020 - Malaysian operations)*
***Data from FAO, 1996- Pesticide data for soybean and rapeseed updated in 2007/9 and 2010 respectively*

	United Plantations Palm Oil (Indonesian Operations*)			Soybean**	Sunflower**	Rapeseed**
	2020	2019	2018			
Pesticides / Herbicides (kg per MT oil)	0.15	0.10	0.12	3.95	28	3.73

**Includes palm oil+palm kernel oil (UP, 2018-2020 - Indonesian operations)*
***Data from FAO, 1996- Pesticide data for soybean and rapeseed updated in 2007/9 and 2010 respectively*

5-Step Integrated Pest Management Programme approach taken to contain and/or control Bagworm outbreak.

1) Integrated Pest Management
E.g. planting of beneficial plants to enhance the natural parasitic and predator activities against bagworm. To date more than 296,252 beneficial broadleaf flowering plants have been planted in both Malaysia and Indonesia.

2) On-going Monitoring
Census gangs deployed on each estate who take random frond samples in a pre-determined pattern throughout each estate. These fronds are subjected to insect counts and damage assessments by trained personnel.

3) Aerial Surveillance
Regular aerial reconnaissance is carried out to better detect, pre-empt and treat potential outbreaks.

4) Use of biological control agents
E.g. Bacillus thuringiensis as the first line of treatment against an outbreak.

5) Final Resort
As a final resort and only when Steps 1 to 4 have proven to be futile in containing or controlling the natural equilibrium between pest and beneficial predator, our trained personnel intervenes with the specific treatment of trunk injection.

Monocrotophos phased out completely

In 2020, we have successfully phased out monocrotophos, which is a key milestone. Concerted efforts to source and evaluate alternatives for the Class 1A insecticide, monocrotophos, have been ongoing since 2006 through our collaboration with several multinational chemical companies, amongst others Bayer and BASF (Germany), Syngenta (Switzerland), Cheminova (Denmark), Sumitomo (Japan), Rainbow Agrosciences (China) and UPL (India).

Multiple experimental and existing insecticidal compounds have been evaluated for bagworm control with our partners with no success in matching the efficacy of monocrotophos. In recent years our Research Department was able to test new formulations of an existing insecticide that hitherto gave inconsistent bagworm control. It has now been established that with these new formulations we are able to have a commercially viable and effective alternative to monocrotophos with a Class II toxicity rating which is a much safer product.

As a result, we have since September 2020 successfully phased out the use of monocrotophos and metamidophos for trunk injection to control bagworm. This is a key milestone as our plantations can now dispense with the use of WHO Class 1A or 1B pesticides for bagworm control and replaced them with an equally effective product.

Nonetheless, bagworm is an endemic pest in Lower Perak and the Federal Government has gazetted this as a "Dangerous Pest" on 15the November 2013. It is an offence under the Plant Quarantine Act 1976 if this dangerous pest is left without any control and can be fined up to RM10,000.

Outbreaks of bagworms continue to occur in the properties neighbouring UP in the State of Perak, West Malaysia. This is of great concern as it is important that collaborated effort by the government authorities, neighbouring smallholders and other plantations are put in place in an attempt to eradicate this serious pest.

UP is working closely together with its neighbours as well as the authorities in the form of the Malaysian Palm Oil Board (MPOB) to achieve positive progress on this concerning issue. UP has extended its service to the neighbouring plantations the use of its airstrips for aerial bagworm control and also taking the plantation managers for aerial reconnaissance flights to monitor the extent of bagworm infestations in the region.

As can be seen in the table on next page, the quantity of agrochemicals (fertilizer nutrients and pesticide/herbicide) per tonne of oil produced in oil palm cultivation at UP over the last three years remain substantially lower than annual oilseed crops such as soybean, sunflower and rapeseed, a reflection on the resource utilization efficiency of the oil palm crop.

Pesticide usage in 2020 was slightly higher than 2019 level as a result of higher herbicide and insecticide usage. Direct fossil fuel energy consumption was slightly lower in 2020 in comparison to 2019 due to higher crop production.

Biological Control Agents to Substitute for Chemical Insecticides

Leaf eating pest outbreaks in immature oil palms will need to be treated with insecticides. The use of biological insecticides such as Bacillus thuringiensis is encouraged at this young crop stage to minimise collateral damage on beneficial insects in the field as well as to reduce dependency on chemical insecticides.

Our use of biological insecticides is as recorded below although the quantity used is also dependent on the palm age where pest outbreaks occur. In 2020 more older palms were infested which is less amenable to spraying with biological insecticides.

	2020	2019	2018
Malaysia operations	0	90	288
Indonesia operations	0	0	0

Quantity (kg) of Bacillus thuringiensis applied in our Malaysian and Indonesian operations.

Agrochemical and Energy Inputs in the Cultivation of Oil Palm and Other Oilseed Crops

Input	Per tonne oil basis					
	Oil Palm*			Soybean**	Sunflower**	Rapeseed**
	2020	2019	2018			
Fertiliser nutrients						
Nitrogen (N-kg)	19	21	19	315	96	99
Phosphate (P_2O_5-kg)	8	10	10	77	72	42
Potash (K_2O-kg)	43	47	44	NA	NA	NA
Magnesium (MgO-kg)	7	8	7	NA	NA	NA
Pesticides/Herbicides (kg)	0.76	0.70	0.70	3.95	28	3.73
Energy (GJ)	0.55	0.59	0.76	2.90	0.20	0.70

** includes palm oil + palm kernel oil (UP, 2018-2020 - Malaysian Operations)*
*** Data from FAO, 1996- Pesticide data for soybean and rapeseed updated in 2007/9 and 2010 respectively*

Mowing of Harvesters' Paths

Blanket weeding is discouraged, soft weeds with shallow root system which do not grow to excessive heights are encouraged outside the weeded palm circle. Harvesters' paths are mowed. This practice maintains a flora which is favourable to natural enemies of crop pests and reduce soil loss.

Harnessing advances in pesticide technology to reduce herbicide inputs in mature oil palm

In the wet tropics, weed species rapidly cover the ground and if left unchecked, will encroach into palm circles to compete with the palms for nutrients and water as well as interfere with field operations.

Consequently, herbicides are an important tool to keep the palm circles weed free. Of the total pesticides used in a mature field, herbicides will therefore account for more than half of the total pesticide load. Thus any improvement in the length of control for weeds will contribute significantly to a reduction in pesticide use for mature palms.

Over the years UP has actively co-operated with leading agrochemical manufacturers to evaluate a range of herbicidal compounds. Arising from the close collaboration with Bayer CropScience a new compound, Indaziflam, with long lasting weed control was extensively tested in our fields and was found to be able to slash the number of herbicide rounds from four rounds a year with the standard herbicide mix to two rounds a year with the Indaziflam combination.

This confers the clear benefit of almost halving the herbicide input in a field and greatly improving labour productivity where this approach has been adopted.

Calibration for Pesticide Application Equipment

The Company engages the services of equipment suppliers to regularly monitor the calibration of the equipment to avoid application error (under and over applications) and safety to operators.

Regular training and refresher courses are implemented, all of which are audited by the MSPO/ISPO/RSPO accredited auditors every year.

Monitoring of herbicide usage (kg a.i/ha)

	2020	2019	2018
Malaysia operations	3.84	3.30	2.91
Indonesia operations	0.81	0.54	0.69

Reduction of overall herbicide usage (kg a.i./ha/year) in mature oil palm planting with the introduction of Indaziflam herbicide in 2016 onwards.

Chemical Health Risk Assessment (CHRA)

In line with the Use and Standards of Exposure of Chemicals Hazardous to Health (USECHH) Regulations 2000, UP first appointed a certified assessor to conduct CHRA in 2004, for all chemicals utilized in the respective plantations, oil mills and refinery.

It is being reviewed every 5 years by the assessor as stipulated in the Regulations and annual medical health surveillance is conducted on all spray operators.

Rats eat both palm fruits and male flower in the oil palm fields and are considered one of the main pests in oil palm fields. Leopard cats (Prionailurus bengalensis) and Barn owls (Tyto alba) significantly reduce rat population and the usage of rodenticides.

Biological pest control of rats

Rats thrive in the oil palm ecosystem with an abundance of food source (palm shoots, fruit mesocarp, kernels, weevil grubs etc.) as well as plentiful harborage amongst the cut frond heaps. The common rat species encountered in an oil palm field are the Malaysian wood rat (*Rattus tiomanicus*), padi field rat (*Rattus argentiventer*) and the house rats (*Rattus rattus diardii*).

With its prolific reproductive rate, whereby a sexually mature female could conceive multiple times a year and produce an average of 8 pups in each litter, rat populations can mushroom if given the right condition resulting in high crop losses. Various researchers have estimated crop loss caused by rats feeding on fruit mesocarps to be able to reduce oil yield by 5 – 10% (Wood, 1976; Liau, 1990). Badly gnawed male and female inflorescences, as well as young palms killed by rat attacks further contribute to crop loss.

Barn Owls

The Barn owl is a much-loved countryside bird by oil palm planters as it predates on rats, resulting in major reduction of rodent damage.

This bird is the best partner to growers due to its ability to adapt well to oil palm plantations. It survives on a staple diet of 99% rats. It is estimated that a pair of barn owls together with its chicks consume about 800 to 1,000 rats per year.

The barn owls are medium sized (34-36cm) with long legs that have feathers all the way down to their grey toes. The owls have large, round heads without ear tufts and pale heart-shaped facial disc. The owls ingest the rat whole and use their digestive juices to dissolve the nutrients of the fleshy parts. The tougher indigestible parts such as the bones, skulls are regurgitated out.

Barn owl population in tandem with preys' availability can be expanded in the plantation by construction of boxes at vantage points – about 5 meters from the ground and shaded by the palms' canopies.

A zinc baffle or collar should be placed on the pole to prevent snakes etc. from predation of the owl's eggs and new born chicks. These boxes should be inspected regularly and repaired where necessary in order to optimize its' occupancy.

At United Plantations, the barn owl is the first line of defence against this serious pest. Where owls could not cope with the high rat population, first generation rat baits such as warfarin are employed to selectively bring down the population.

Warfarin baits are preferred as they are relatively safer to barn owls than second generation rat baits. Based on the low usage of rodenticides in the past years, we can infer that the barn owl programme has been fairly successful in keeping rats under control, augmented with rodenticide baiting in selected areas.

Leopard cats

Since its formation in 2011, the Biodiversity Division in UP/PTSSS has recorded a surprising number of leopard cats, Prionailurus bengalensis, in the estates. The species is common throughout Southeast Asia in undisturbed as well as altered habitats.

They are common in some oil palm estates; however, little is understood about their role as rat predators in a plantation landscape although studies have shown that rats and mice constitute 93% of the leopard cat's mammalian diet (Rajaratnam at.,2007). Field observations demonstrate there is a negative relationship between cat numbers and rat population, with high abundance of cats associated with low rat numbers and vice versa (Silmi et al.,2013)

Year	2020	2019	2018
Total Boxes	2,717	2,489	2,491
Total Area Under Owl (Ha)	32,603	31,500	32,322
Box to land ratio in Scheme	12.00	12.66	12.98
% Occupancy in Scheme	48.58	52.35	54.16
Total Planted Area (Ha)	34,158	34,226	35,813
Box to land ratio over Total Planted Area	12.57	13.75	14.38
Rodenticide ai/planted Ha (kg/Ha)	0.0006	0.0011	0.0008

Since 2015, nine individual leopard cats have been collared and continuously tracked for 23 months and aided by 40 camera traps set up in a 800m by 800m grid generated estimates of the respective cats' home-ranges and dispersal patterns. With at least 2-4 individual/km^2 the leopard cat density in the oil palm estate is much higher than in the conservation forest with a density of less than 1 individual / km^2. Leopard cat population in the study area declined in 2019 and 2020 and studies are underway to determine the cause of decline.

The cats are strictly nocturnal and prefer to hide and rest in thick bush, primarily consisting of sword-fern (*Nephrolepis sp*) during day-time, but forage both on the ground and in the palm canopy at night.

Some preliminary results conclude that leopard cats can feed, reproduce and thrive in a palm oil estate, with a mean home range (95% MCP) for male leopard cats 1.39 km^2 (n = 5; SD = 1.40 km^2) and a mean home range of female cats smaller at 1.26 km^2 (n = 4; SD = 0.36 km^2). In areas where rats constitute the main prey, leopard cats eat an average of 2-3 rats per day. Amphibians, snakes and birds are also on the menu.

With a body weight range of 2.5-4.0 kg leopard cats are expected to consume more food than the much lighter barn owl, a factor which may be favourable in its role as a rat control agent (Silmi et al.,2013) Our observations reveal that leopard cats can reproduce rapidly with some females giving birth to 4 cubs, with reproduction cycle every five to six months.

Fighting the Haze and Preventing Fires

There shall be no use of open burning/fire in new or ongoing operations for land preparation, land management, waste management, or any other reason other than justified and documented cases of phytosanitary emergency.

Zero Burning Policy

We will be conducting a series of community workshops to educate our local communities about the environmental and social consequences of slash-and-burn farming, as well as to promote alternative methods of land clearance.

Our goal is the total eradication of fire as a means to clear land by the local communities. This year thankfully there was no severe drought in Indonesia.

To further enhance the fire patrol, four additional fire watch towers were constructed at strategic points and purchased additional six units of GPS devices.

There were some isolated fire incidents which burnt approximately 1.06 Ha within our Plasma area (inner ring) and 13.2Ha at the outer ring adjacent to our concession. However, the fire was immediately extinguished by our ERT in PTSSS.

Hectares Burnt in Fires

	2020	2019	2018
Non Planted	0	13.28	31.20
Planted	1.06	3.22	0.55
Total	1.06	16.50	31.75

Outer Ring Range of ≤500 m

	2020	2019	2018
Outer ring ≤500 m (Ha)	13.2 *Grassland in outer ring of Kumai	96.75 *95Ha in the outer ring of Arut	1 *Small farmer's field

Fire patrols are conducted regularly in our Indonesian estates during the dry season.

UIE has since 2008 become a "tree seed- garden" pioneer estate which holds one of Malaysia's finest and diverse collections of Native Jungle trees species with thousands of native trees planted. Mr. Geoffrey Cooper seen here in the tree nursery inspecting the young saplings.

Tree Reserves

The Lagoon Tree ('Kingham-Cooper') Reserve.

This 7.50 hectare area established in 2008 started as a barren piece of land surrounding the Lagoon which supplies UIE Palm Oil Mill with processing water.

The Kingham-Cooper Tree Reserve had since been planted with several thousand local trees, and now resembles a natural thick jungle, with over 250 diverse species and 12,000 indigenous trees at this area alone.

UIE Main-Office Tree Parks.

Extending beyond the Lagoon, are a number of other fields planted with more diverse trees, emphasis on rare and valuable hardwoods such as the *Dipterocarpaceae.* Family (*Shorea, Hopea, and Dipterocarpus*). Additionally, a variety of "food chain" species have been planted to provide food & nesting for birds, habitat for wildlife.

The Sungei Anak Macang Riverbank Reserve.

This 5.85 km strip of land along the southern boundary to Anak Macang River which is not permitted to be cultivated with commercial crops, as regulated by the RSPO, and which has to revert back to natural vegetation. Since 2011, it has been enriched with a variety of jungle tree species and has become a pleasant, diverse area for biodiversity.

For more information on our tree reserves, please refer to our website, *www.unitedplantations.com/sustainability/*.

Sterculia macrophylla canopy seeds ready for harvesting.

Community

Our business provides livelihood to families, small businesses and organisation in and around the plantations resulting in many people depending on our Group. Close bonds with our local communities are therefore a key priority to our organisation. We are committed in promoting socio-economic policies and progress in local communities we operate in.

UP has an obligation to monitor and manage any impact our operations might have on these communities and at the same time ensure that our local communities receive financial, social support and benefit by developing the local communities in which we operate by creating jobs, paying taxes and doing business with local enterprises.

Continuous Stakeholder Engagement

UP has engagements with various stakeholders in and around our areas of operation. Our engagement approach varies from formal to informal. All enquiries by stakeholders are recorded and monitored in order to resolve any ongoing issues as sustainable development cannot be achieved without engagement with stakeholders.

Grievance Resolution

Under our MSPO, ISPO and RSPO frameworks, we are obligated to deal with issues openly. The respective Principles and Criteria states the need for a commitment to transparency and mutually agreed system for dealing with complaints and grievances shall be in place and implemented. This procedure ensures that local and other interested parties understand the communications and consultation process for raising any issues with UP.

UP accepts its responsibility as a corporate citizen and wants local communities to be aware and involved in the communications and consultation methods it uses, thereby aiming to resolve grievances (including those originating from employees) through a consultative process and realizes that any system must resolve disputes in an effective, timely and appropriate manner that is open and transparent to any affected party.

Recognising the value and importance of communication and consultation in clearing up misunderstanding/ conflicts/grievances or raising any issues with UP, the following procedure is adopted, in an affective, timely and appropriate manner that is open and transparent to any affected parties.

External Stakeholders

They are Statutory Bodies, NGOs, Local Communities, Smallholders, Contractors, Third Party FFB Suppliers and Services Providers.

Internal Stakeholders

All employees of UP and their respective Trade Unions.

Social Commitments for Communities

Education

Today, our Group has 9 Primary Schools and 7 Kindergartens on its properties which are maintained by the Company, providing education for more than 500 children ranging from ages of 5 to 12 years from within and outside the plantations. Continuous improvements were made during 2020 to maintain the highest possible welfare standards for our workforce and ensure high standard educational facilities for the children. Scholarships are provided to needy children among the Indonesian villages in which we operate.

Infrastructure investment and support

We finance and provide services to improve rural communities' access to services and markets, as well as to create employment. Our initiatives include the construction, maintenance and renovation of roads, bridges, places of worship, and community facilities such as community halls, sports and cultural facilities.

Estate Group Hospitals

The Company operates two well-equipped estate group hospitals in Malaysia and Indonesia with trained resident Hospital Assistants supervised by a Medical Doctor. Medical services are open to our rural neighbours who in the past lacked access to basic healthcare and immunisation programmes.

A range of social amenities to cater for the needs of our employees, stakeholders and surrounding communities.

Procedure for Handling External Stakeholders Issues

The Company Secretary of United Plantations Berhad will be responsible for the handling of all enquires and grievances against the Company. The stakeholders may lodge their enquiries/grievances to the respective Estate Manager or Head of Department or directly to the Company Secretary. The Company Secretary's address is as follows:

The Company Secretary
United Plantations Berhad
Jendarata Estate
36009 Teluk Intan
Perak Darul Ridzuan, Malaysia
Tel : 05-6411411; Ext – 215,334
Fax: 05-6411876
Email: up@unitedplantations.com

For further details on our grievance redressal procedures for internal and external stakeholders, please refer to our website, *www.unitedplantations.com/sustainability/.*

Land Disputes and Free, Prior and Informed Consent (FPIC)

In Indonesia, land disputes are inevitable and part of managing plantations in the country. To minimize land issues, important free, prior and informed consent sessions with stakeholders are conducted as a vital part of sustainable plantation development.

UP has been involved with several thousand land deals with the local community and whilst most cases of disputes have been amicably resolved, there still exists unresolved cases that are in the process of being resolved based on facts and full transparency under our Standard Operating Procedure (SOP) for Land Disputes Settlement as per FPIC.

We are committed towards the principles of Free, Prior and Informed Consent (FPIC) and adhere to these principles in all our negotiations and interactions with stakeholders prior to any development or acquisition of land.

For further details on SOP for Land Disputes Settlement as per FPIC protocols, please refer to our website, *www.unitedplantations.com/sustainability/.*

Plasma Schemes / Outgrowers Scheme

The Indonesian Government's objective is to ensure the establishment of Plasma Projects equivalent to 20% of a Company's planted area.

At our Indonesian Plantations, we are actively involved with a government project known as the Plasma Scheme, designed to assist smallholders to become independent plantation growers.

Under the Plasma Scheme, UP helps smallholders to develop their land, including land preparation, for cultivation of oil palms. Once developed, the plantation is managed by the Company for one cycle after which it will be handed over to the smallholder for self-management.

During the first cycle, proceed from the Plasma-areas minus development cost, is paid to the farmers by the Company.

We expect the scheme to provide more opportunities for the smallholders and help alleviate poverty. With this programme, we hope to steer them away from illegal logging, as well as slash-and-burn activities that can have a huge negative impact on environment. In the early years of plantations development, before the oil palm trees reach maturity, the livelihood of smallholders is supported through employment by the Company.

Summary of Disputed, Resolved and Settled Cases from 2018 to 2020 (PT SSS)

Year	Resolved/Settled Cases	Estate	Disputed area (Ha)
2018	2	Lada/Arut Estates	1.33
2019	-	-	-
2020	-	-	-
Total	2	-	1.33

Date Claim Submitted	Cert/SKT	Name of Claimants	Blk/Flds	Hectarage		Nature/Status of Dispute Status of Docs & Facts	Progress To date
				Docs	Claimant's Demand		
15-Sep-14	Cert	Jaka Suherman	88	30 certs @2Ha	39TKD (6 people)	• Requesting for Plasma • Documents incomplete	• Discussions to process the certificates for inclusion of Koperasi KTJ's members in the PTSSS's plasma scheme are ongoing but the Koperasi is yet to gather all members involved for an official meeting for decision making.

They typically work as employees on our plantations, while they at the same time get an understanding of oil palm cultivation and best management practices.

The Company provides the smallholders with sufficient resources and is committed to buying their FFB at government determined rates.

To assist them, we provide vital training on plantations management practices and financial arrangements.

UP's Commitment to Plasma Projects

As of December 2020, 1,314 Ha of Plasma have been developed for 815 Plasma Scheme smallholders and another approximately 150-200 Ha is expected to be provided and developed for the communities surrounding the Company's properties in 2021.

Smallholders' Field Day

Oil palm smallholders have a critical role in helping us achieve our sustainability goals, they are part of the supply chain providing an estimated 40% of world palm oil production.

As part of our Company's involvement, UP continuously engages with smallholders on an annual basis. In view of the COVID-19 pandemic, the Smallholder's Field Day for 2020 was deferred until the situation of COVID-19 is normalized.

The last Smallholder's Field Day was held on 16th November 2019. We invited 150 smallholders from local districts to visit our plantations to get a better understanding of good agricultural practices, sustainability initiatives and environmental protection.

We are pleased to inform that 134 smallholders attended the Smallholders Field Day. The smallholders were given training sessions in safe handling of pesticides with appropriate Personal Protective Equipment (PPE), effective use of pre-emergent herbicides for less chemical usage, integrated pest management (IPM) mechanized harvesting in order to assist them with their agricultural interests.

Demonstration on fire combat procedures were carried out to further enhance the awareness of neighbouring smallholders in case of fire incidence and were informed to contact UP for emergency assistance within the close vicinity.

We also invited Malaysian Palm Oil Board (MPOB) to provide briefing on the Good Agricultural Practices (GAP) as per MPOB GAP Manual and MSPO certification for smallholders.

Food Security

To ensure local food security, as part of the FPIC process, participatory SIA and participatory land-use planning with local peoples, the full range of food provisioning options are considered.

There is transparency of the land allocation process. The intent is to ensure food security and land use choices are considered as part of the formal FPIC process, prior to new developments.

For further details on food security, please refer to our website, *www.unitedplantations.com/sustainability/.*

Landscape Approach

A landscape approach is about having community discuss and agree on various sustainability issues that provide an optimal balance between community, commercial and conservation interests.

At United Plantations, we recognize that community engagement, assessment and feedback are an integral part of our global sustainability strategy and initiatives.

The community groups which are key to our operations and which have significant influence over the impacts of our business are carefully identified and are engaged at various platforms and intervals throughout the year.

The community engagement process which includes a proactive and both formal and informal approach, is carried out to fully understand their sustainability concerns and issues with a view to ensuring that their key interests in these areas are aligned with that of our Group.

Partnership with the local communities is crucial to achieve success in Indonesia and it is therefore of utmost importance that the local communities also benefit from UP's development.

For further details on our landscape initiatives, please refer to our website, *www.unitedplantations.com/sustainability/.*

Discussions in progress with the local community surrounding Kumai Estate on the allocation and distribution of Plasma lots in full compliance to FPIC.

The newly commissioned MSD3 at Unitata Refinery and important COVID-19 screening taking place before entry.

Marketplace

Through investment in our people, technology and focus on our supply chain UP is committed to providing high quality certified sustainable and traceable Palm Oil products and services to customers worldwide. We aim for continuous improvement and work towards building long-term relationship through interaction and discussions about sustainability, global, trends, health and nutrition with customers, suppliers, business partners and other stakeholders in the marketplace.

By interactions with customers and other stakeholders, a deep understanding of this responsibility has been developed and provides a healthy avenue for continuous improvement in quality and food safety by minimizing risks throughout the supply chain. Furthermore, UP has gained much knowledge on market trends and have become more capable of responding to them.

A. Product Quality

Quality is an integral part of UP's corporate culture. It is our strong objective to deliver premium quality products and services that are safe and based on a high level of responsibility.

Quality Policy

It is the policy of UP to produce quality palm oil, palm kernels, coconuts and their derived products to the total satisfaction of our worldwide valued customers.

Our Quality Philosophy Includes:-

U pholding the name and reputation of UP as a top producer of premium quality palm products.

N urturing a diligent work force who takes pride in contributing to the development of the Company.

I nitiating and innovating positive, progressive work ethics, methods and incorporating a winning culture.

T raining of personnel is the key to upgrading our skills and keeping in trend with the marketplace.

E nsuring that only high quality palm products are produced, to the satisfaction of our customers' needs.

D elivering decisive efforts in Research and Development to continuously improve our working methods, efficiency and product quality.

UP recognizes the importance of safeguarding its customers by ensuring the highest standards in quality as well as environmental and social care.

Our quality focus starts from our Research Department and continues through every aspect of our agricultural, milling and downstream activities until the final product is delivered to our customers.

B. Certifications for Food Safety, Sustainability and Others

Our Commitment in food safety for sustainable and consistent high-quality products is endorsed by relevant international certification bodies.

Quality and Food Safety Policy

Unitata and UniFuji are fully committed to producing high quality palm oil products which are safe for human consumption that meets the statutory and legal requirements for the overall satisfaction of her customers.

As part of our commitment to uphold Unitata and UniFuji as premium oil quality producers, much emphasis is placed on quality assurance throughout the various stages in both refineries.

This is evidenced through our continuous investments in the latest process technology and sophisticated analytical equipment that provide accurate and timely controls to ensure customer satisfaction on high product quality and food safety.

Edible Oil Refining and Specialty Fats Production

Attention to quality, investment in production facilities and ongoing product development are priorities in order for Unitata and UniFuji to meet challenging and changing customer demands.

In order to cater for the growing demand of high-quality products our refineries are equipped with automated manufacturing processes such as Neutralization, Bleaching, Deodorization, Fractionation, Interesterification and Packaging of specialty fats and oils.

Thorough process controls and a disciplined manufacturing culture help ensure that quality assurance is in place to comply with customer requirements.

Consumers today are placing an increased focus on safety and health in relation to food production, and demand transparent and traceable supply chains based on processes that reduce processing aids, water, energy and the overall GHG footprint. Furthermore, social care and strong emphasis on human rights for employees are increasingly seen as non-negotiable principles, as well as protection of fragile ecosystems including Peat land and forests.

In UP and all our subsidiaries, we are committed to being a part of this positive change by providing the highest quality of certified sustainable and traceable Palm Oil products and services to customers worldwide.

Food Safety and Certifications

To keep up with the increasing demand for supply chain traceability and quality, both refineries have obtained numerous local and international certifications as follows:

UNITATA:
ISO 9001, HACCP, Halal, Kosher, BRC, FDA, SEDEX, RSPO SCCS, MSPO SCCS, GMP, GMP+ B2 Feed Safety, MeSTI and MPCA.

UNIFUJI:
ISO 9001, HACCP, Halal, Kosher, FSSC 22000, FDA, SEDEX, RSPO SCCS, MSPO SCCS, GMP and MeSTI.

As a requirement for the above-mentioned certifications, Unitata and UniFuji are audited annually by the various certification bodies and by customers. To improve and further strengthen our supply chain transparency, Unitata had been audited under SMETA (Sedex Members Ethical Trade Audit) a platform that encompass four pillars of responsible practices, ie. Labour, Health and Safety, Environment and Business Ethics. In March 2020, UniFuji has been audited by Verite and Arche Advisors, two independent and non-profit organizations , with the purpose of transparently improving safety and human rights gaps within our supply chain.

Certified sustainable and traceable specialty fats products are packed under stringent hygienic conditions in our state-of-the-art filling plant at Unitata.

In addition, Unitata is continuously auditing and assessing our key suppliers of raw materials, packaging, and ingredients based on our established risk assessment procedures. All packed products are traceable to their raw materials including additives and packaging materials via batch and code numbers printed on the labels, which meet the requirements of the Malaysian Food Act and the requirements of the respective export markets. Furthermore, Unitata and UniFuji have established and validated our process controls to consistently minimize the risk of contaminants and meet the highest food safety standards.

Both refineries also emphasize on the element of food defence as part of product security. This assures the protection of our products from malicious contamination, adulteration or theft, and in this connection, relevant food safety training is of high priority for all employees in order to keep abreast with the increasingly demanding food safety requirements.

LOW 3-MCPD, Glycidyl Esters and MOSH & MOAH

3-MCPD and Glycidyl Esters are contaminants formed during the processing (refining) of edible oils and fats and have become a topic of concern for vegetable oil refiners and consumers based on a report published by the European Food Safety Authority (EFSA) in May 2016.

The EFSA Panel on Contaminants in the Food Chain (CONTAM Panel) published the results of its assessment of the safety of 3-MCPD and Glycidyl esters with respect to human health. Available evidence from animal studies indicates that kidney toxicity is the most critical health effect of 3-MCPD in rats. Using this data, EFSA established a tolerable daily intake (TDI) for 3-MCPD for humans which represents the maximum amount that can be consumed daily over a lifetime without being harmful to health. It includes a very large margin of safety.

The TDI for 3-MCPD has been calculated as 0.8 micrograms per kilogram of body weight per day (μg/kg bw per day.)

In line with our focus on sustaining and improving the production of high quality products within our Group much attention is directed towards reducing contaminants in our supply chain. This dedicated focus has enabled us to produce refined palm oil with levels of 3-MCPD and Glycidyl Esters that are amongst the lowest in the industry.

This is a testimony to more than 4 decades of research activities undertaken at our Unitata refinery combined with our Group's dedicated quality commitment within all parts of our supply chain.

MOSH and MOAH

Of nearly equal repute in being a contaminant to final oils and fats is the new and emerging contaminant called Mineral Oil Hydrocarbons (MOH). It encompasses two main sub groups namely saturated hydrocarbons, generally present at a ratio of 80/20 with MOAH trailing behind MOSH.

MOSH is believed to accumulate in human tissue and cause adverse effects to the liver while MOAH, the greater menace of the two, is reported to be genotoxic carcinogens and may cause damage to the DNA leading to cancer. Hitherto, there has been no binding threshold limits set by the EU legislature save for Germany. Currently, customers favour suppliers whose thresholds, through consensus, are guided by the rule as low as reasonably achievable, ALARA.

In this respect a task force on MOSH/MOAH chaired by our CED was set up in 2018 to initiate a clear goal to meet the ALARA levels. Since then, baseline occurrence of the contaminant has been drawn and ensuing mitigation efforts have been carried out both through the plantation, mill and the refineries. As a result of these stringent quality controls and assessments, UP, Unitata and UniFuji are today able to meet the very stringent customer demand for oils used in especially the production of infant formulas. We are committed to further reducing the levels of these contaminants to the benefit of the customers globally.

Oil blends for the production of Infant Formula products being prepared for Unitata's key customer and business partner, AAK.

Customer Satisfaction

At Unitata and UniFuji, the annual customer satisfaction survey is used to measure how our finished products meet our customer's expectations. This annual survey is an important measure in relation to our continuous improvement attitude and provides us with an important understanding of our service and collaboration with our customers based on their valuable feedback.

The survey focuses on three key areas which are:

(i) Product quality
(ii) Service quality
(iii) Delivery timeliness

The results are analysed and tabulated in an appropriate graphical form for presentation at the management review meetings as well as during the various certification audits throughout the year.

Besides that, Unitata and UniFuji also adopt an on-going communication method with customers to keep them engaged with their products.

Regular communication with customers enables Unitata and UniFuji to develop products and provide the necessary service to ensure a continuous customer satisfaction which cannot be taken for granted in the competitive business of refining.

Stainless steel tanks for the storage of high quality products at Unitata.

MSPO and RSPO Supply Chain Certifications

In 2008, before RSPO Supply Chain Certification was introduced, Unitata was the first company to ship refined RSPO certified segregated palm oil to customers worldwide which was verified by independent surveyors.

In December 2010, Unitata received its Supply Chain Certification and have since been able to handle and deliver first class sustainably certified and segregated palm and palm kernel oil solutions to customers worldwide based on the RSPO supply chain traceablity system.

UniFuji received its RSPO Supply Chain Certification in September 2018 and is able to deliver high quality certified and sustainable palm based products under the segregated RSPO supply chain solution to customers worldwide.

The RSPO cooperates with the traceability service provider, UTZ who through the RSPO Trace system ensures that the necessary traceability is in place in order for proper certification of palm and palm kernel oil that is used in the refining process.

The supply chain certification is the buyers' and consumers' guarantee that the palm oil or palm kernel oil used in the production of finished goods actually comes from the claimed RSPO source.

This requires records to be kept to demonstrate the volume of CPO or CPKO sold as sustainable oil does not exceed the amount produced by the upstream RSPO certified mills.

In November 2017, Unitata had their first verification audit by one of their key customers for supply of RSPO certified palm kernel oil materials. The audit was conducted independently by a third party auditor appointed by the customer. It was a full traceability audit on the origin of materials supplied by Unitata Bhd.

It was a successful audit and the auditor concluded that the material sourced by customer is 100% traceable throughout the supply chain.

In 2019, Unitata and UniFuji successfully achieved the MSPO supply chain certification.

Product labelling

Unitata had received a cargo detention notice, for one of our consignment of packed products, from the US FDA authority in March 2017 for supply of our packed products due to insufficient nutritional information on product labelling.

Necessary changes to the nutritional information on our product labelling was made on FDA recommendations to ensure that future exports are in full compliance with FDA regulations. Since then, there have been no further issues in terms of export of our packed products into USA.

C. Sustainable and Traceable Supply Chain

Our Commitment to ensure that the certified sustainable palm oil and palm kernel oil used in the production of finished goods actually came from sustainable sources.

In the following section, we will be providing an overview on both our upstream (Plantations) and downstream (Refining) business activities in relation to our focus on improving traceability in our supply chain for the benefit of our global customers and stakeholders in general.

As an important part of UP's traceability focus, we strive to ensure that our supply chain (direct and indirect suppliers) live up to our Group's commitment towards the No Deforestation, No New Development on Peat and No Exploitation of People and Local Communities (NDPE) Policy.

The interest for certified sustainable and segregated palm oil is increasing as many global brand manufacturers have committed to only use RSPO certified and segregated palm oil solutions. Traceability is therefore important in order to ensure that the certified sustainable palm oil and palm kernel oil used in the production of finished goods actually come from sustainable sources.

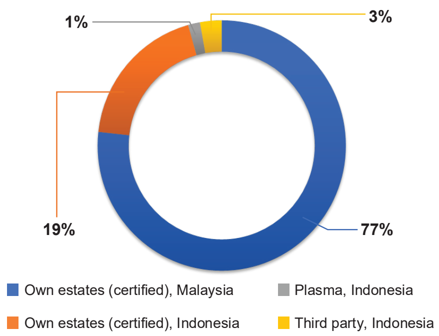
(a) Upstream Operations

All CPO sourced in Malaysia is RSPO certified under the Supply Chain model of Identity Preserved (IP). In Indonesia, we have undergone RSPO certification for part of our plantations (with HGU certificates) and have successfully achieved RSPO certification for these areas in 2018. Currently the mill is RSPO certified under the Supply Chain model of Mass Balance (MB).

Full certification and production of RSPO certified and segregated palm oil traceable to the mill and plantations is expected to be reached in 2023 for our Indonesian operations in tandem with the issuance of land use certificates by the local Government authority for our properties (Inti) and Plasma land.

In this connection, we are increasing awareness by retraining and carrying out audits within all operational areas of our group. The results of these measures will be monitored and incorporated in our future reports or Company Website as part of our continuous improvement commitment.

Origin of FFB Processed at UP Mills



UP's Mills	Percentage from own plantations (%)	Percentage from third party suppliers (%)	Traceable to plantations (%)
UIE	100	0	100
Jendarata	100	0	100
Ulu Bernam Optimill	100	0	100
Ulu Basir	100	0	100
Lada (PTSSS)	81.25	18.75	100

The location of UP owned mills is tabulated below:

Name of Mills	GPS Coordinates	
	Latitude	Longitude
UIE	N 4°26′53″	E 100°43′11″
Jendarata	N 3°51′14″	E 100°58′06″
Ulu Bernam Optimill	N 3°46′19″	E 101°13′14″
Ulu Basir	N 3°43′28″	E 101°15′21″
Lada (PTSSS)	S 2°35′24″	E 111°46′16″

The location of third-party FFB suppliers for PTSSS is tabulated below:

Name of FFB Suppliers	GPS Coordinates	
	Latitude	Longitude
PT. MML (up to April 2020)	540527	9756490
Koperasi Tani Bahagia	600918	9678406
Koperasi Karya Tunggal Jaya	589868	9728251
CV Inti Sawit Perkasa/ Bapak Iswanto	591276	9708506

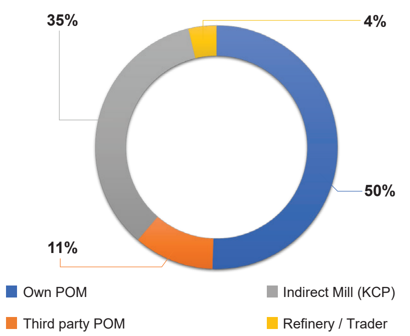
As at 31 December 2020.

(b) Downstream Operations - Unitata

One of Unitata's key commitments to its customers is to ensure that our finished products can be traced back to its origins, namely palm oil mills and further to the plantation level where possible. Unitata is currently in a favourable position to meet this growing demand due to the direct link with UP's supply of RSPO certified sustainable and segregated palm oil traceable to the plantations.

The traceability of all our raw materials – CPO, CPKO, PPO, and PPKO sourced during 2020 is summarized in the below chart:

Origin of raw material sourced at Unitata Bhd.



Origin of raw material sourced at Unitata Bhd. (%)			
Own POM	Third party POM	Indirect Mill (KCP)	Refinery/ Trader
50.55%	10.70%	35.00%	3.75%

Percentage of all palm oil products handled/traded/ processed (tonnes) that are RSPO-certified is 61.25% (50.55% + 10.70%)

In Malaysia, 100% of the Crude Palm Oil (CPO) used at our Unitata refinery can be traced back to the mills and plantations. 100% of the CPO produced in Indonesia is traceable to plantations and is sold to neighbouring refineries as we don't have any downstream operations in the country.

All Crude Palm Kernel Oil (CPKO) derived from UP's own production of Palm Kernel (PK) can be traced back to the plantations, however, as the use of CPKO at our refinery exceeds the volume of CPKO derived from our own PK production, we source significant volumes of CPKO from external Kernel Crushing Plant (KCP) of which the main portion only can be traced back to the Palm Oil Mills (POMs).

Going forward, we will be working with third party suppliers to increase the percentage of CPKO that can be traced back to the plantations in line with increased customer demand for traceability.

Our assurance for the level of traceability is based on our ability to identify the parent company, the mill name, mill coordinates, mill certification status from suppliers and plantations from where the crop (FFB) is produced.

The summary on the number of direct supplier mills supplying CPO and PK is tabulated below:

Raw material	Number of supplying mills	Traceable to plantations	Numbers of supplying mills sourced from own plantations	Percentage sourced from own plantations
CPO	own mills (4)	100%	own mills (4)	100%
	third party mills (7)	100%	third party mills (7)	100%
PK	own mills (4)	100%	own mills (4)	100%
	third party mills (1)	100%	third party mills (1)	100%

As of 31st Dec 2020, total CPO and PK supplying mills is 12 (4 own mills+8 third party mills)

The breakdown on these 12 third-party mills is as per below:

- 7 mills supplying CPO only
- 1 mill supplying PK only
- 0 mill supplying both CPO and PK

This meant total 7 third party supplying mills for CPO and 1third party mill for PK.

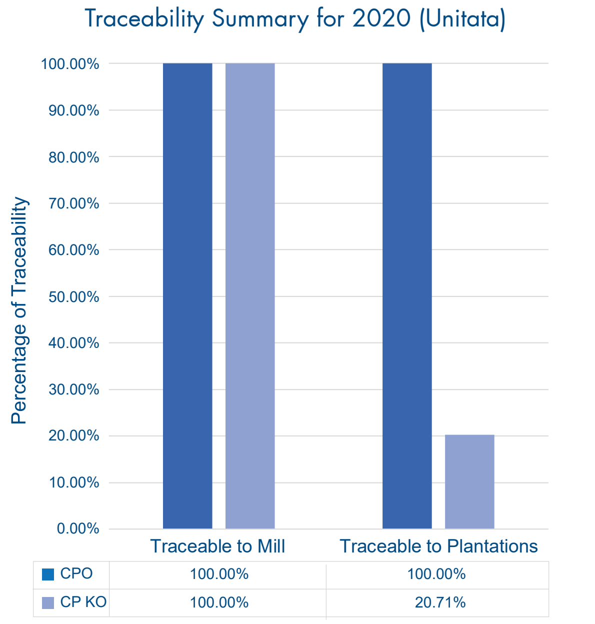
*All of the above own and third-party supplying mills 100% source from their own plantations.

The summary on the number of indirect supplier mills supplying PK to Kernel Crushing Plants (KCPs) from which we derive CPKO used at Unitata is tabulated below:

Raw material	Number of KCPs	Number of supplying mills	Traceable to mills (%)
PK	6	84	100

For further details of our direct and indirect supplier mills please refer to http://www.unitedplantations.com/sustainability/pdf/List%20of%20Direct_Indirect%20Mills_2019.pdf

The percentage of traceability for Unitata is summarized in the chart below:



The traceability for overall combined volume sourced at Unitata for CPO, CPKO and refined products (from external refineries) is tabulated below:

Summary of the Traceability	
Traceable to Plantations	61.25%
Traceable to Mill	100.00%

**Updated as at 31st December 2020.*

The percentage of derivatives sourced from intermediary traders/refiners is tabulated below:

	Refinery / Trader
Percentage	3.75%

**Updated as at 31st December 2020.*

(b) Downstream Operations - UniFuji

UniFuji sources crude palm oil internally from UP which ensures availability of RSPO certified sustainable and traceable palm oil to produce value added palm fractions to its customers. The origin of raw material sourced in the year 2020 can be summarized as per below table.

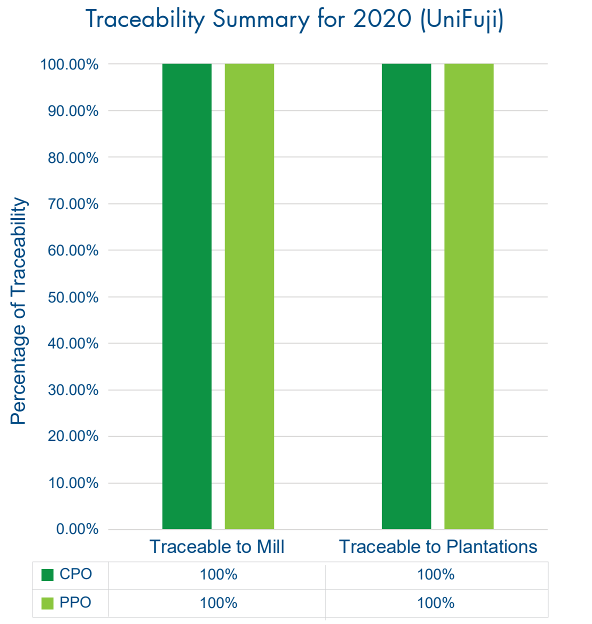
Direct Mill Supplier:

Raw material	Number of supplying mills	Traceable to plantations	Numbers of supplying mills sourced from own plantations	Percentage sourced from own plantations
CPO	own mills (3)	100%	own mills (3)	100%

Indirect Mill Supplier:

Raw material	Number of supplying mills	Traceable to plantations	Numbers of supplying mills sourced from own plantations	Percentage sourced from own plantations
PPO	own mills (4)	100%	own mills (4)	100%

The origin of raw material sourced in the year 2020 can be summarized as per below table.



Evaluation of Supplier' Sustainable Commitment

As a part of our sourcing policy and continuous improvement focus, we engage with suppliers to improve practices on the ground and strengthen our supply chain and thereby ensure positive developments in the sustainable palm oil production journey. An important step towards improving our sustainability within economic, environmental and social areas of our business, we have invited our suppliers to join us along the journey.

Our aim is to improve sustainability in our supply chain and ensure that our suppliers join us on this journey through close collaboration. Our approach to engagement includes conducting meetings, self-assessment questionnaire (SAQ), supplier audits, on-site verification and follow-up related to food safety as well as MSPO and RSPO certifications.

At the same time, we also assist our suppliers to improve the scores of SAQ to meet the commitment in our Responsible Palm Oil Sourcing Policy and Code of Conduct.

(A) Upstream Operations

At UP we have Self-Assessment Questionnaire (SAQ) to evaluate our suppliers within the upstream business area. Through engagement we discuss findings and explain and promote policies on health and safety, workers' rights as well as our expectations on adherence to our code of conduct and policies of sustainable palm oil. For our third party FFB suppliers in Indonesia, we conduct site visits and trainings to improve good agricultural practices and promote sustainable palm oil policies and its implementation on ground. The training sessions include emergency response on accident (first aid), safe handling of pesticides with appropriate Personal Protective Equipment (PPE), effective use of pre-emergent herbicides for less chemical usage, integrated pest management (IPM) and mechanized harvesting in order to assist them with their agricultural interests. In addition, demonstration on fire combat procedures were carried out to further enhance the awareness of neighbouring smallholders in case of fire incidence and were informed to contact UP for emergency assistance within close vicinity. We also explain UP's company policies specifically on our No Deforestation, No Peat and No Exploitation (NDPE) commitment as well as our suppliers code of conduct. However in 2020, we were unable to conduct any site visits nor trainings as per our annual training programme due to COVID-19 pandemic. This is nevertheless expected to resume during 2021.

(B) Downstream Operations

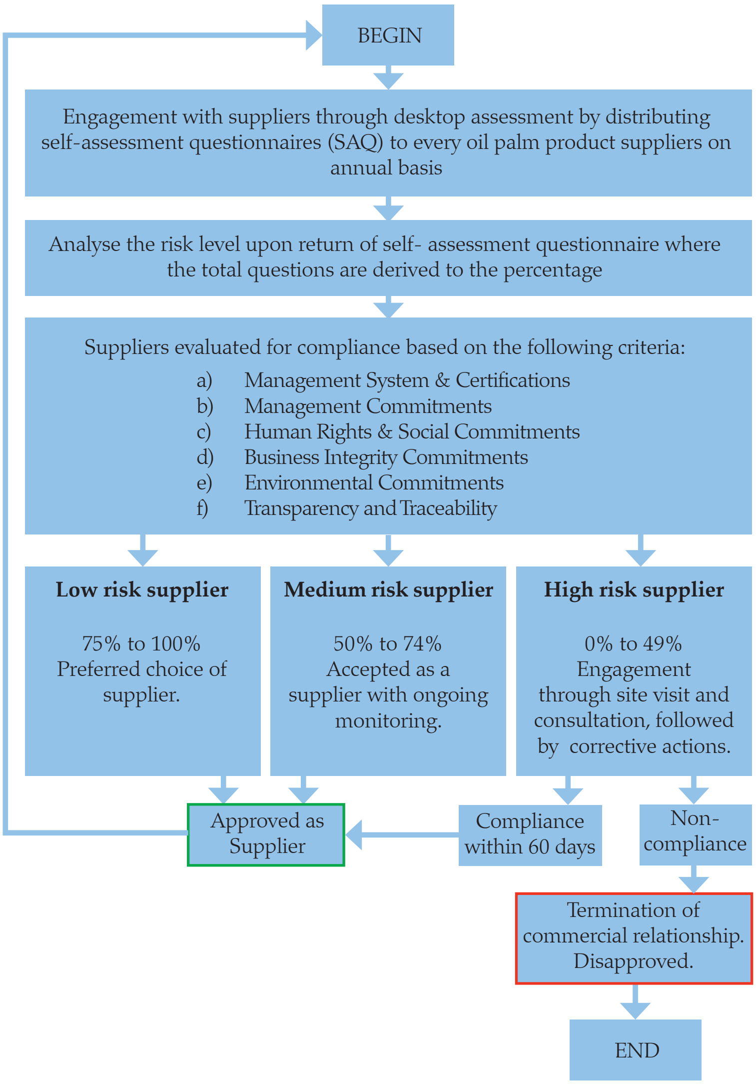
At Unitata and UniFuji, we have developed a Self-Assessment Questionnaire (SAQ) which is used annually to engage with our suppliers. This enables us to understand the current status of suppliers and their commitments to adhere to our Responsible Palm Oil Sourcing Policy. Through this engagement, we categorize them as high risk, medium risk and low risk suppliers for further engagement.

The SAQ is sent directly to the below raw material suppliers:

UNITATA	UNIFUJI
Crude Palm Oil	Crude Palm Oil
Crude Palm Kernel Oil	Processed Palm Oil
Processed Palm Oil	
Processed Palm Kernel Oil	

In the spirit of collaboration and transparency, our Responsibility Palm Oil Sourcing Policy is discussed with the above suppliers to ensure that they live up to our policies and code of conduct across their entire operations in order to minimize and mitigate sustainability risks. If a supplier in our supply chain is categorized as high-risk based on the mentioned SAQ, we will conduct on-site assessments and engage with the supplier to agree to a reasonable time-bound action plan including further engagement to improve their SAQ score and thereby meet our Responsible Palm Oil Sourcing Policy requirements and commitments. In addition to the above, Unitata and UniFuji also carry out supplier audits on food safety and quality to evaluate risk materials, supplier's management systems, obtain their certificates to ascertain food safety and quality standards, as well as evaluate their hygiene and sanitation compliance.

The process to engage and assess our downstream suppliers is indicated in the flowchart below:



In the event that any suppliers found violating or breaching the above policies or our Supplier Code of Conduct and thereby is viewed as a high-risk supplier (self-assessment scores below 50%), UP/Unitata/UniFuji shall immediately request for corrective measures to be implemented with a 60 days time-bound action plan and further engagement to ensure the suppliers live up to our Responsible Palm Oil Sourcing Policy. We will moreover through dialogue and co-operation, encourage, and coach the supplier to implement the action plan by providing necessary support to see how challenges can be overcome and implemented for positive change. If a supplier is unable or unwilling to take the necessary actions to conform to the expectations outlined in our policy, UP/Unitata /UniFuji will as a last resort terminate its commercial relationship with the supplier.

Percentage of suppliers (FFB, CPO, CPKO and processed palm oil) that have been self-assessed to the key elements of Responsible Sourcing:

Suppliers' Assessment	Upstream	Downstream (Unitata)	Downstream (UniFuji)
Percentage of suppliers assessed	100%	100%	100%
Low risk supplier	100%	100%	100%
Medium risk supplier	0%	0%	0%
High risk supplier	0%	0%	0%

**As at 31st December 2020.*

Commitment to quality

Good agricultural practices

Seed Production	Research and Development	
Nursery	Nurturing the palms in the initial year	
Land Preparation & Planting	Selecting the best palms for planting	
Immature Palm Upkeep & Maintenance	Cover crop establishment fixating Nitrogen, suppressing weeds, keeping the soil moist and reducing erosion during the first 3 years before maturity	
Mature Palm Upkeep & Maintenance	Optimising field practices and ensuring high yields	
Harvesting of Fresh Fruit Bunches (FFB)	Harvesting of Fresh Fruit Bunches (FFB), ensuring timely harvesting every two weeks	
Transport of FFB to the Palm Oil Mill	Quick evacuation of FFB after harvesting ensures the best raw materials for further processing at the palm oil mills	

Efficient fruits evacuation and processing at the palm oil mill

FFB transportation to the Palm Oil Mill

587 kms of Light Rail System ensuring quick transportation and good quality FFB, minimizing the environmental impact whilst being cost effective

Milling Operation

FFB are weighed before further processing

Sterilizers

Quick processing ensures high quality crude palm oil. Railway wagons with FFB enter directly into sterilizers

Screw Press Station

Screw press station separates crude palm oil from cooked fruitlets, leaving shell, kernel and fibre

Purifying Station

Purifying station ensures final step of crude palm oil production removing remaining residue and moisture

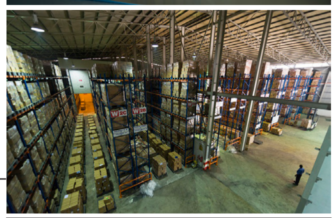
Storage Tanks

High quality crude palm oil is stored before being pumped to Unitata and UniFuji Refineries

Crude Palm Oil Arrives via Pipelines to Unitata and UniFuji Refineries

Receiving high quality crude palm oil is a vital part of being able to supply high quality end products to customers worldwide

Food safety and quality focus at the refinery

Receiving high quality raw materials	High grade quality raw materials are checked on arrival and pumped into designated and secured storage tanks for further processing	
Pre-refining high quality raw materials	Raw materials are prepared for further processing by removing impurities and contaminants	
Processing and final refining	Pre-refined oils undergo various processing stages, and are finally refined to produce tailor made high quality products to meet customer requirements	
Storing of processed and refined oils	Processed and refined oils are stored in secured and designated tanks and are checked for final quality	
Filling and packing of processed and refined oils	Processed and refined oils are blended into specialty fats and filled in our automated filling lines under strictly controlled hygienic conditions	
Storing of packed products prior to delivery	Packed products are securely stored in designated warehouses which are under a controlled environment	
Delivering bulk and packed products to customers	Processed and refined oils are delivered in road tankers, ISO tanks and flexi-tanks to local and export markets	
	Packed products of various packaging are delivered via trucks and containers to local and export markets	

Independent Limited Assurance Report

Relating to United Plantations Berhad's Annual Report for the year ended 31 December 2020.

To the Directors of United Plantations Berhad

We, KPMG PLT ("KPMG" or "We"), have been engaged by United Plantations Berhad ("United Plantations" or "UP") and are responsible for providing a limited assurance conclusion in respect of the Selected Sustainability Information for the year ended 31 December 2020 to be included in the Annual Report 2020 ("the Report") as identified below ("the Selected Sustainability Information").

Management's Responsibilities

The management of United Plantations ("Management") is responsible for the preparation and presentation of the Selected Sustainability Information in accordance with Management's calculation methodologies and the information and assertions contained within it and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that United Plantations and its subsidiaries (hereinafter referred to as "UP Group", which includes UP operations in Malaysia and Indonesia) complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our Responsibility

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Sustainability Information is free from material misstatement.

Selected Sustainaibility Information

Selected Sustainability Information includes the following data for the year ended 31 December 2020:

1. Total average earnings per worker per month;
2. Lost time injury frequency rate;
3. Fatal accident rate;
4. Domestic water consumption;
5. Mill water consumption in processing Fresh Fruit Bunches ("FFB");
6. Usage of pesticides / herbicides;
7. Local and international certifications, and Roundtable on Sustainable Palm Oil ("RSPO") certifications;
8. Area planted on peat (hectarage as per the peat soil map from United Plantations Research Department ("UPRD");
9. Percentage of suppliers (FFB, Crude Palm Oil ("CPO"), Crude Palm Kernel Oil ("CPKO") and processed palm oil) that have been self-assessed to the key elements of UP's Responsible Sourcing Policy; and
10. UP's Suppliers' engagement and assessment/programme to support suppliers (FFB, CPO, CPKO and processed palm oil).

The boundary of the Selected Sustainability Information included in the Annual Report 2020 represents the entire UP Group, except for:

- Operations in UniFuji Sdn Bhd, Malaysia, except for Lost Time Injury Frequency Rate and Fatal Accident Rate

Procedures Performed over Selected Sustainability Information

A limited assurance engagement on the Selected Sustainability Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures include:

- Virtual interviews with Senior Management and relevant staff at corporate and operating sites;
- Inquiries about the design and implementation of the systems and methods used to collect and process the information reported, including the aggregation of source data into the Selected Sustainability Information;
- Physical visits to five (5) operating sites , selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria; and
- Comparing the information presented in the Selected Sustainability Information to corresponding information in the relevant underlying sources to determine whether all the relevant information has been included in the Selected Sustainability Information and prepared in accordance with Management's calculations methodologies.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

KPMG applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent Limitations

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Our Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this Independent Limited Assurance Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and evidence obtained, as described above, nothing has come to our attention that would lead us to believe that the Selected Sustainability Information included in the Report for the year ended 31 December 2020, is not presented, in all material respects, in accordance with Management's calculation methodologies.

Restriction of use of our Independent Limited Assurance Report

Our Independent Limited Assurance Report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than United Plantations, for any purpose or in any other context. Any party other than United Plantations who obtains access to our Independent Limited Assurance Report or a copy thereof and chooses to rely on our Independent Limited Assurance Report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we do not accept nor assume responsibility and deny any liability to any party other than United Plantations for our work, for this Independent Limited Assurance Report, or for the conclusions we have reached.

Our Independent Limited Assurance Report is released to United Plantations on the basis that it shall not be copied, referred to or disclosed, in whole (save for United Plantation's own internal purposes) or in part, without our prior written consent.

KPMG

KPMG PLT (LLP0010081-LCA)
Petaling Jaya
20 February 2021

Glossary

Biodiversity (BioD)	The diversity (number and variety of species) of plant and animal life within a region.
Biological Oxygen Demand (BOD)	The amount of oxygen used when organic matter undergoes decomposition by micro- organisms. Testing for BOD is done to assess the amount of organic matter in water.
Carbon Footprint	A measure of the total amount of greenhouse gases, including carbon dioxide, methane and nitrous oxides, emitted directly or indirectly by an organisation, event, product or person.
Child Labour	According to the International Labour Organization (ILO) core labour standards, minimum age should not be less than 16 years old.
CO_2 Equivalents	Carbon dioxide equivalents (CO_2eq) provide a universal standard of measurement against which the impacts of releasing (or avoiding the release of) different greenhouse gases can be evaluated.
Crude Palm Oil (CPO)	Oil produced from oil palm fruits in milling process.
Creating Shared Value (CSV)	A responsibility to manage our resources resourcefully and engage in activities that optimize return for shareholders and the society we operate in.
Deforestation	Defined by UP as direct human-induced conversion of forest to non-forests, with an exception for small scale low intensity subsistence conversion by indigenous peoples and forest dependent traditional communities (consistent with RSPO P & C as well as Indonesian laws, Environmental Impact Assessments (EIA) and High Conservation Value Assessment (HCV).
Effluents	Water discharged from one source into separate body of water, such as mill process water.
ERT	Emergency Response Team
Forced Labour	A person who is coerced to work under the threat of violence, intimidation, or undue stress of penalty.
Free, Prior and Informed Consent (FPIC)	The principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or otherwise use.
Fresh Fruit Bunches (FFB)	Bunch harvested from the oil palm tree. The weight of the fruit bunch ranges between 10 kg to 40 kg depends on the size and age.
FDA	Food and Drug Administration
Global Reporting initiative (GRI)	A multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators.
Greenhouse Gas (GHG) emissions	Greenhouse gas or carbon emissions are gasses in an atmosphere that absorb and emit radiation within the thermal infrared range. This process is the fundamental cause of the greenhouse effect. The primary greenhouse gases in the Earth's atmosphere are water vapor, carbon dioxide, methane, nitrous oxide, and ozone.
HRSS	Human Resources Sustainability and Safety
High Conservations Value (HCV)	The concept of High Conservation Value Forests (HCVF) was first developed by the Forest Stewardship Council (FSC) in 1999 as their ninth principle. The FSC defined HCVF as forests of outstanding and critical importance due to their environmental, socio-economic and cultural biodiversity and landscape value.
High Carbon Stock (HCS)	The HCS Approach is a methodology to avoid deforestation in land development. The approach stratifies the vegetation on an area of land into different classes using analyses of satellite images and field plot measurements. Each vegetation class is validated through calibrating it with carbon stock estimates in the above-ground tree biomass.
Hak Guna Usaha(HGU)	The right to enjoy immovable property of another person with the obligation to pay the annual income to the landowner.
ILO (International Labour Organisation)	Is a tripartite world body representative of labour, management and government, and is an agency of the United Nations. It disseminates labour information and sets minimum international labour standards called "conventions", offered to member nations for adoption.
Integrated Pest management (IPM)	A pest management system that in context of the associated environment and the population dynamics of the pest species utilizes all suitable techniques and methods in as compatible a manner as possible and maintains the pest population at levels below those causing economically unacceptable damage and loss.
IUCN Red List	Based in Switzerland, the International Union for Conservation of Nature and Natural Resources (also known as The World Conservation Union) is an organisation involved in the preservation of natural resources. IUCN publishes the Red Data Book, which lists the endangered species of every nation.
Identity Preserved/ IP	Certified sustainable palm oil is physically separated from other certified and non-certified palm oil throughout the supply chain, i.e from the RSPO mill through to the end-user.
Oil Extraction Rate	The amount of oil extracted from oil palm fruit at a mill. Crude palm oil (CPO) is extracted from the flesh; palm kernel oil (PKO) from the nut.
Mass Balance	Certified sustainable palm oil and non-certified palm oil is mixed to avoid the cost of keeping the two quantities controlled. The mass balance system is constructed in such a way that volumes of RSPO certified products shipped will never exceed volumes received by the end-user.
Mature Oil Palm	After planting, the oil palm tree is classified as immature until fresh fruit bunches are produced, which is approximately 30 months later, whereupon the oil palm tree is classified as mature.
MOSH	Mineral Oil Saturated Hydrocarbons
MOAH	Mineral Oil Aromatic Hydrocarbons
Non-Governmental Organisation (NGO)	Is used in this report to refer to grassroots and campaigning organisations focused on environmental or social issues.
Palm oil Mill effluent (POME)	By-product of processed fresh fruit bunch (FFB).
Peat	Peat is an accumulation of partially decayed vegetation matter. Peat forms in wetlands or peat lands, variously called bogs, moors, muskegs, pocosins, mires, and peat swamp forests.
Plasma schemes	A programme initiated by the Indonesian government to encourage the development of smallholders' plantations with the assistance and cooperation of plantation companies (the nucleus) which assist and support the surrounding community plantations (the plasma).
Palm Kernel (PK)	Seed of the oil palm fruit, which is processed to extract palm kernel oil and other by-products.
Roundtable on sustainable palm oil (RSPO)	A non-governmental multi-stakeholder organisation based in Kuala Lumpur, Malaysia. The organisation has developed a certification scheme for sustainable palm oil.
Social Impact Assessment	A process of analysing, monitoring and managing the intended and unintended, both positive and negative social consequences of planned interventions (policies, programs, plans, projects) and any social change processes invoked by the interventions. Its primary purpose is to bring about a more sustainable and equitable biophysical and human environment.
Segregated/ SG	Certified sustainable palm oil is physically separated from non-certified palm oil throughout the entire supply chain.
Stakeholders	Any group or individual who are affected by or can affect a company's operations.
Sustainability	A term expressing a long-term balance between social, economic and environmental objectives. Often linked to Sustainable Development which is defined as "Development that meets the need of current generations without compromising the needs of future generations"
Traceability	Traceability is the capability to track sustainable palm oil along the entire supply chain.
Toxicity	Toxicity measures the degree to which a substance is harmful to living organisms.

FFB have been sterilised at the Jendarata Palm Oil mill ready for further processing.

Corporate Governance Overview Statement

The Board of Directors recognizes the importance of good corporate governance and continues to be committed to ensure that high standards of corporate governance are practiced throughout the Group to deliver long term sustainable value to the shareholders and other stakeholders.

With this in mind the Board of Directors are pleased to present the corporate governance overview statement which takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance (MCCG).

The Management with the support of the Board has since 2019 embedded important elements of Integrated Reporting by incorporating a Value Creation Model in the Annual Reports. However, the target of fully adopting Integrated Reporting in 2020 has to be deferred to 2022 due to pandemic which is beyond the control of the Management.

The detailed explanation on the application of the corporate governance practices are reported under Corporate Governance Report ("CG Report") which is published on the Company's website, www.unitedplantations.com.

The Company as at the date of this Corporate Governance Overview statement has applied all of the practices in MCCG 2017 except for the followings:

Practice 4.1

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

Practice 4.2

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 justify and seek annual shareholders' approval.

If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Practice 5.1

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 and its outcome. For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluation.

Practice 11.2

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

Please refer to the CG Report on our website for the detailed explanations for the departures and the practices and measures put in place to apply the departed practices.

This is our commitment to promote effective governance to support better decision-making and accountability which in turn shall instill stakeholder confidence and trust in the Company. To further strengthen the Corporate Governance practices, we have adopted the following practices in 2020.

A) Board Charter

The Board Charter sets out the Board's strategic intent and outlines the Board's roles and responsibilities. The Charter elaborates the fiduciary and leadership functions of the Board and serves as a primary reference for prospective and existing Board members and senior management. The Charter is reviewed periodically to ensure it complies with current legislation and best practices. The Board Charter was reviewed and updated on 20 February 2021 and can be viewed at the Company's website at *www.unitedplantations.com.*

B) Strengthen Composition

Specific responsibilities are delegated to Board Committees where appropriate. The Board Committees comprises of Nomination Committee, Remuneration Committee, Audit Committee and Executive Committee. Each Committee operates within its respective Terms of Reference which have been approved by the Board.

B1.1 Nomination Committee

The Nomination Committee is responsible to make recommendations to the Board regarding the appointment of directors, evaluation of the skills, experience, competencies of the Directors, diversity of the Board's composition. The Nomination Committee consists of 3 members, who are all Independent, Non-Executive Directors.

The full report of the Nomination Committee can be found from pages 113 to 115 of this Corporate Governance Overview Statement 2020.

B1.2 Remuneration Committee and Directors Remuneration

The Remuneration Committee consists entirely of three (3) non-executive directors, all of whom are independent Directors. Its primary function is to review and recommend the remuneration for the Company's executive directors.

The members of the Remuneration Committee are stated herebelow:-

Ybhg. Tan Sri Datuk Dr. Johari bin Mat (Chairman)
(Independent, Non-Executive Director)

Y. Hormat Dato' Jeremy Derek Campbell Diamond
(Independent, Non-Executive Director)

Mr. R. Nadarajan
(Independent, Non-Executive Director)

It is the Remuneration Committee's usual practice to draw information on the Company's remuneration policy from the Executive Committee to assist them with their duties. Executive directors do not participate in the deliberations of the Remuneration Committee.

Only the executive directors have contracts of service which are normally reviewed every three years. The executive directors' salaries are linked to their position, seniority, experience and the Company's overall profitability which would vary from year to year. The salary components are determined in accordance with the Company's established remuneration policy for executive directors. The remuneration packages are sufficiently attractive to attract and retain executive directors.

All directors are paid annual fees. The Chairman and members of the Audit Committee receive additional fees taking into account the nature of their responsibilities.

Members of other Board Committees do not receive any additional fees. The directors' fees are reviewed by the Board only when it deems necessary, subject however to approval by the shareholders at the A.G.M. The amount is related to their level of responsibilities. Periodical review of the fees is undertaken based on market information on directors' fees. A fixed meeting attendance allowance is paid for all attendances at Board and Board Committee meetings except for the Executive Committee meetings.

The Remuneration Committee held one (1) meeting during 2020 to deliberate on the new service contracts of two executive directors and made their recommendation to the Board

The aggregate remuneration for the year of the following directors are as shown in the table below.

	Directors' Fees		Basic Salary	Additional Remuneration	Benefits-in Kind	Other Benefits	Meeting Attendance Allowance	Total
	Company	Subsidiaries						
	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)
Ybhg. Tan Sri Datuk Dr. Johari bin Mat *(Chairman, Independent, Non-Executive)*	165,000	-	-	-	-	-	9,000	174,000
Ybhg. Dato' Carl Bek-Nielsen *(Chief Executive Director)*	100,000	28,000	252,000	1,450,000	56,163	283,710	7,500	2,177,373
Mr. Ho Dua Tiam *(Non-Independent, Non-Executive)*	100,000	-	-	-	-	-	7,500	107,500
Mr. Ahmad Riza Basir *(Independent, Non-Executive)*	110,000	-	-	-	-	-	15,000	125,000
Y. Hormat Dato' Jeremy Derek Campbell Diamond *(Independent, Non-Executive)*	120,000	-	-	-	-	-	16,500	136,500
Mr. Martin Bek-Nielsen *(Executive)*	100,000	23,000	240,000	1,350,000	52,749	264,840	7,500	2,038,089
Mr. Loh Hang Pai *(Executive)*	100,000	-	174,000	826,500	35,028	175,035	7,500	1,318,063
Mr. R. Nadarajan *(Independent, Non-Executive)*	110,000	-	-	-	-	-	16,500	126,500
Madam Rohaya binti Mohammad Yusof *(Non-Independent, Non-Executive)*	100,000	-	-	-	-	-	6,000	106,000
Mr. Jorgen Balle *(Non-Independent, Non-Executive)*	100,000	-	-	-	-	-	7,500	107,500
Ybhg. Dato' Mohammad Nasir bin Ab. Latif *(Independent, Non-Executive)*	91,667	-	-	-	-	-	7,500	99,167
Total	1,196,667	51,000	666,000	3,626,500	143,940	723,585	108,000	6,515,692

B1.3 Audit Committee

The Audit Committee consists entirely of three (3) non-executive directors as required under the Main Market Listing Requirements, all of whom are independent directors. The scope and functions of the Audit Committee are as spelt out under the Terms of Reference.

The activities of the Audit Committee during the financial year 2020 have been described at length in a separate statement in this Annual Report (pages 109 to 112).

B1.4 Executive Committee

The Executive Committee consists of executive directors only. The scope and functions of the Executive Committee are as stated in the Terms of Reference approved by the Board. It is responsible to oversee the day-to-day management of the Group's operations which includes reviewing of the annual revenue and capital budgets before presenting to the Board, reviewing the monthly, quarterly and annual results of the Company and Group and comparing them with the respective business units budgets and taking remedial actions for budget variances, implement policies and procedures approved by the Board, implement recommendations of the Audit Committee, identify key risks annually and implement mitigating actions where practicable, recommend expansion and diversification plans, implement policies for succession, labour recruitment, ensure continuity of business during pandemic, replanting and replacement of plant and machinery, and the review of research policies and projects.

The Executive Committee has established the Group Sustainability Committee which reviews sustainability issues concerning the environment, social/community, employees and market place. The Sustainability Report has been included in a separate statement in this Annual Report.

The Executive Committee has access to the services of the Company Secretary who records and maintains minutes of Executive Committee meetings.

The Executive Committee met formally 2 times during 2020, and the minutes thereof were included in the Board files for information and deliberation by the Board. All the executive directors attended all 2 meetings. The Executive Committee also met informally on more than 20 occasions during the year to deal with matters that required prompt response and decisions.

C. Reinforce Independence

C.1 Board Balance and Independence of Directors

The Company has an effective Board entrusted with leadership responsibilities by its shareholders. It is headed by a Chairman who is independent of management and whose key role is the stewardship of the Board. The Chief Executive Director on the other hand is the head of management whose key responsibilities are to run the business and implement the policies and strategies approved by the Board. Due to their contrasting roles at the head of the Company, the two roles are not combined.

Following this division of responsibilities at the head of the Company we have in the Board's composition included a balance of executive and independent non-executive directors so that no one group would dominate the decision-making process.

For the financial year 2020, your Board consists of eleven (11) directors, three (3) of whom are executives who have an intimate knowledge of the business. Amongst the remaining eight (8) non-executive directors, five (5) of them are independent directors. The Board is satisfied that the current board size fulfills its requirements adequately.

The composition of the Board reflects a mix of skills and experience and other qualities which non-executive directors should bring to the Board. Due to the diversified backgrounds and their independence, the non-executive directors are ably engaged in healthy discussions and debates with the executive directors at the Board meetings which are conducive for an effective Board.

The independent directors play a pivotal role in the Board's responsibilities. However, they are not accountable and responsible for the day to day running of the business, which is the role of the executive directors. The independent non-executive directors are actively involved in various Board committees and contribute significantly to areas such as performance monitoring and enhancement of corporate governance by providing independent assessment and opinions on proposals put forward by the executive directors and act as a check and balance for the executive directors.

The Board has established a formal and transparent policy for the role of the executive and non-executive directors.

Biographies of the Directors as given in this Annual Report, show the necessary depth to bring experience and judgment to bear on the collective decision-making processes of the Board. The Board's composition fairly represents the ownership structure of the Company with appropriate representatives from the two largest shareholders. There are adequate number of representatives on the Board who fairly reflect the interests of the minority shareholders.

The Board has established position descriptions for the role of each of the executive directors who has specific management responsibilities for the day to day running of the business. The Company has included a Group Philosophy Statement in the inside cover of this Annual Report and it has clearly described its objectives in the statement on sustainability to which the Board is deeply committed.

One of the recommendations of the MCCG states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. However, the Nomination Committee and the Board have determined at the annual assessment carried out on 22 December 2020, that Dato' Jeremy Derek Campbell Diamond who has each served on the Board for nineteen (19) years and Mr. Ahmad Riza Basir who has served on the Board for twenty (20) years, remain objective and independent in participating in the deliberations and decision-making of the Board and Board Committees.

The length of their service on the Board does not interfere with their exercise of independent judgment and act in the best interest of the Group notably in discharging their roles, in the case of Dato' Jeremy Derek Campbell Diamond as the Chairman of the Audit Committee as well as the member of the Remuneration and Nomination Committees, and in the case of Mr. Ahmad Riza Basir as the member of the Audit Committee.

The above independent directors have provided an annual confirmation of their independence to the Nomination Committee and the Board. The Board has recommended the continuation of these two (2) directors as independent directors of the Company as the Board believes that it is in the best position to evaluate and determine whether any independent director can continue acting in the best interest of the Group and bringing unbiased and professional judgement to Board deliberations. The Board has to balance the need to continue with Directors who have intimate knowledge of the Group's business and fresh perspective which new candidates may bring.

The Board had in 2018, re-assessed the timeline set in the previous year on limiting the tenure of the independent Board members and views that the expansion of the Group's business following the acquisition of the additional plantation land in 2019, the Group will require a stable board, particularly of Independent Directors who have a good understanding of the Group's core business operations, to strategize the new development and bring it to fruition in the next 2-3 years which will allow the Board to concentrate on the business to enhance the value of the Group.

As such, the Board had moved the timeline for limiting the tenure of the independent directors from end 2021 to end 2023. In the meantime, with the appointment of Dato' Mohamad Nasir bin Ab. Latif on 1 February 2020, there are now five (5) Independent Directors out of the Board size of eleven (11) members.

The Nomination Committee recognizes that the Board diversity should be in tandem with expertise, experience and skills and not gender alone. It was taken note that the recommendation in the MCCG is only a guideline and not mandatory.

The Board is of the view that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age to maximize the effectiveness of the Board. Although the Company does not have a formalised Board gender diversity policy alongside targets and measures, the issue of diversity is discussed and given prominence during deliberations by the Nomination Committee and the Board.

The appointment of Puan Rohaya binti Mohammad Yusof to the Board on 30 November 2017 represents the Board's commitment to consider women directors on the Board. The Board shall increase woman board representation as and when there is vacancy as well as when suitable and qualified candidates are identified.

D. Foster Commitment

The Non-Executive Directors are expected to commit approximately 30 to 45 days in a year of his time to the Group. Time spent include not only formal board meetings but also preparation for meetings, Board committee meetings, discussion with management, dealing with the authorities when necessary, professional and education conferences and Company functions. The Board is satisfied with the level of time commitment given by each of the directors towards fulfilling their roles on the Board and Board Committees.

The Board meets not less than four (4) times a year to review and approve the quarterly and annual results for announcements. The Board meetings for the ensuing year are fixed in advance. Notice of meetings and the agenda are given in a timely manner.

Standard matters set out in the agenda for the Board meetings are as follows:-

1) Matters arising from the previous minutes of the Board and Committees of the Board

2) Monthly, Quarterly and Yearly Financial Statements and financial forecasts/projections

3) Matters relating to the business namely finance, land matters, staff & labour, succession planning, budgets, production, marketing and others

4) New Investments

5) Subsidiary Companies and Joint Venture Company

6) Sustainability Issues

7) General

During the year under review four (4) Board meetings were held and the directors' attendances thereat are summarized herebelow:-

Directors	No. of Meetings	
	Attended	Held
Ybhg. Tan Sri Datuk Dr. Johari bin Mat -Chairman	4	4
Ybhg. Dato' Carl Bek-Nielsen	4	4
Mr. Ho Dua Tiam	4	4
Mr. Ahmad Riza Basir	4	4
Y. Hormat Dato' Jeremy Derek Campbell Diamond	4	4
Mr. Martin Bek-Nielsen	4	4
Mr. Loh Hang Pai	4	4
Mr. R. Nadarajan	4	4
Madam Rohaya binti Mohammad Yusof	3	4
Mr. Jorgen Balle	4	4
Ybhg, Dato' Mohamad Nasir bin Ab. Latif	4	4

The Directors are also mindful of their continuous training requirements. Directors are encouraged to attend various external and internal professional programs relevant and useful in contributing to the effective discharging of their duties as directors.

The Company Secretary facilitates programme registration for interested directors and would maintain such records of the programmes and their attendance thereat. All directors are allowed to choose courses/seminars of relevance in discharging their duties.

The Board, with the input from the Company Secretary, assessed the training needs of individual directors and satisfied that all directors have met their training needs. Relevant training programmes, seminars and conferences attended by Directors during the financial year ended 31 December 2020 were:

1) Recovery and Resolution Plan organized by RHB Academy on 12 January 2020 (on-line).

2) Climate Action : The Board's Leadership in Greening the Financial Sector organized by FIDE on 11 February 2020. (Virtual)

3) Governance and Risk- An Uncertain World. A Riskier Landscape organised by PWC Malaysia on 30 April 2020. (Virtual)

4) COVID-19 Impact and Reporting organised by PWC Malaysia on 5 May 2020. (Virtual)

5) The new Normal, Impact of COVID-19 on Oil and Gas and Future of Renewable Energy organized by Ernst & Young on 8 June 2020. (Virtual)

6) FIDE Core Module A for Banks organised ICLIF Executive on 29 June to 9 July 2020. (Virtual)

7) Anti-Money Laundering and Counter Financing of Terrorism organized by RHB Berhad on 9 September 2020. (Virtual)

8) Islamic Finance for Board of Directors and Senior Management organized by ISRA Consulting. (Virtual)

9) Enlightenment on Syariah Resolutions issued by Syariah Advisory Council of BNM 2020 organised by Amanie Academy on 8 November 2020. (Virtual)

10) Webinar Series Governance Symposium 2020 organised by MIA on 9- 10 November 2020. (Virtual)

11) Fraud Risk Management organized by Bursa Malaysia on 16 November 2020. (Virtual)

12) Malaysia Budget 2021 Review organized by KPMG on 20 November 2020. (Virtual)

13) Anti-Corruption Awareness organized by MAHB on 23 November 2020. (On-line)

14) Information Security Awareness organized by RHB Academy on 31 December 2020. (On-line)

15) Anti-Bribery and Corruption organized by RHB Academy on 31 December 2020. (On-line Learning)

E. Integrity in Financial Reporting

The Board in compliance with paragraph 15.26a of Bursa Malaysia's Main Market Listing Requirements issues a Statement explaining its responsibility for preparing the annual audited financial statements.

The Board is required by law to prepare financial statements for each financial year which will give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year in a manner which is comprehensive and transparent.

In the preparation of the financial statements, the directors will consider compliance with all applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act 2016.

E.1 Internal Control

The Board recognizes its responsibility for the group's system of internal controls. In this connection, the Audit Committee conducts an annual review of the adequacy and effectiveness of the system of internal controls and renders a statement to the shareholders to this effect. In this connection, the Audit Committee is assisted by an in-house internal audit department and an external independent professional firm who conduct regular reviews of the internal controls and report to the Audit Committee directly.

The external auditors are appointed by the Board to review the Statement of Internal Control and to report thereon.

E.2 Relationship with the Auditors

The Board maintains a formal procedure of carrying out an independent review of all quarterly reports and annual audited financial statements by the Audit Committee, at its meetings. The external auditors and representatives of the management are present to answer questions and provide explanations to the Audit Committee.

The activities of the Audit Committee have been described at length in a separate statement given in this Annual Report.

F. Recognise and Manage Risks

The Board, assisted by the Audit Committee, reviews the risk management policies formulated by management, headed by the Executive Director, Finance & Marketing, and makes relevant recommendations to the management. The Group continues to maintain and review its internal control policies and procedures to ensure, as far as possible, to protect the Group's assets.

The Board has established internal audit function, complimented by an in-house team and an external professional firm. Both the internal audit teams report direct to the Audit Committee.

Details of the Group's internal control system and framework are set out in the Statement on Risk Management and Internal Control.

G. Timely and High Quality Disclosures

The Group has in place a procedure for compliance with the Listing Requirements. The Company Secretary reviews all announcements to ensure accuracy and compliance.

The Board reviews and approves all quarterly and other important announcements. The Board is mindful that information which is material is announced immediately.

The Group has designated executive directors as spokespersons in the handling of discussions and disclosures with investors, fund managers and the public.

The Company has a website *www.unitedplantations.com* where all the Company's announcements, corporate information and updates are posted.

H. Strengthen Relationship Between the Company and Shareholders

H.1 Communications and Investor Relations

The Board acknowledges the need for an effective communication policy with shareholders and investors as the same intimate relationship that exists with management is usually lacking with shareholders with the exception of the controlling shareholders who are represented on the Board. The Company's website: *www.unitedplantations.com* and the stock exchange websites: *www.bursamalaysia.com* are used as a forum to communicate with shareholders and investors where they can access corporate information, company's announcements, corporate proposals, quarterly and annual reports, etc.

The Company's executive directors usually hold bi-annual briefings at its corporate office in Kuala Lumpur with institutional investors, market analysts and fund managers after announcement of the quarterly results. However, due to the pandemic, only one briefing was held virtually in 2020. Questions relating to the quarterly announcements can be directed to Mr. Martin Bek-Nielsen, Executive Director (Finance & Marketing). The Board believes that the Company's Annual Report is a vital source of essential information for shareholders and investors and other stakeholders. The Company strives to provide a high level of reporting and transparency as an added value for users of the company's annual report.

H.2 The Annual General Meeting (A.G.M.)

The A.G.M. is an excellent forum for dialogue with all shareholders for which due notice is given. The shareholders are given the opportunity to vote on the regular businesses of the meeting, viz. consideration of the financial statements, consideration and approval of a final dividend, consideration and approval of directors and auditors fees, re-election of Directors and special business if any.

The Chairman explains the electronic voting procedure before the commencement of the A.G.M. The participating shareholders are given the opportunity to present their views or to seek more information. The resolutions passed at the meeting are released to Bursa Malaysia in a timely manner.

Kindly take note that pursuant to paragraph 2.19 of the Main Market Listing Requirements and Article 162 of the Company's Constitution and in line with UP's " Go Green" initiatives, the Notice of A.G.M. , Proxy Form, Statement to Shareholders and Request Form for hardcopy of Annual Report can be downloaded from our website at *www.unitedplantations.com*.

All Board members, Senior Management from the Finance Department and the External Auditors are present to respond to questions from the shareholders during the A.G.M..

The Company's 99th Annual General Meeting which was held on 12 May 2020 followed by an EGM was conducted via live streaming and online voting using the Remote Participation and Voting webcast without physical attendance by shareholders. Our Directors who were physically present were Tan Sri Dr. Johari bin Mat, Chairman, Dato' Carl Bek-Nielsen, Vice Chairman & Chief Executive Director, Dato' Jeremy Derek Campbell Diamond, Mr. Martin Bek-Nielsen, Mr. Loh Hang Pai and Mr. Ng Eng Ho, Company Secretary. The other Directors seen here, attended remotely and thereby complied with the guidelines set out by the Securities Commission.

Statement On Directors' Responsibility As At 31 December 2020

The Board is required under paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia to issue a statement explaining its responsibility for preparing the annual audited financial statements.

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the financial year end and of the results and cashflows of the group for the financial year then ended.

The Directors consider that, in preparing the financial statements of UP for the financial year ended 31 December 2020, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates. The Directors also consider that all applicable Financial Reporting Standards in Malaysia have been complied with and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Auditors' responsibilities are stated in their report to the shareholders.

Statement On Risk Management and Internal Control

The Board of Directors ("the Board") of United Plantations Berhad ("the Group") recognises its responsibility for the Group's system of Risk Management and Internal Control (RMIC) for the review of its adequacy and effectiveness, whilst the role of management is to implement the Board's policies on risks and controls. A sound system of RMIC includes the establishment of an appropriate control environment and framework, encompassing financial, operational and compliance controls and management of risks throughout its operations in order to protect its shareholders' value and the Group's assets as well as other stakeholders' interests, at the same time.

The Risk Management Framework is embedded in its culture as documented in the Group Sustainability System Framework as illustrated on below. The Risk Management Framework overlaps with the Sustainability Governance Management Structure.

Risk Management Framework

Risk Management Approach

Because of the limitations that are inherent in any systems of RMIC, such systems are designed to manage and mitigate risks that may impede the achievement of the Group's business objectives. Accordingly, the system of RMIC provides only reasonable and not absolute assurance against material misstatement, error or loss. The concept of reasonable assurance also recognises that the cost of control procedures should not exceed the expected benefits.

Assurance from Management

The Board has received assurances from the Chief Executive Director and the Executive Director, Finance & Marketing, that the Group's system of RMIC is operating adequately and effectively in all material aspects.

Internal Control And Risk Management

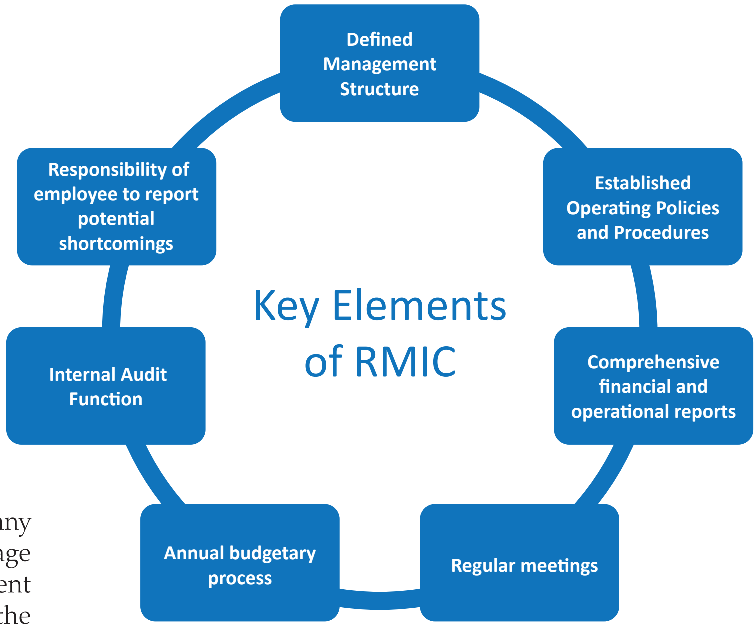
The Board regards risk management as an integral part of business operations. There is in place a formal process to identify, evaluate and manage significant strategic, operational, financial, tax-related and legal risks faced by the Group. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken and the time frame to mitigate and minimise these risks.

The process is undertaken by a Risk Management Committee headed by the Executive Director, Finance & Marketing and comprises senior executives of the Company and a written report is submitted to the Board.

Management proactively reviews the measures taken to manage those identified risks on a timely and consistent manner.

Other Key Elements Of RMIC

Other key elements of the Group's system of internal control are as follow:



In addition to the above chart, each subsidiary of the group is (as a minimum requirement) subjected annually to scrutiny of its financial statements by an external auditor, any comments relating to this external audit are passed on to the management in the form of a "management letter". No significant shortcomings in internal controls have been found in the past.

The Audit Committee, on behalf of the Board, receives reports from both the internal and external auditors and regularly reviews and holds discussions with management on the actions taken on identified RMIC issues. The role of the Audit Committee is further elaborated in the Audit Committee Report on pages 109 to 112. There is no material joint venture that has not been dealt with as part of the Group for the purpose of Statement on Risk Management and Internal Control.

Risk Management Activities

No major weaknesses in the system of internal controls were identified during the year, nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Group's Annual Report. Those areas of non-compliance with the procedures and policies and those which require improvements as highlighted by the internal and external auditors during the period have been, or are being addressed. The Board confirms that its risk management and internal control systems which were operational throughout the financial year and up to the date of approval of the Annual Report are adequate and effective to safeguard the Group's assets.

The Board remains committed towards operating a sound system of RMIC and therefore recognizes that the system must continuously evolve to support the type of business and size of operations of the Group. As such, the Board, in striving for continuous improvement will put in place appropriate action plans, when necessary, to further enhance the Group's system of RMIC.

The significant risks identified for the financial year 2020 are outlined in the chart below.

Review of the Statement by External Auditors

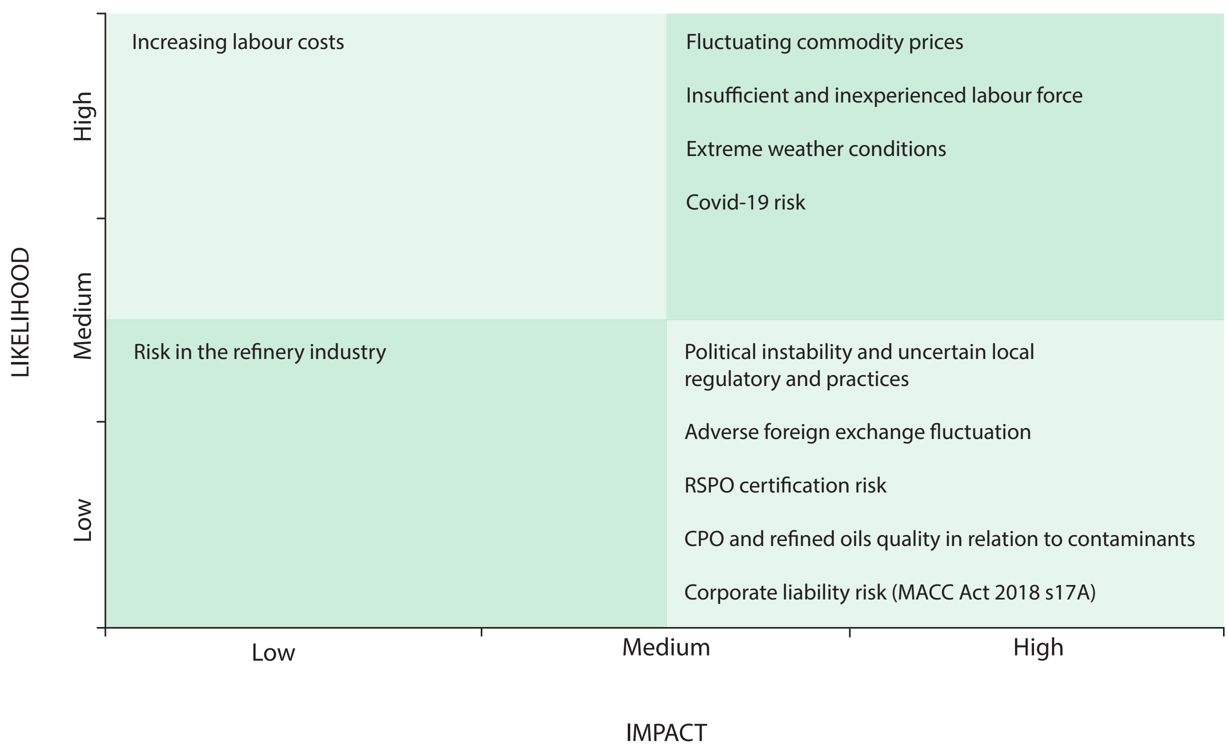
The external auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised), Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Group's Annual Report for the year ended 31 December 2020 and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

RPG 5 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Groups' risk management and internal control system including the assessment and opinion by the Directors and management thereon.

The report from the External Auditors was made solely for and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purpose or parties.

The External Auditors do not assume responsibility to any person other than the Board of directors in respect of any aspect of this report.

2020 Risk Chart



Audit Committee Report

Members of the Audit Committee:

Y. Hormat Dato' Jeremy Derek Campbell Diamond
(Chairman – appointed on 31-7-2001)
(Independent, Non-executive Director)

Mr. Ahmad Riza Basir
(appointed on 19-6-2004)
(Independent, Non-executive Director)

Mr. R. Nadarajan
(appointed on 1-6-2013)
(Independent, Non-executive Director)

The Audit Committee consists entirely of independent non-executive directors. One of the members (Mr. R. Nadarajan) is an associate member of the Chartered Institute of Management Accountants, United Kingdom and a member of the Malaysian Institute of Accountants.

This meets the requirement of the Bursa Securities Listing Requirements which requires at least one qualified accountant as a member of the Audit Committee.

1) Objectives

The Committee operates under the Terms and Reference of Audit Committee containing requirement as spelt out by Bursa Malaysia and the Terms of Reference is posted under Corporate Information section of the Company's website at *www.unitedplantations.com.*

The Terms of Reference prescribes the Committee's scope of responsibilities and the primary objectives of the Committee are:

a) To assist in discharging the Board's responsibilities as they relate to the Group's management including risk management, internal controls, accounting policies and financial reporting;

b) To provide, by way of regular meetings, a line of communication between the Board and the external and internal auditors;

c) To oversee and review the quality of the audits conducted by the external and internal auditors; and

d) To enhance the perceptions held by interested parties, such as shareholders, regulators, creditors and employees, of the credibility and objectivity of the financial reports.

2) Activities of the Audit Committee during the year

The Committee held five (5) meetings which include 2 (two) virtual meetings due to Movement Control Order (MCO) in 2020 to conduct and discharge its functions in accordance with the Terms of Reference mentioned above. Details of Directors' attendances at Audit Committee meetings are as follows:

Name of Directors	No. of Meetings	
	Attended	Held
Y. Hormat Dato' Jeremy Derek Campbell Diamond	5	5
Mr. Ahmad Riza Basir	5	5
Mr. R. Nadarajan	5	5

The Audit Committee met on a scheduled basis. The Financial Controllers were invited to attend the meetings. The internal and external auditors were also invited to discuss their audit findings, management letters, Audit Planning Memorandum and other matters deemed relevant. During the scheduled meetings, the members of the Audit Committee also had one (1) session with the outsourced internal auditors and two (2) sessions with the external auditors without the presence of the Management.

During the year, the Committee carried out the following activities:

a) Internal Audit (IA) (Both in-house and outsourced)

i. Reviewed the annual audit plans for 2020 to ensure adequate scope, coverage of the activities of the Company and the Group and the resource requirements and budget of in- house Internal Audit department to carry out its functions;

ii. Reviewed the Internal Audit reports, audit recommendations and Management's responses to these recommendations (further details provided under item 3);

iii. Reviewed the status report on corrective actions implemented by Management to rectify the outstanding audit issues to ensure control lapses are addressed;

iv. Instructed the conduct of investigations on activities within its terms of reference;

v. Evaluated the performance and effectiveness of the outsourced internal auditors, KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG") and the in-house internal auditors;

vi. Reviewed and assessed the trading manual limits for the Group;

vii. Reviewed the carry forward capital expenditure todate listing with explanation if expenditure todate is less than 25% of carry forward budget;

viii. Reviewed the debtors ageing listing with explanation if overdue;

ix. Reviewed the risk assessment on the Group exposure under S17(A) MACC Amendment Act 2018 and the adequate procedures implemented.

x. Reviewed the IT policy and procedures for the Group.

b) External Audit

i. Reviewed with the external auditor:-

- The Audit Planning Memorandum and scope of work for the year; and

- The Results of the audit, the relevant audit reports and Management Letters together with the Management's responses and comments to the findings.

ii. Assessed the independence and objectivity of the external auditors during the year and prior to reappointment. The assessment is based on the private discussions, quality of issues raised in their report and their level of participation on issues discussed during the quarterly meetings they attended. The Committee also received from the external auditors their policies and written confirmation regarding their independence and the measures used to control the quality of their work;

iii. Evaluated the performance and effectiveness of the external auditors and made recommendations to the Board of Directors on their reappointment and remuneration; and

c) Financial Reporting

Reviewed the quarterly unaudited financial results and the annual audited financial statements of the Company and the Group prior to recommending them for approval by the Board of Directors.

The Committee, in the current year, reviewed only the first three quarters of the unaudited quarterly financial results as the fourth quarter announcement had been dispensed with as approved by Bursa since 2015, the approval is on the condition that the full financial report is announced within two months from the close of the financial year end. The review was to ensure that the financial reporting and disclosures are in compliance with:

i. Provisions of the Companies Act 2016;

ii. Listing Requirements of Bursa Malaysia Securities Berhad;

iii. Applicable approved accounting standards in Malaysia; and

iv. Other legal and regulatory requirements.

d) Related Party Transactions

During the year the Management had reported to the Audit Committee the related party transactions which were recurrent in nature as disclosed under Note 27 of the financial statements. There were no other related party transactions entered into by the Company and the Group.

e) Annual Report

- Reviewed with the external auditors, their evaluation and report of the state of risk management and internal control of the Group and reported the results thereof to the Board of Directors.

- Reviewed the Audit Committee Report, Overview Statement on Corporate Governance, Corporate Governance Report and Statement on Risk Management and Internal Control and recommended the reports to the Board for publication in the 2020 Annual Report.

f) Risk Assessment and Management

Reviewed and discussed with Management the outcome of the exercise to identify, evaluate and manage significant strategic, operational, financial, hedging, trading, tax-related and legal risks faced by the Group. The report was compiled annually and presented to the Audit Committee for further deliberations on the adequacy and effectiveness of the actions taken.

3) Internal Audit Function

The Committee is supported by the in-house Group Internal Audit Department and the outsourced internal auditors, KPMG in the discharge of its duties and responsibilities.

The internal auditors provide independent and objective assessment on the adequacy and effectiveness of the risk management and internal controls. The in-house internal auditors also carry out investigative audits whenever improper, illegal and dishonest acts are reported.

The Group Internal Audit Department is headed by a qualified accountant and supported by 3 executives with experiences in the audit and estate operations. The Internal Audit programmes are tailored specifically based on the risk areas identified by the Executive Committee and Audit Committee with emphasis on operational weaknesses identified and prevalent in the plantation industry. This will ensure that the audit programme add value to management decision making.

The internal auditors review the effectiveness of the internal control structures of the Group's activities focusing on high risk areas as determined using a risk-based approach.

All operating units are audited at least once over a two year period by the in-house internal auditors, and at least once over a three year period by the outsourced internal auditors (excluding foreign operations).

The internal audits cover the review of the adequacy of risk management, operational controls, compliance with established procedures, guidelines and statutory requirements, quality of assets and management efficiency, amongst others. These audits are to ensure that the established controls are appropriate, effectively applied and achieve acceptable risk exposures consistent with the Group's risk management policy. In performing such reviews, recommendations for improvement and enhancements to the existing system of internal controls and work processes are made.

All auditing activities are conducted in line with the Group's objectives and policies, in accordance with applicable laws and regulations, and as guided by Code of Ethics and International Standards for the Professional Practice of Internal Auditing.

For the year 2020, the activities undertaken by the internal auditors were as follows:

a) Developed an audit plan using risk-based approach, and carried out the assignments according to the audit plan for the year;

b) Conducted ad-hoc assignments as instructed by the Audit Committee;

c) Recommended improvements and enhancements to the existing system of internal controls and work procedures/processes;

d) Conducted investigation into activities or matters as instructed by the Audit Committee and Management;

e) Performed a review and assessment exercise to identify, evaluate and manage significant strategic, operational, financial, hedging, trading, tax-related and legal risks faced by the Group; and

f) Preparation of Audit Committee Report and Statement on Risk Management and Internal Control for the Company's Annual Report.

g) Conducted compliance audits on the COVID-19 Standard Operating Procedures (SOPs) as issued by the Government and Chief Executive Director from time to time.

A total of 15 (2019:8) audit engagements (in-house internal audits) were completed in 2020. The in-house internal audit team visited 5 Estates (2019: 2) in 2020. to conduct internal auditing on the financial and operational aspects of the operations with particular emphasis on cash management, stock, reporting and fixed assets.

In addition, 8 special audits (2019:4) were conducted primarily focusing on foreign workers recruitment costs, harvesting contracts, stock purchases, fuel issuance and surprise coconut counts (2019: the audits of weight variances for CPO customers, CCTV review, group cash position review and surprise coconut count). The findings include among others weaknesses in payment system and weakness in stock management system.

Given the similarity of the weaknesses continuously found in the internal audit reports, the Internal Audit team changed the internal audit approach to rectification of weaknesses found in the normal course of internal auditing work based on the recommendation from the Chief Executive Director.

Under this new approach, upon completion of the internal audit work and issuance of the internal audit report to Management and the Audit Committee, the Internal Audit team will then subsequently prepared and tailored a specialized training session (reach, teach and remind) based on the audit findings. During the specialized training session with the managers, executives and staffs, detailed and constructive two ways discussions and recommendations are exchanged with the internal audit teams.

Hopefully this will reduce and prevent recurrence of similar audit findings in future audits while at the same time reinforcing the company's policies and procedures to its managers, executives and staffs. Initial feedbacks are positives and the Chief Executive Director has instructed that this specialized training sessions are to be conducted in all operating units continuously.

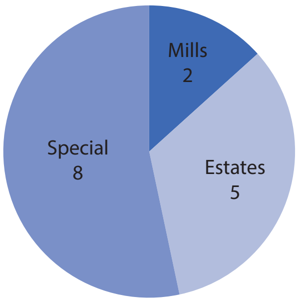
For the outsourced internal audits, due to the Malaysian Government's restriction movement order, only 2 (2019:7) audit engagements were completed in 2020, encompassing 2 mill audits. (2019: 4 Estate audits, 1 Refinery audit, 1 joint venture audit and 1 research department audit)

The audit objectives are to independently assess the system of internal control as established by Management, the adequacy and integrity of such internal control system versus the objectives served, and to make appropriate recommendation thereof. Material findings include among others weakness in the payroll system, inventory management and fixed asset management (2019: delay in fertilizer application, enhancement to monitoring of fixed assets, enhancement to foreign currency hedging process in joint venture, lapses in fixed assets disposal process) The audit engagements are performed on a rotational basis to ensure that all business units will be audited at least once every 3 years.

Any control and procedural weaknesses identified were discussed with Management and remedial measures instituted to address the weaknesses identified. The Audit Committee will review the audit report presented and the Management's responses to ensure that material findings are adequately addressed. Some follow up audit works were done subsequently for material findings to ensure adherence to the audit recommendation if any.

A total of 17 (2019:15) audit engagements (combined in-house and outsourced internal audits) were completed in 2020, categorized as follows:

Internal Audits completed in 2020 by In-house Internal Audit Team



Internal Audits completed in 2020 by Out-sourced Internal Auditors, KPMG

The EXCOM together with the Company Secretary having a Board meeting with the Chairman and the remaining Board members participating remotely through video conferencing.

Nomination Committee Report

The members of the Nomination Committee (NC) as at the end of financial year 2020 were as follows:-

Ybhg. Tan Sri Datuk Dr. Johari bin Mat (Chairman)
(Independent, Non-Executive Director)

Y. Hormat Dato' Jeremy Derek Campbell Diamond
(Independent, Non-Executive Director)

Mr. R. Nadarajan
(Independent, Non-Executive Director)

The principal function of making recommendations for new appointments to the Board is delegated to the Nomination Committee.

The Nomination Committee consists entirely of non-executive directors as required under the Main Market Listing Requirements, all of whom are independent directors.

The Committee has access to the services of the Company Secretary who would record and maintain minutes of meetings and obtain information for the purpose of meeting statutory obligations as well as obligations arising from Bursa Malaysia's Main Market Listing Requirements.

Objectives

The primary objectives of the Committee are:

a) to assist in discharging the Board's responsibilities as they relate to the Group's board renewal and succession planning;

b) to assess the effectiveness of the Board and Committees; and

c) to assess the contributions of individual directors.

Terms of Reference

The duties of the Committee:

1.1 To consider, in making its recommendations to the Board, candidates proposed by any director or shareholder or consultant, for all directorships. In making the recommendations, the NC shall consider the candidates':

- skills, knowledge, expertise and experience;
- professionalism;
- integrity; and
- in the case of candidates for the position of independent directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities or functions as expected from independent non-executive directors.

1.2 To recommend to the Board, the directors to fill the seats on Board Committees.

1.3 To review annually the Board's required mix of skills and experience and other qualities, including core competencies which the Board members should bring to the Board and Committees to best serve the business and operations of the Group as a whole.

1.4 To assist the Board by formulating and periodically reviewing the criteria and procedure to be carried out by the Committee for assessing the effectiveness of the Board and Board Committees as a whole.

1.5 To assess the board balance by reviewing the size, structure and composition of the Board.

1.6 To assess the independence of the independent directors annually and to recommend to the Board whether an independent director may continue to serve on the Board as an independent director, after his tenure has exceeded a cumulative term of nine years.

1.7 To consider directors who are due to retire on rotation at the AGM and recommend their re-election.

1.8 To develop, review and monitor the policies and approach towards boardroom diversity.

1.9 To review and assess the effectiveness of the Board's succession plan.

1.10 To review the adequacy of the Terms of Reference in the light of new practices and regulatory requirements to ensure that the Committee is operating at maximum effectiveness, and to recommend changes as and when required.

1.11 To perform such other functions relating to the foregoing as the Board may, from time to time, request.

Board Members' Selection Criteria

Selection of candidates to be considered for appointment as directors is facilitated through recommendations from members of the Board and/or shareholders, industry acquaintance, consultants etc. to gain access to a wide pool of potential candidates.

The Nomination Committee will normally meet with the proposed candidates to assess their suitability in terms of age, qualifications, experience, expertise, any potential conflict of interest and leadership quality before recommending them for appointment to the Board.

Activities of the NC during the year

In 2020, the NC met once and the attendance of members of the Committee was as follows :-

Name of Directors	No. of Meetings	
	Attended	Held
Ybhg. Tan Sri Datuk Dr. Johari bin Mat *(Chairman, Independent, Non-Executive)*	1	1
Y. Hormat Dato' Jeremy Derek Campbell Diamond *(Independent, Non-Executive)*	1	1
Mr. R. Nadarajan *(Independent, Non-Executive)*	1	1

The Nomination Committee had in 2020 undertaken various activities in the discharge of their duties and these are summarized as follows:-

a) Reviewed and assessed the performance of individual Directors during the year. When deliberating on the performance of a particular Director who is also a member of the Nomination Committee, that member had abstained from the discussions.

b) Conducted assessment and made recommendation to the Board for its approval for the Directors who are seeking re-election under Article 107 of the Company's Constitution at the forthcoming A.G.M..

c) Conducted the annual assessment on the effectiveness of the Board and the Board Committees.

d) Reviewed the composition of the Board based on the required mix of skills, experience and other qualities considered important for the Board.

e) Reviewed the composition of the Board Committees based on the provisions of the relevant guidelines and regulations.

In addition to the above, the Nomination Committee had also like in past years carried out an independence assessment to evaluate whether the Independent Directors who have served on the Board for a cumulative term of more than nine (9) years can continue to perform his duties as an Independent Director without being unduly influenced.

There are three (3) independent directors who have exceeded the nine (9) years tenure on the Board, namely Tan Sri Datuk Dr. Johari bin Mat, Dato' Jeremy Derek Campbell Diamond and Mr. Ahmad Riza Basir. However, in view that Tan Sri Datuk Dr. Johari bin Mat is not seeking reelection at the forthcoming A.G.M., the Nomination Committee proceeded with the abstention of Dato' Jeremy Derek Campbell Diamond had reviewed the attendance record of Dato' Jeremy Derek Campbell Diamond and Mr. Ahmad Riza Basir, their participation in Board deliberations, including Board Committees and concluded that both of them remain objective and independent and their lengths of service do not interfere with their exercise of independent judgement and accordingly recommended to the Board to propose to the shareholders to retain them as independent directors based on the following justifications.

a) Each of them fulfills the criteria of an independent director pursuant to the Main Listing Requirement,

b) Each of them has wide experience relating to the Company's business operations,

c) Each of them has devoted sufficient time and attention in discharging their duties as an independent director of the Company,

d) Each of them has been exercising due care in discharging their duties as independent director in the best interest of the Company and shareholders.

The Company will seek the shareholders' approval for them to be retained as independent directors.

Evaluation for Board, Board Committees and Individual Directors

The Nomination Committee facilitated by the Company Secretary, had carried out the annual assessment to evaluate the performance of the Board, its Board Committees and each individual Director in 2020. The assessments of the Board, Board Committees and individual Directors were carried out based on questionnaire.

The evaluation process was managed by the Company Secretary who forwarded the questionnaires on the Board, Board Committees and individual Directors to the Chairman of Nomination Committee who after consultation with members of the Nomination Committee completed the evaluation by completing the questionnaires. The findings and recommendations of the Nomination Committee were tabled at the Board for further discussion and approval.

Based on the evaluation results, the Committee reached the conclusion that the Board and the Directors in their individual capacity supported the current needs of the Company. All Directors have the requisite competence, integrity, character to serve on the Board and had demonstrated their commitment to the Group. The Board was satisfied with the outcomes of the evaluation.

The Board is of the view that it is not necessary to appoint an independent third party to conduct the evaluation process. The Nomination Committee will continue to assess the need for the appointment of an independent third party and will take the necessary action as and when deemed useful.

Additional Disclosures

Pursuant to the listing requirements of Bursa Malaysia Securities Berhad, additional disclosures by the Group for the year ended 31 December 2020 are as follows :-

1) Utilisation of proceeds raised from Corporate Proposals

   There was no corporate proposal to raise funds during the financial year.

2) Non-audit fees paid to External Auditors

   Non-audit fees paid and payable to Company and Subsidiaries' external auditors for the financial year were as follows:-

Tax services	RM83,200

3) Cost of Internal Audit

   RM761,865 was incurred by the Group in the Financial year for its outsourced internal audit and in-house internal audit department.

An aerial view of the extensive replanting at Jendarata estate including well established covercrop. Surveillance by air is an important element of attending to problems quickly.

UP's light railway network efficiently bringing back freshly harvested crop to the mill.

Financial Statements
For the year ended 31 December 2020

Contents

Report Of The Directors For The Year Ended 31 December 2020

The Directors have pleasure in submitting for your consideration the audited financial statements of the Group and of the Company for the year ended 31 December 2020.

Principal Activities

The Company carries on the business of oil palm and coconut cultivation and processing on its plantations in Peninsular Malaysia.

The Company also has an active research centre providing improved planting material for the Group's estates as well as for the Malaysian agricultural sector in general.

The subsidiary companies are primarily engaged in the following activities:

(a) Business of oil palm cultivation and processing in Indonesia;

(b) Refining of palm oil, manufacturing edible oils, fats, cocoa butter substitute and trading in crude palm oil and palm kernel products;

(c) Handling and storage of vegetable oil and molasses; and

(d) Trading, marketing and investment holding.

Other information relating to the subsidiary companies, associated company and joint venture are disclosed in Note 3 to the financial statements.

There have been no significant changes in the nature of these activities during the year.

Financial Results

	Group RM'000	Company RM'000
Profit after taxation	401,577	299,747
Attributable to:		
Equity owners of the parent	399,544	299,747
Non-controlling interests	2,033	-
Total	401,577	299,747

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in the financial statements.

Group's Plantation Properties

The Group's plantation properties at the end of the year were as follows:

Malaysia	Hectares
UIE estates	10,369
Jendarata	6,336
Kuala Bernam	830
Sungei Bernam	2,276
Ulu Bernam	3,198
Changkat Mentri	2,551
Ulu Basir	3,991
Sungei Erong	3,620
Sungei Chawang	3,281
Seri Pelangi	1,422
Lima Blas	2,892
Tanarata	3,642
Sub-total	44,408
Indonesia	
PT Surya Sawit Sejati (planted area)	9,079
Plasma	1,314
Conservation	7,670
Buildings and others	603
Sub-total	18,666
Total	63,074

Report Of The Directors For The Year Ended 31 December 2020

Dividends

Dividends paid by the Company since the end of the previous financial year were as follows:

(a) A second interim single-tier dividend of 10 sen per share* amounting to RM41,478,498 in respect of the previous financial year was declared and paid on 24 February 2020 and 8 May 2020 respectively.

(b) A second interim special single-tier dividend of 42.5 sen per share* amounting to RM176,283,618 in respect of the previous financial year was declared and paid on 24 February 2020 and 8 May 2020 respectively.

(c) An interim single-tier dividend of 15 sen per share amounting to RM62,217,748 in respect of the current financial year was declared and paid on 9 November 2020 and 4 December 2020 respectively.

(d) A special single-tier dividend of 5 sen per share amounting to RM20,739,249 in respect of the current financial year was declared and paid on 9 November 2020 and 4 December 2020 respectively.

* Restated after bonus issue

At the forthcoming Annual General Meeting, a final single-tier dividend of 15 sen per share amounting to RM62,217,748 and a special single-tier dividend of 50 sen per share amounting to RM207,392,492 in respect of the year ended 31 December 2020 on the ordinary shares in issue at book closure date will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2021.

Treasury Shares

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 18 June 2005, approved the Company's plan to purchase up to 10% of the issued and paid-up share capital of the Company. The authority granted by the shareholders was subsequently renewed during subsequent Annual General Meetings, including the last meeting held on 12 May 2020. Notwithstanding the above, the Company in exercising this mandate shall ensure that the public spread shall not fall below 25% as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

There has been no purchase, resale and/or cancellation of the treasury shares by the Company in the preceeding 12 months. On 29 May 2020, the Company increased the number of its ordinary shares by way of bonus issue of 208,134,266 ordinary shares on the basis of one (1) new ordinary share for every one (1) existing ordinary share held. This resulted in the increase of treasury shares from 741,774 shares to 1,483,548 shares. These treasury shares were held in accordance with the requirement of Section 127 of the Companies Act 2016.

The Company has the right to cancel, resell these shares and/or distribute these shares as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution are suspended.

As at the end of the financial year, the number of ordinary shares in issue after deducting treasury shares is 414,784,984 ordinary shares.

Issue of shares

During the financial year, the Company increased the number of its ordinary shares by way of bonus issue of 208,134,266 ordinary shares on the basis of one (1) new ordinary share for every one (1) existing ordinary share held.

These new ordinary shares are issued as fully paid, at no consideration and without capitalisation from the Company's reserves and are ranked pari passu in all respects with the existing ordinary shares of the Company.

Report Of The Directors For The Year Ended 31 December 2020

Directors

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Ybhg. Tan Sri Datuk Dr. Johari bin Mat
Ybhg. Dato' Carl Bek-Nielsen*
Mr. Ho Dua Tiam*
Mr. Ahmad Riza Basir
Y. Hormat Dato' Jeremy Derek Campbell Diamond
Mr. Martin Bek-Nielsen*
Mr. Loh Hang Pai
Mr. R Nadarajan
Madam Rohaya binti Mohammad Yusof
Mr. Jorgen Balle
Ybhg. Dato' Mohamad Nasir bin Ab. Latif

* These Directors are also directors of the Company's subsidiaries

The name of the director of a subsidiary of the Company since the beginning of the financial year to the date of this report, not including those directors listed above is:

Mr. Geoffrey Ian George Cooper

The following Directors who held office at the end of the financial year had according to the register required to be kept under Section 59 of the Companies Act 2016 an interest in shares of the Company and its subsidiary companies, as stated below:

	Number of ordinary shares							
	1 January 2020	Bought before bonus issue	Sold before bonus issue	Adjustments for bonus issue*	Bought after bonus issue	Sold after bonus issue	31 December 2020	% of issued share capital*
The Company:								
Ybhg. Tan Sri Datuk Dr. Johari bin Mat								
- held directly	90,000	-	-	90,000	-	-	180,000	0.04
- deemed interested	10,000	-	-	10,000	-	-	20,000	-
Ybhg. Dato' Carl Bek-Nielsen								
- held directly	2,529,491	23,509	-	2,553,000	-	-	5,106,000	1.23
- deemed interested	100,371,429	-	-	100,371,429	-	-	200,742,858[*1]	48.40
Mr. Ho Dua Tiam								
- held directly	707,400	-	-	707,400	-	-	1,414,800	0.34
Mr. Ahmad Riza Basir								
- held directly	87,400	5,800	-	93,200	-	-	186,400	0.04
- deemed interested	-	-	-	-	8,000	-	8,000	-
Y. Hormat Dato' Jeremy Derek Campbell Diamond								
- held directly	18,000	-	-	18,000	2,000	-	38,000	0.01
- deemed interested	340,000	-	-	340,000	4,000	-	684,000	0.16
Mr. Martin Bek-Nielsen								
- held directly	710,389	-	-	710,389	-	-	1,420,778	0.34
- deemed interested	100,336,371	-	-	100,336,371	-	-	200,672,742[*2]	48.38
Mr. Loh Hang Pai								
- held directly	50,000	1,000	-	51,000	-	-	102,000	0.02
Mr. R. Nadarajan								
- held directly	4,000	13,000	-	17,000	40,000	-	74,000	0.02
- deemed interested	6,000	3,000	-	9,000	4,000	-	22,000	0.01
Ybhg Dato' Mohamad Nasir bin Ab. Latif								
- held directly	-	4,000	-	4,000	-	-	8,000	-

Report Of The Directors For The Year Ended 31 December 2020

Notes:

*1 Dato' Carl Bek-Nielsen

19,437,142 shares	-	Deemed interested in the shares registered in the name of United International Enterprises Limited
181,215,600 shares	-	Deemed interested in the shares registered in the name of Maximum Vista Sdn. Bhd.
90,116 shares	-	Deemed interested through immediate family members
200,742,858 shares		

*2 Mr. Martin Bek-Nielsen

19,437,142 shares	-	Deemed interested in the shares registered in the name of United International Enterprises Limited
181,215,600 shares	-	Deemed interested in the shares registered in the name of Maximum Vista Sdn. Bhd.
20,000 shares	-	Deemed interested through immediate family members
200,672,742 shares		

* calculated based on 414,784,984 shares which do not include 1,483,548 treasury shares

By virtue of their interest in the shares of United International Enterprises Limited and Maximum Vista Sdn. Bhd., Dato' Carl Bek-Nielsen and Mr. Martin Bek-Nielsen are also deemed to have interest in the shares of all the subsidiary companies of the Company to the extent the Company has an interest in them.

The remaining Directors in office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in Note 5 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest except as disclosed in Note 27 to the financial statements.

Report Of The Directors For The Year Ended 31 December 2020

Directors' indemnity and insurance cost

During the financial year, the Directors of the Company are covered under the Directors' and Officers' liability insurance in respect of liabilities arising from acts committed in their respective capacity as inter alia, the Directors of the Company subject to the terms of the insurance policy. The total amount of coverage effected for the Directors was RM20,000,000 at the premium of RM24,920 which was shared between the Company and all the Directors at the ratio of 95:5.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and
- (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

- (i) it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Group and of the Company; and
- (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Significant event during the financial year and subsequent event

Details of significant event during the financial year and subsequent event are disclosed in Note 33 to the financial statements.

Report Of The Directors For The Year Ended 31 December 2020

Indemnity to external auditors

To the extent permitted by law, the Company has agreed to indemnify its external auditors, Ernst & Young PLT, as part of the terms of the audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been paid to indemnify Ernst & Young PLT for the financial year ended 31 December 2020.

External auditors and their remuneration

The external auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The external auditors' remuneration of the Group and Company are RM631,000 and RM350,000 respectively.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 20 February 2021.

TAN SRI DATUK DR. JOHARI BIN MAT	}	
	}	Directors
DATO' CARL BEK-NIELSEN	}	

Statements Of Comprehensive Income
For The Financial Year Ended 31 December 2020

		Group			Company		
	Note	2020 RM'000	2019 RM'000	*Changes (%)*	2020 RM'000	2019 RM'000	*Changes (%)*
Revenue	4	1,340,058	1,173,101	*14.2*	663,574	563,335	*17.8*
Other income		31,395	22,396	*40.2*	16,655	10,569	*57.6*
		1,371,453	1,195,497	*14.7*	680,229	573,904	*18.5*
Changes in finished goods		13,181	(15,456)	*(185.3)*	1,937	(13,400)	*(114.5)*
Raw materials and consumables used		(472,763)	(393,289)	*20.2*	-	-	-
Depreciation of property, plant and equipment		(87,435)	(87,419)	*0.0*	(61,079)	(57,515)	*6.2*
Depreciation of right-of-use assets		(8,030)	(8,045)	*(0.2)*	(6,925)	(6,925)	-
Staff costs	5	(194,173)	(182,956)	*6.1*	(150,554)	(140,586)	*7.1*
Other expenses		(143,688)	(180,898)	*(20.6)*	(86,682)	(107,858)	*(19.6)*
Profit from operations	5	478,545	327,434	*46.2*	376,926	247,620	*52.2*
Finance costs	6	(26)	(29)	*(10.3)*	(21)	(20)	*5.0*
Investment and interest income	7	16,115	27,675	*(41.8)*	6,001	32,273	*(81.4)*
Share of results of joint venture	14	11,008	2,880	*282.2*	-	-	-
Profit before taxation		505,642	357,960	*41.3*	382,906	279,873	*36.8*
Taxation	8	(104,065)	(73,634)	*41.3*	(83,159)	(62,286)	*33.5*
Net profit for the financial year		401,577	284,326	*41.2*	299,747	217,587	*37.8*
Attributable to:							
Equity owners of the parent		399,544	283,286	*41.0*	299,747	217,587	*37.8*
Non-controlling interests		2,033	1,040	*95.5*	-	-	-
		401,577	284,326	*41.2*	299,747	217,587	*37.8*
Earnings per share (sen)	9	96	68	*41.2*			

The accompanying notes form an integral part of the financial statements.

Statements Of Comprehensive Income
For The Financial Year Ended 31 December 2020

	Group			Company		
	2020 RM'000	2019 RM'000	*Changes (%)*	2020 RM'000	2019 RM'000	*Changes (%)*
Net profit for the financial year	401,577	284,326	*41.2*	299,747	217,587	*37.8*
Other comprehensive income:						
Items that will be reclassified subsequently to profit or loss:						
Currency translation differences - subsidiaries	(5,861)	3,737	*(256.8)*	-	-	-
Cash flow hedge						
- changes in fair value	(55,359)	(28,515)	*94.1*	-	-	-
- transfers to profit or loss	37,118	5,928	*526.1*	-	-	-
	(24,102)	(18,850)	*27.9*	-	-	-
Items that will not be reclassified subsequently to profit or loss:						
Actuarial changes on defined retirement benefit obligations	364	212	*71.7*	-	-	-
	364	212	*71.7*	-	-	-
Total other comprehensive loss for the financial year	(23,738)	(18,638)	*27.4*	-	-	-
Total comprehensive income for the financial year	377,839	265,688	*42.2*	299,747	217,587	*37.8*
Total comprehensive income attributable to:						
Equity owners of the parent	376,103	264,321	*42.3*	299,747	217,587	*37.8*
Non-controlling interests	1,736	1,367	*27.0*	-	-	-
	377,839	265,688	*42.2*	299,747	217,587	*37.8*

The accompanying notes form an integral part of the financial statements.

Statements Of Financial Position
As At 31 December 2020

Group

	Note	2020 RM'000	2019 RM'000
Assets			
Non-Current Assets			
Property, plant and equipment	10 (a)	1,209,385	1,191,913
Right-of-use assets	10 (b)	382,408	391,093
Associated company	13	50	50
Joint venture	14	39,876	28,868
Goodwill	15	356,856	356,856
Other receivables	17	10,076	10,954
Derivatives	31 (g)	-	452
Deferred tax assets	21	3,831	4,200
		2,002,482	1,984,386
Current Assets			
Biological assets	11	38,767	32,677
Inventories	16	134,451	123,664
Trade and other receivables	17	287,145	237,104
Prepayments		175	1,251
Tax recoverable		18,916	13,957
Derivatives	31 (g)	28,093	5,767
Cash and bank balances	18 (a)	128,537	91,613
Short term funds	18 (b)	336,283	367,792
		972,367	873,825
Total Assets		2,974,849	2,858,211
Equity and Liabilities			
Equity attributable to owners of the parent			
Share capital	19 (a)	390,054	390,054
Treasury shares	19 (b)	(18,668)	(18,668)
Reserves	20	2,248,586	2,173,202
		2,619,972	2,544,588
Non-controlling interests		10,931	9,195
Total Equity		2,630,903	2,553,783
Non-Current Liabilities			
Deferred tax liabilities	21	149,705	154,281
Retirement benefit obligations	22	17,077	15,323
Derivatives	31 (g)	56	8,112
		166,838	177,716
Current Liabilities			
Trade and other payables	23	94,921	91,807
Tax payable		26,687	11,229
Retirement benefit obligations	22	2,198	2,410
Derivatives	31 (g)	53,202	21,166
Bank borrowings	24	100	100
		177,108	126,712
Total Liabilities		343,946	304,428
Total Equity and Liabilities		2,974,849	2,858,211

The accompanying notes form an integral part of the financial statements.

Statements Of Financial Position
As At 31 December 2020

Company

	Note	2020 RM'000	2019 RM'000
Assets			
Non-Current Assets			
Property, plant and equipment	10 (a)	953,280	943,515
Right-of-use assets	10 (b)	346,080	353,005
Subsidiary companies	12	121,880	121,147
Associated company	13	50	50
Joint venture	14	30,000	30,000
Goodwill	15	356,856	356,856
		1,808,146	1,804,573
Current Assets			
Biological assets	11	33,169	27,478
Inventories	16	31,570	29,153
Trade and other receivables	17	83,870	74,929
Prepayments		73	1,139
Cash and bank balances	18 (a)	61,817	48,346
Short term funds	18 (b)	128,504	152,346
		339,003	333,391
Total Assets		2,147,149	2,137,964
Equity and Liabilities			
Equity attributable to owners of the parent			
Share capital	19 (a)	390,054	390,054
Treasury shares	19 (b)	(18,668)	(18,668)
Reserves	20	1,535,454	1,536,426
Total Equity		1,906,840	1,907,812
Non-Current Liabilities			
Deferred tax liabilities	21	154,842	158,148
Retirement benefit obligations	22	6,033	5,950
		160,875	164,098
Current Liabilities			
Trade and other payables	23	51,838	53,506
Tax payable		26,049	11,224
Retirement benefit obligations	22	1,547	1,324
		79,434	66,054
Total Liabilities		240,309	230,152
Total Equity and Liabilities		2,147,149	2,137,964

The accompanying notes form an integral part of the financial statements.

Statements Of Changes In Equity
For The Financial Year Ended 31 December 2020

Group	Note	Share capital (Note 19(a))	Cash flow hedge reserve (Note 20)	Capital reserve (Note 20)	Foreign currency translation reserve (Note 20)	Treasury shares (Note 19(b))	Retained profits (Note 20)	Total	Non-controlling interests	Total equity
		← Attributable to equity owners of the parent						→		
			← Non-distributable		→	← Distributable	→			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020		390,054	(22,235)	21,798	(15,612)	(18,668)	2,189,251	2,544,588	9,195	2,553,783
Total comprehensive income for the financial year		-	(18,241)	-	(5,564)	-	399,908	376,103	1,736	377,839
Dividends	25	-	-	-	-	-	(300,719)	(300,719)	-	(300,719)
Total transaction with owners of the parent		-	-	-	-	-	(300,719)	(300,719)	-	(300,719)
At 31 December 2020		390,054	(40,476)	21,798	(21,176)	(18,668)	2,288,440	2,619,972	10,931	2,630,903
At 1 January 2019		390,054	352	21,798	(19,022)	(8,635)	2,196,542	2,581,089	7,828	2,588,917
Total comprehensive income for the financial year		-	(22,587)	-	3,410	-	283,498	264,321	1,367	265,688
Purchase of treasury shares	19(b)	-	-	-	-	(10,033)	-	(10,033)	-	(10,033)
Dividends	25	-	-	-	-	-	(290,789)	(290,789)	-	(290,789)
Total transaction with owners of the parent		-	-	-	-	(10,033)	(290,789)	(300,822)	-	(300,822)
At 31 December 2019		390,054	(22,235)	21,798	(15,612)	(18,668)	2,189,251	2,544,588	9,195	2,553,783

The accompanying notes form an integral part of the financial statements.

Statements Of Changes In Equity
For The Financial Year Ended 31 December 2020

Company

	Note	Share capital (Note 19(a))	← Distributable Treasury shares (Note 19(b))	Retained profits (Note 20) →	Total
		RM'000	RM'000	RM'000	RM'000
At 1 January 2020		390,054	(18,668)	1,536,426	1,907,812
Total comprehensive income for the financial year		-	-	299,747	299,747
Dividends	25	-	-	(300,719)	(300,719)
Total transaction with owners of the parent		-	-	(300,719)	(300,719)
At 31 December 2020		390,054	(18,668)	1,535,454	1,906,840
At 1 January 2019		390,054	(8,635)	1,609,628	1,991,047
Total comprehensive income for the financial year		-	-	217,587	217,587
Purchase of treasury shares	19(b)	-	(10,033)	-	(10,033)
Dividends	25	-	-	(290,789)	(290,789)
Total transaction with owners of the parent		-	(10,033)	(290,789)	(300,822)
At 31 December 2019		390,054	(18,668)	1,536,426	1,907,812

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements
For The Financial Year Ended 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash Flows From Operating Activities					
Receipts from customers		1,296,988	1,165,333	661,771	561,988
Payments to suppliers		(473,516)	(390,884)	-	-
Payments of operating expenses		(365,190)	(365,896)	(251,850)	(259,986)
Payments of deposits in derivatives operations		(6,192)	(46,193)	-	-
Payments of taxes		(92,240)	(95,517)	(71,640)	(65,827)
Other receipts		26,081	18,766	10,964	8,001
Net cash generated from operating activities		385,931	285,609	349,245	244,176
Cash Flows From Investing Activities					
Proceeds from disposal of property, plant and equipment		1,071	1,798	662	1,542
Acquisition of a business	30	-	(359,579)	-	(359,579)
Interest income		16,173	26,145	6,059	11,809
Net change in deposits with licensed banks with tenure more than 3 months		(5,746)	20,000	-	20,000
Net change in short term funds		31,509	345,619	23,842	185,306
Dividend received from a subsidiary company		-	-	-	30,000
Redemption of RCCPS		-	-	-	234,900
Purchase of property, plant and equipment	(a)	(111,152)	(112,128)	(76,277)	(91,648)
Payment for right-of-use assets		(161)	(428)	-	-
Net cash (used in)/generated from investing activities		(68,306)	(78,573)	(45,714)	32,330

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements
For The Financial Year Ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash Flows From Financing Activities					
Interest paid		(26)	(29)	(21)	(20)
Dividends paid		(300,719)	(290,789)	(300,719)	(290,789)
Inter-company balances		-	-	10,490	(6,753)
Associated company balances		2	5	2	5
Joint venture balances		14,296	3,034	188	14,221
Purchase of treasury shares		-	(10,033)	-	(10,033)
Net cash used in financing activities		(286,447)	(297,812)	(290,060)	(293,369)
Net increase/(decrease) in cash and cash equivalents		31,178	(90,776)	13,471	(16,863)
Cash and cash equivalents at the beginning of financial year		60,513	151,289	17,346	34,209
Cash and cash equivalents at the end of financial year	(b)	91,691	60,513	30,817	17,346

(a) Total purchases of property, plant and equipment during the year 2020 were made up of purchases which were fully paid in cash, and payments amounting to RM2,914,000 in relation to the amounts included in sundry payables in 2017 (total purchases of property, plant and equipment in 2017 for the Group and the Company amounted to RM175,582,000 and RM161,877,000 respectively, out of which RM146,245,000 for the Group and RM132,540,000 for the Company were fully paid for in cash and the remaining amounts were included in sundry payables.)

(b) Analysis of cash and cash equivalents:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Deposits with licensed banks	71,549	60,293	53,549	46,888
Cash at banks and in hand	56,988	31,320	8,268	1,458
Bank overdrafts	(100)	(100)	-	-
	128,437	91,513	61,817	48,346
Less: Deposits with licensed banks with tenure more than 3 months	(36,746)	(31,000)	(31,000)	(31,000)
Cash and cash equivalents at the end of financial year	91,691	60,513	30,817	17,346

The accompanying notes form an integral part of the financial statements.

Notes To The Financial Statements

1. Corporate Information

The Company carries on the business of oil palm and coconut cultivation and processing on its plantations in Peninsular Malaysia. The Company also has an active research centre providing improved planting material for the Group's estates as well as for the Malaysian agricultural sector in general. The principal activities of the subsidiary companies, joint venture and associated company are as disclosed in Note 3.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business is located at Jendarata Estate, 36009 Teluk Intan, Perak Darul Ridzuan.

The number of employees at 31 December 2020 for the Group was 6,098 (2019: 6,844) and for the Company was 4,550 (2019: 5,173).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 20 February 2021.

2. Significant Accounting Policies

2.1 Basis Of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Changes In Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2020, the Group and the Company adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2020.

Description	Effective for annual periods beginning on or after
• Revised Conceptual Framework for Financial Reporting	1 January 2020
• Amendments to MFRS 3: Definition of a Business	1 January 2020
• Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
• Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020

The adoption of the above standards and interpretation did not have any material effect on the financial statements of the Group and of the Company.

2.3 Standards Issued But Not Yet Effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards and amendments if applicable, when they become effective.

Notes To The Financial Statements

Description	Effective for annual periods beginning on or after
• Amendment to MFRS 16 Leases: Covid-19-Related Rent Concessions	1 June 2020
• Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
• Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116: Property, Plant and Equipment (Proceeds before Intended Use)	1 January 2022
• Amendments to MFRS 137: Onerous Contracts (Costs of Fulfilling a Contract)	1 January 2022
• Annual Improvement to MFRS Standards 2018 - 2020 Cycle	1 January 2022
• MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards and interpretations will not have material impact on the financial statements in the period of initial application.

2.4 Summary Of Significant Accounting Policies

(a) Subsidiary companies and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),

(b) Exposure, or rights, to variable returns from its involvement with the investee, and

(c) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee,

(b) Rights arising from other contractual arrangements, and

(c) The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statements of financial position and statements of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

(a) Derecognises the assets (including goodwill) and liabilities of the subsidiary,

(b) Derecognises the carrying amount of any non-controlling interests,

(c) Derecognises the cumulative translation differences recorded in equity,

(d) Recognises the fair value of the consideration received,

(e) Recognises the fair value of any investment retained, and

(f) Recognises any surplus or deficit in profit or loss.

Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(iii) Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(b) Associated companies

Associated companies are entities in which the Group has significant influence and that is neither a subsidiary company nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associated company is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associated company.

The Group's share of the net profit or loss of the associated company is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associated company, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associated company. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any long-term interest that, in substance, form part of the Group's net investment in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The most recent available audited financial statements of the associated companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves an unincorporated entity or the establishment of a separate entity in which each venturer has an interest.

Investment in joint venture is accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.4(b).

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

In the Company's separate financial statements, investment in joint venture is stated at cost less impairment loss. On disposal of such investment, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

(d) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Notes To The Financial Statements

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(e) Current versus non-current classification

The Group and the Company present assets and liabilities in statements of financial position based on current/ non-current classification. An asset is current when it is:

i. Expected to be realized or intended to be sold or consumed in normal operating cycle;
ii. Held primarily for the purpose of trading;
iii. Expected to be realized within twelve months after the reporting period; or
iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

i. It is expected to be settled in normal operating cycle;
ii. It is held primarily for the purpose of trading;
iii. It is due to be settled within twelve months after the reporting period; or
iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(f) (i) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land and capital work-in-progress are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land and capital work-in-progress are stated at cost less any accumulated impairment losses.

The cost of freehold land initially acquired is allocated between the land, buildings and biological assets elements in proportion to the relative fair values for the interests in the land element, buildings element and biological assets element. Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. Other property, plant and equipment are depreciated by equal annual instalments over their estimated economic lives based upon the original cost or deemed cost on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life.

The principal annual depreciation rates used are:

Buildings	2% - 5%
Bulking installations	5%
Railways	over 25 years or 4%
Rolling stock	over 14 years or approximately 7.14%
Plant and machinery	5% - 20%
Furniture and office equipment	10% - 20%
Motor vehicles, tractors and implements	12.5% - 25%
Aircrafts	5%

Spare parts which are held for use in the production or supply of goods or services and are expected to be used for more than one period, and thus are classified under property, plant and equipment. The cost will be charged out to income statement when the spare parts are utilised.

The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss.

Bearer plants comprise of pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and is amortised at maturity of the crop at the following rates which are deemed as the useful economic lives of the crop:

Pre-cropping expenditure - oil palm	over 20 years or 5%
Pre-cropping expenditure - coconut palm	over 30 years or approximately 3.33%

(ii) Leasehold land

Accounting policies applied until 31 December 2018

The above accounting policies for property, plant and equipment applies to leasehold land. Leasehold land is depreciated over the period of the lease which range from 50 years to 99 years.

Accounting policies applied from 1 January 2019

Following the adoption of MFRS 16 Leases on 1 January 2019, the Group and the Company have reclassified the carrying amount of leasehold land to right-of-use ("ROU") assets. See note 2.4(x) to the financial statements for the new accounting policies.

(iii) Land use rights

Accounting policies applied until 31 December 2018

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

Accounting policies applied from 1 January 2019

Following the adoption of MFRS 16 Leases on 1 January 2019, the Group had reclassified the carrying amount of land use rights to ROU assets. See note 2.4(x) to the financial statements for the new accounting policies.

(g) Biological assets

Biological assets comprised of produce growing on bearer plants. Biological assets are classified as current assets for bearer plants that are expected to be harvested and sold or used for production on a date not more than 4 weeks after the reporting date.

Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss.

(h) Inventories

Agricultural produce stocks are stated at net realisable value at the reporting date.

All other inventories are valued at the lower of cost and estimated net realisable value. Cost includes the actual cost of materials, labour and appropriate production overheads and is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Taxes

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

– when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associate and joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

– when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and

– in respect of deductible temporary differences associated with investments in subsidiaries, associate and joint venture, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(j) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to the functional currency at exchange rates ruling on the transaction dates.

Exchange differences arising on the settlement of monetary items or on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

(a) Assets and liabilities for each statements of financial position presented are translated at the closing rate prevailing at the reporting date;

(b) Income and expenses for each profit or loss are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(c) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

The principal exchange rates used for currency ruling at the reporting date are as follows:

	2020 RM	2019 RM
1 United States Dollar (USD)	4.0170	4.0930
100 Indonesian Rupiah (IDR)	0.0286	0.0295

(k) Revenue recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax or sales and services tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group and the Company have generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The Group and the Company recognise revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:

Notes To The Financial Statements

a) Identify contract with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

b) Identify performance obligations in the contract

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

c) Determine the transaction price

The transaction price is the amount of consideration to which the Group and the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

If the consideration in a contract includes a variable amount, the Group and the Company estimate the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Using the practical expedient in MFRS 15 Revenue from Contract with Customers, the Group and the Company do not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

d) Allocate the transaction price to the performance obligation in the contract

For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

e) Recognise revenue when (or as) the Group and the Company satisfies a performance obligation

The Group and the Company satisfies a performance obligation and recognise revenue over time if the Group’s and the Company's performance:

(i) does not create an asset with an alternative use to the Group and the Company and has an enforceable right to payment for performance obligation completed to-date; or

(ii) creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) provides benefits that the customer simultaneously receives and consumes as the Group and the Company performs.

For performance obligations where any one of the above conditions are met, revenue is recognised over time at which the performance obligation is satisfied.

For performance obligations that the Group and the Company satisfies over time, the Group and the Company determined that the input method is the best method in measuring progress of the services because there is direct relationship between the Group's and the Company's effort and the transfer of service to the customer.

The following describes the performance obligation in contracts with customers:

(i) Sale of goods

Revenue from sale of produce stocks and finished goods is recognised at the point in time when control of the goods is transferred to the customer, measured at fair value of the consideration received or receivable, net of trade discounts.

(ii) Revenue from services

Revenue from services is recognised when services have been completely rendered to the customer, measured at fair value of the consideration received or receivable, net of trade discounts.

(iii) Other revenue

Revenue from other sources are recognised as follows:

(a) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(b) Dividend income

Dividend income from investment is recognised when the right to receive payment is established.

(c) Rental income

Rental income is recognised on a time proportion basis.

(l) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). In addition, the Group and the Company also contribute to a defined contribution fund set up for certain eligible employees of the Group and the Company.

(iii) Defined benefit plans

The Company and certain subsidiary companies provide for retirement benefit for their eligible employees on unfunded defined benefit plans in accordance with the terms of employment and practices. The Group's and the Company's obligations under these plans are determined internally using the Projected Unit Credit Method based on certain actuarial assumptions where the amount of benefits that employees have earned in return for their services rendered is estimated.

Full provision is recognised for retirement benefit payable to all eligible employees. Should an employee leave before attaining the retirement age, the provision made for the employee is written back. Actuarial gains or losses are recognised as income or expense immediately through OCI. Past service costs are recognised immediately.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, including land clearing and planting up to the time of maturity, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

(n) Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of its assets, other than inventories, assets arising from employee benefits and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of an asset's fair value less cost to sell and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs and prorated to the asset by reference to the cost of the asset to the cost of the cash-generating unit.

An impairment loss is charged to the income statement immediately.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount.

(o) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs. However, receivables without a significant financing component is initially measured at the transaction price.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at amortised cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income ("OCI").

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments which the Group and the Company had not irrevocably elected to classify at fair value through OCI.

(iii) Financial assets at fair value through OCI (debt instruments)

Debt instruments at fair value through OCI are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Group and the Company have transferred substantially all the risks and rewards of the asset, or the Group and the Company neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(p) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, other receivables and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(q) Cash and cash equivalent

Cash and cash equivalents represent cash on hand and at banks and short term deposits with a maturity of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents consist of unrestricted cash and bank balances, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Group's and of the Company's cash management.

(r) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, are recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either payables, interest-bearing borrowings or other financial liabilities.

(i) Payables

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

(ii) Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

(iii) Other financial liabilities

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(s) Equity instruments

Ordinary shares are classified as equity. The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided. Costs of issuing equity securities in connection with a business combination are included in the cost of acquisition. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(t) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(u) Research and development costs

All general research and development costs are expensed as incurred.

(v) Provision

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group and the Company expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(w) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as commodity futures contracts, to hedge its commodity price risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses commodity futures contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to commodity contracts is recognised in other operating income or expenses. Refer to Note 31(g) for more details.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

(x) Leases

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land - over the lease period ranging from 12 to 84 years

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability. The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

(y) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.5 Significant Accounting Estimate And Judgement

The key assumptions concerning the future and other key source of estimation uncertainty at the reporting date, that have significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

(a) Bearer plants

Bearer plants comprise of pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and is amortised at maturity of the crop over the useful economic lives of the crop. Management estimates the useful economic lives of the Group's and the Company's oil palms and coconut palms to be 20 years and 30 years respectively.

(b) Biological assets

The biological assets of the Group comprise of Fresh Fruit Bunch ("FFB") and coconut prior to harvest. The valuation model to be adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of FFB and coconut.

To arrive at the fair value of FFB, the management considered the oil content of the unripe FFB and derived the assumption that the net cash flow to be generated from FFB prior to more than 4 weeks to harvest to be negligible, therefore quantity of unripe FFB on bearer plants of up to 4 weeks prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 49% for FFB that are 3 to 4 weeks prior to harvest and 83% for FFB that are 1 to 2 weeks prior to harvest, based on actual oil extraction rate and kernel extraction rate of the unripe FFB from tests. Costs to sell, which include harvesting and transport cost, are deducted in arriving at the net cash flow to be generated.

To arrive at the fair value of coconuts, the management derived the assumption that the net cash flow to be generated from coconuts prior to more than 4 weeks to harvest to be negligible, therefore quantity of unripe coconuts on bearer plants of up to 4 weeks prior to harvest was used for valuation purpose.

(c) Impairment of goodwill

The Group tests for impairment of goodwill annually and at any other time when such indicators exist. This requires an estimation of value in use of the assets or CGU to which the goodwill is allocated.

Estimating the value in use requires management to estimate the expected future cash flows from the asset or CGU and also to choose a suitable discount rate in order to determine the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts.

One of the significant judgements involved in preparing the estimated future cash flows is the Group's/ Company's ability to extend the lease period of the leasehold lands, which have a remaining unexpired lease period of 12 to 15 years, for an additional 60 years upon expiry of the existing lease period.

Further details of the carrying value and the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 15.

Notes To The Financial Statements

3. Group Structure

The subsidiary companies are as follows:

Companies	Country of incorporation and principal place of business	Percentage of equity held by the Group* 2020 / 2019 %	Percentage of equity held by non-controlling interest* 2020 / 2019 %	Activities (see below)
Unitata Berhad	Malaysia	100	-	(a)
Butterworth Bulking Installation Sdn. Bhd.	Malaysia	100	-	(b)
Bernam Advisory Services Sdn. Bhd.	Malaysia	100	-	(c)
Berta Services Sdn. Bhd.	Malaysia	100	-	(e)
PT. Surya Sawit Sejati ("PT SSS1")	Indonesia	95	5	(d)
PT. Sawit Seberang Seberang ("PT SSS2")	Indonesia	93	7	(f)
Bernam Agencies Sdn. Bhd.	Malaysia	100	-	(e)
United International Enterprises (M) Sdn. Bhd.	Malaysia	100	-	Dormant

** equals to the proportion of voting rights held*

The subsidiary companies are primarily engaged in the following activities:

(a) Refining of palm oil, manufacturing edible oils, fats, cocoa butter substitute and trading in crude palm oil and palm kernel products.

(b) Handling and storage of vegetable oil and molasses.

(c) Trading, marketing and investment holding.

(d) Business of oil palm cultivation and processing in Indonesia.

(e) Investment holding.

(f) The company is undergoing liquidation in the current financial year.

The joint venture is as follows:

Company	Country of incorporation and principal place of business	Percentage of equity held by the Group* 2020 %	2019 %	Principal Activities
Unifuji Sdn. Bhd.	Malaysia	50	50	Refining of palm oil and trading of palm oil products

** equals to the proportion of voting rights held*

The joint venture is accounted for using the equity method.

The associated company is as follows:

Company	Country of incorporation and principal place of business	Percentage of equity held by the Group* 2020 %	2019 %	Principal Activity
Bernam Bakery Sdn. Bhd.	Malaysia	30	30	Dormant

** equals to the proportion of voting rights held*

The associated company is accounted for using the equity method.

The financial statements of the joint venture and the associated company are coterminous with those of the Group.

All subsidiary companies, the joint venture and the associated company are audited by Ernst & Young PLT, Malaysia other than PT SSS1, which is audited by a member firm of Ernst & Young Global in Indonesia.

4. Revenue

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers consists of the following and excludes, in respect of the Group, intragroup transactions:				
Sales proceeds of produce stocks	488,542	392,547	663,574	563,335
Sales proceeds of finished goods	850,210	779,046	-	-
Rendering of services	1,306	1,508	-	-
	1,340,058	1,173,101	663,574	563,335
Disaggregation of revenue from contracts with customers				
Upstream (Plantations)				
- Malaysia	338,028	255,349	663,574	563,335
- Indonesia	150,514	137,198	-	-
Downstream (Refinery)				
- Malaysia	850,210	779,046	-	-
Other operations	1,306	1,508	-	-
	1,340,058	1,173,101	663,574	563,335

The timing of revenue recognition is at a point in time.

Notes To The Financial Statements

5. Profit From Operations

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit from operations is arrived at, after charging:				
Costs incidental to business combination	-	24,794	-	24,794
Directors' remuneration				
- fees	1,248	1,156	1,197	1,105
- emoluments	5,016	6,248	5,016	6,248
- others	115	93	108	86
Auditors' remuneration				
- statutory audit: current year	479	464	342	323
- non-audit service	8	8	8	8
- statutory audit fee received by a member firm of EY Global	144	176	-	-
Inventories write-down	413	373	413	373
Loss on disposal of property, plant and equipment	197	2,653	156	2,653
Property, plant and equipment written off	1,627	3,073	1,582	2,990
Realised foreign exchange loss	3,701	516	-	-
Expenses relating to leases of low-value assets	95	90	57	55
Expenses relating to short-term leases	109	89	-	-
Facility usage fee	1,838	1,812	-	-
Profit from operations is arrived at, after crediting:				
Reversal of impairment on plasma debt	-	740	-	-
Reversal of impairment on property, plant and equipment	4,243	-	-	-
Rental income	377	413	365	321
Profit on disposal of property, plant and equipment	45	87	-	-
Fair value gain in biological assets, net	6,246	4,078	5,691	2,568
Reversal on impairment on investment in subsidiary	-	-	733	507
Unrealised foreign exchange gain	11,420	2,801	-	-
Realised foreign exchange gain	-	439	-	-

Staff costs of the Group and of the Company incurred during the financial year consist of the following:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages and salaries	163,671	155,584	128,295	118,965
Social security cost	3,039	2,341	1,146	641
Retirement benefit costs				
- defined contribution plans	7,532	7,137	6,389	6,024
- defined benefit plans (Note 22)	2,945	3,422	330	696
Other staff related expenses	16,986	14,472	14,394	14,260
	194,173	182,956	150,554	140,586

Included in staff costs of the Group and of the Company are executive directors' emoluments both amounting to RM5,016,000 respectively (2019: RM6,248,000 respectively).

In addition to contribution to the Employees Provident Fund, the Group also contributes to a defined contribution fund set up for certain eligible employees of the Group.

6. Finance Costs

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Finance costs consist of interest expenses on:				
- bank overdraft/bankers acceptances	26	29	21	20

7. Investment And Interest Income

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Dividend income from a subsidiary company	-	-	-	20,000
Interest income from deposits with licensed banks	15,329	24,615	5,698	10,091
Interest income from advances to subsidiary	-	-	18	19
Interest income from advances to joint venture	786	3,060	285	2,163
	16,115	27,675	6,001	32,273

8. Taxation

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current income tax:				
Income tax	102,158	78,085	86,149	60,678
Under/(over) provision in prior financial years	581	(5,474)	316	(3,525)
	102,739	72,611	86,465	57,153
Deferred tax (Note 21):				
Relating to origination and reversal of temporary difference	12,291	4,070	7,636	7,164
Over provision in prior financial years	(10,965)	(3,047)	(10,942)	(2,031)
	1,326	1,023	(3,306)	5,133
Tax expense for the financial year	104,065	73,634	83,159	62,286

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year. The deferred tax computation is based on this rate.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before taxation	505,642	357,960	382,906	279,873
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	121,354	85,910	91,897	67,170
Effect of different tax rates in other country	(1,085)	288	-	-
Effect on opening deferred tax due to reduction in income tax rate	1,018	-	-	-
Income not subject to tax	(3,340)	(13,167)	(995)	(6,551)
Expenses not deductible for tax purposes	3,946	9,815	2,883	7,223
Effect of reinvestment allowance	(2,411)	-	-	-
Deferred tax asset recognised	(2,391)	-	-	-
Over provision of deferred tax in prior financial years	(10,965)	(3,047)	(10,942)	(2,031)
Under/(over) provision of income tax in prior financial years	581	(5,474)	316	(3,525)
Tax effects on share of results of joint venture	(2,642)	(691)	-	-
Tax expense for the financial year	104,065	73,634	83,159	62,286

The deferred tax asset recognised in the current financial year relates to unutilised reinvestment allowance of RM9,961,000 (2019 : NIL).

9. Earnings Per Share

a) Basic

	Group	
	2020	2019
Net profit attributable to owners of the parent (RM'000)	399,544	283,286
Number of shares in issue as of 1 January ('000)	207,392	207,792
Bonus issue ('000)	207,392	-
Effect of treasury shares held ('000)	-	(400)
Adjusted weighted average number of ordinary shares in issue ('000)	414,784	207,392
Basic earnings per share (sen)		
- before issuance of bonus shares (sen)	193	136
- after issuance of bonus shares (sen)	96	68

The basic earnings per ordinary share is calculated by dividing the consolidated net profit attributable to the equity owners of the Company by the weighted average number of ordinary shares (adjusted for treasury shares) during the financial year.

The related basic earnings per share for the previous financial year was arrived at after reflecting the retrospective adjustments as required by MFRS 133: Earnings Per Share arising from the company's bonus issue of 208,134,266 ordinary shares which was completed during the financial year.

For comparative purpose, the earnings per share for the financial year ended 31 December 2019 had been adjusted to reflect the bonus issue of 1 for every 1 existing ordinary share which was completed on 29 May 2020.

b) Diluted

The diluted earnings per ordinary share of the Group for the financial year ended 31 December 2020 and 31 December 2019 are the same as the basic earnings per ordinary share of the Group as the Group has no dilutive potential ordinary shares.

Notes To The Financial Statements

10. (a) Property, Plant And Equipment

Group

	Freehold land RM'000	Bearer plants RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in-progress* RM'000	Spare Parts RM'000	Total RM'000
Cost							
At 1 January 2020	204,413	966,545	338,870	853,950	14,984	1,518	2,380,280
Additions	-	31,028	14,490	37,623	25,097	-	108,238
Disposals	-	-	(74)	(11,040)	-	-	(11,114)
Written off	-	(1,558)	(90)	(605)	-	-	(2,253)
Reclassifications	-	-	5,734	17,706	(23,440)	-	-
Adjustment	-	-	-	-	(95)	-	(95)
Exchange differences	-	(4,524)	(1,993)	(2,763)	-	(6)	(9,286)
Net movement for the financial year	-	-	-	-	-	33	33
At 31 December 2020	204,413	991,491	356,937	894,871	16,546	1,545	2,465,803
Accumulated depreciation and impairment losses							
At 1 January 2020							
Accumulated depreciation	-	512,445	189,101	482,578	-	-	1,184,124
Accumulated impairment losses	-	-	-	4,243	-	-	4,243
	-	512,445	189,101	486,821	-	-	1,188,367
Depreciation for the financial year	-	32,805	11,129	43,501	-	-	87,435
Reversal of impairment	-	-	-	(4,243)	-		(4,243)
Disposals	-	-	(74)	(9,817)	-	-	(9,891)
Written off	-	-	-	(626)	-	-	(626)
Exchange differences	-	(2,038)	(669)	(1,917)	-	-	(4,624)
At 31 December 2020	-	543,212	199,487	513,719	-	-	1,256,418
Net book value At 31 December 2020	204,413	448,279	157,450	381,152	16,546	1,545	1,209,385

Notes To The Financial Statements

Group

	Freehold land RM'000	Bearer plants RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in-progress* RM'000	Spare Parts RM'000	Total RM'000
Cost							
At 1 January 2019	204,413	928,840	320,570	808,487	17,985	1,366	2,281,661
Acquisition of business	-	8,001	2,504	2,000	-	-	12,505
Additions	-	34,375	15,149	38,112	11,306	-	98,942
Transfer to plasma at cost	-	(5,495)	-	-	-	-	(5,495)
Disposals	-	-	(1,032)	(8,773)	-	-	(9,805)
Written off	-	(2,990)	(118)	-	-	-	(3,108)
Reclassifications	-	-	209	14,125	(14,334)	-	-
Adjustment	-	-	-	(2,207)	-	-	(2,207)
Exchange differences	-	3,814	1,588	2,206	27	6	7,641
Net movement for the financial year	-	-	-	-	-	146	146
At 31 December 2019	204,413	966,545	338,870	853,950	14,984	1,518	2,380,280
Accumulated depreciation and impairment losses							
At 1 January 2019							
Accumulated depreciation	-	478,988	178,086	441,758	-	-	1,098,832
Accumulated impairment losses	-	-	-	4,243	-	-	4,243
	-	478,988	178,086	446,001	-	-	1,103,075
Depreciation for the financial year	-	31,991	10,587	44,841	-	-	87,419
Disposals	-	-	-	(5,441)	-	-	(5,441)
Written off	-	-	(35)	-	-	-	(35)
Exchange differences	-	1,466	463	1,420	-	-	3,349
At 31 December 2019	-	512,445	189,101	486,821	-	-	1,188,367
Net book value At 31 December 2019	204,413	454,100	149,769	367,129	14,984	1,518	1,191,913

Under Indonesian laws, the plantation owners are obliged to assist the local communities by assisting them to develop plasma smallholdings. The area of plasma required is 20% of the planted area and this is one of the conditions which must be fulfilled by all plantation owners before the issuance of HGU (lease certificates) of the estate lands by the authorities. The Group is in the process of complying with this condition. The transfer cost is recoverable from the sales of the crops to the mill belonging to the Group.

* Capital work-in-progress of the Group mainly consists of construction of plants and buildings at the following locations:

	2020 RM'000	2019 RM'000
In the estates of the Company in Peninsular Malaysia	2,587	239
In Unitata Berhad	13,959	14,745
	16,546	14,984

Notes To The Financial Statements

Company

	Freehold land RM'000	Bearer plants RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in-progress RM'000	Spare parts RM'000	Total RM'000
Cost							
At 1 January 2020	203,848	826,264	228,621	566,772	239	456	1,826,200
Additions	-	31,028	12,852	26,896	2,587	-	73,363
Disposals	-	-	(74)	(3,109)	-	-	(3,183)
Written off	-	(1,558)	-	(605)	-	-	(2,163)
Reclassification	-	-	-	144	(144)	-	-
Adjustment	-	-	-	-	(95)	-	(95)
Net movement for the financial year	-	-	-	-	-	(24)	(24)
At 31 December 2020	203,848	855,734	241,399	590,098	2,587	432	1,894,098
Accumulated depreciation							
At 1 January 2020	-	447,920	151,752	283,013	-	-	882,685
Depreciation for the financial year	-	25,358	6,961	28,760	-	-	61,079
Disposals	-	-	(74)	(2,291)	-	-	(2,365)
Written off	-	-	-	(581)	-	-	(581)
At 31 December 2020	-	473,278	158,639	308,901	-	-	940,818
Net book value							
At 31 December 2020	203,848	382,456	82,760	281,197	2,587	432	953,280
Cost							
At 1 January 2019	203,848	786,878	214,076	529,850	13,140	399	1,748,191
Acquisition of business	-	8,001	2,504	2,000	-	-	12,505
Additions	-	34,375	13,073	30,775	239	-	78,462
Disposals	-	-	(1,032)	(6,786)	-	-	(7,818)
Written off	-	(2,990)	-	-	-	-	(2,990)
Reclassification	-	-	-	13,140	(13,140)	-	-
Adjustment	-	-	-	(2,207)	-	-	(2,207)
Net movement for the financial year	-	-	-	-	-	57	57
At 31 December 2019	203,848	826,264	228,621	566,772	239	456	1,826,200
Accumulated depreciation							
At 1 January 2019	-	423,519	145,322	259,952	-	-	828,793
Depreciation for the financial year	-	24,401	6,430	26,684	-	-	57,515
Disposals	-	-	-	(3,623)	-	-	(3,623)
At 31 December 2019	-	447,920	151,752	283,013	-	-	882,685
Net book value							
At 31 December 2019	203,848	378,344	76,869	283,759	239	456	943,515

10. (b) Right-Of-Use Assets

Group

	Leasehold land RM'000	Land use rights RM'000	Total RM'000
Cost			
At 1 January 2020	430,809	39,208	470,017
Additions	-	161	161
Exchange differences	-	(816)	(816)
At 31 December 2020	430,809	38,553	469,362
Accumulated depreciation			
At 1 January 2020	77,804	1,120	78,924
Depreciation for the financial year	6,925	1,105	8,030
At 31 December 2020	84,729	2,225	86,954
Net book value At 31 December 2020	346,080	36,328	382,408

Group

	Leasehold land RM'000	Land use rights RM'000	Total RM'000
Cost			
At 1 January 2019	385,314	38,105	423,419
Acquisition of business	45,495	-	45,495
Additions	-	428	428
Exchange differences	-	675	675
At 31 December 2019	430,809	39,208	470,017
Accumulated depreciation			
At 1 January 2019	70,879	-	70,879
Depreciation for the financial year	6,925	1,120	8,045
At 31 December 2019	77,804	1,120	78,924
Net book value At 31 December 2019	353,005	38,088	391,093

Company

	Leasehold land RM'000	Total RM'000
Cost		
At 1 January 2020 / 31 December 2020	430,809	430,809
Accumulated depreciation		
At 1 January 2020	77,804	77,804
Depreciation for the financial year	6,925	6,925
At 31 December 2020	84,729	84,729
Net book value At 31 December 2020	346,080	346,080

Company

	Leasehold land RM'000	Total RM'000
Cost		
At 1 January 2019	385,314	385,314
Acquisition of business	45,495	45,495
At 31 December 2019	430,809	430,809
Accumulated depreciation		
At 1 January 2019	70,879	70,879
Depreciation for the financial year	6,925	6,925
At 31 December 2019	77,804	77,804
Net book value At 31 December 2019	353,005	353,005

11. Biological Assets

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	32,677	28,509	27,478	24,910
Exchange differences	(156)	90	-	-
Transfers to produce stocks	(32,521)	(28,599)	(27,478)	(24,910)
Fair value changes	38,767	32,677	33,169	27,478
At 31 December	38,767	32,677	33,169	27,478
The biological assets of the Group and the Company comprise:				
Oil palm fresh fruit bunches	30,792	25,565	25,194	20,366
Coconuts	7,975	7,112	7,975	7,112
	38,767	32,677	33,169	27,478

The biological assets of the Group and the Company comprise of oil palm FFB and coconuts prior to harvest. The valuation model to be adopted by the Group and the Company considers the present value of the net cash flows expected to be generated from the sale of FFB and coconuts less cost to sell.

To arrive at the fair value of FFB, the management considered the oil content of the unripe FFB and derived the assumption that the net cash flow to be generated from FFB prior to more than 4 weeks to harvest to be negligible, therefore quantity of unripe FFB on bearer plants of up to 4 weeks prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 49% for FFB that are 3 to 4 weeks prior to harvest and 83% for FFB that are 1 to 2 weeks prior to harvest, based on actual oil extraction rate and kernel extraction rate of the unripe FFB from tests. Costs to sell, which include harvesting and transport cost, are deducted in arriving at the net cash flow to be generated.

To arrive at the fair value of coconuts, the management derived the assumption that the net cash flow to be generated from coconuts prior to more than 4 weeks to harvest to be negligible, therefore quantity of unripe coconuts on bearer plants of up to 4 weeks prior to harvest was used for valuation purpose.

The change in fair value of the biological assets in each accounting period is recognised in profit or loss.

The Group's and the Company's biological assets were fair valued within Level 3 of the fair value hierarchy. Fair value assessments have been completed consistently using the same valuation techniques.

The key assumptions used to determine the fair value are as follows:

	Group	
	2020	2019
Oil palms		
FFB production (MT)	83,958	76,003
Average FFB selling price (RM/MT)	612	570
Coconut palms		
Coconut production (nuts)	7,020	6,743
Average selling price (RM/nut)	1.14	1.05

Sensitivity Analysis

A 10% increase/decrease in the average oil palm fresh fruit bunches (FFB) selling price (RM/MT) and average selling price of coconuts (RM/nut) would result in the following to the fair value of the biological assets:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
10% increase	3,961	3,337	3,232	2,654
10% decrease	(3,961)	(3,337)	(3,232)	(2,654)

12. Subsidiary Companies

Investment in subsidiary companies

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares at cost	44,451	44,451
Less: Accumulated impairment losses	(12,471)	(13,204)
	31,980	31,247
Unquoted Redeemable Cumulative Convertible Preference Shares:		
As at 1 January	89,900	324,800
Redemption	-	(234,900)
As at 31 December	89,900	89,900
Total	121,880	121,147

The Company had in the previous years subscribed to a total of 324,800,000 RCCPS issued by the following subsidiary companies. In the prior financial years, 234,900,000 RCCPS were redeemed by Bernam Advisory Services Sdn Bhd leaving a balance of 89,900,000 RCCPS as at the end of the financial year.

(i) 278,813,000 issued by Bernam Advisory Services Sdn. Bhd.. These funds, in turn, were used to provide a loan to PT SSS1. Arising from the redemption in the prior financial year, 43,913,000 RCCPS remains yet to be redeemed as at the end of the financial year.

(ii) 45,987,000 issued by Berta Services Sdn. Bhd.. These funds, in turn, were used to provide a loan to PT SSS2.

The salient features of the RCCPS issued by the companies are as follows:

(a) Each RCCPS entitles the holder the right to be paid, out of such profits available for distribution, a cumulative dividend at a rate as the issuer of the RCCPS shall decide from time to time.

(b) Each RCCPS entitles the holder the right to vote if there is any resolution for the winding up of the company, reduction of the capital, declaration of dividend on any RCCPS or if a resolution affects the special rights and privileges attached to the RCCPS.

(c) The RCCPS are redeemable at the option of the issuer for RM1.00 for every RCCPS held.

(d) The RCCPS are convertible at the option of the issuer into ordinary shares on the basis of one ordinary share for every RCCPS held.

(e) Each RCCPS entitles the holder the right on winding up or other return of capital (other than the redemption of the RCCPS) to receive, in priority of the ordinary shareholders of the company.

The non-controlling interests in respect of PT SSS1 and PT SSS2 are not material to the Group. Hence, summarised financial information of these two subsidiaries are not presented.

13. Associated Company

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Investment in an associated company				
Unquoted shares, at cost	101	101	101	101
- Share of post-acquisition losses and reserves (see Note (i) below)	(51)	(51)	-	-
- Accumulated impairment losses	-	-	(51)	(51)
	50	50	50	50

	Group	
	2020 RM'000	2019 RM'000
Represented by:		
Share of net assets	50	50
Note (i):		
Share of post-acquisition losses and reserves is arrived at as follows:		
Profit for the year	-	-
Share of accumulated losses	(51)	(51)
	(51)	(51)

14. Joint Venture

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares, at cost	30,000	30,000	30,000	30,000
Share of post-acquisition losses and reserves	9,876	(1,132)	-	-
	39,876	28,868	30,000	30,000
Analysed as:				
Unquoted shares, at cost				
At 1 January / 31 December	30,000	30,000	30,000	30,000
Share of post-acquisition reserve:				
At 1 January	(1,132)	(4,012)	-	-
Share of results	11,008	2,880	-	-
At 31 December	9,876	(1,132)	-	-

The Group has joint control on its joint arrangement as unanimous consent is required for relevant activities from the parties sharing control under the contractual arrangement.

The joint arrangement is structured via a separate entity and provide the Group with the rights to the net assets of the entity under the arrangement. Therefore, the entity is classified as a joint venture of the Group.

(a) Details of the Group's joint venture is as follows:

Company	Principal place of business/ Country of incorporation	% of ownership interest held by the Group 2020	2019	Accounting model applied
Unifuji Sdn. Bhd.	Malaysia	50	50	Equity method

This joint venture has the same reporting period as the Group. No quoted market price is available for the shares of Unifuji Sdn. Bhd. as the Company is a private company.

Unifuji Sdn. Bhd. is private limited company incorporated and domiciled in Malaysia. The registered office and principal place of business is located at Jendarata Estate, 36009 Teluk Intan, Perak.

The principal activities of the joint venture are that of refining palm oil and trading of palm oil products.

(b) Summarised financial information of Unifuji Sdn. Bhd. is set out below. The summarised information represents the amounts in the financial statements of the joint venture and not the Group's share of those amounts.

(i) Summarised statement of financial position

	2020 RM'000	2019 RM'000
Assets		
Current assets, including cash and cash equivalents RM3,922,000 (2019 : RM3,190,000) and prepayments RM173,000 (2019 : RM105,000)	76,585	43,059
Non-current assets	172,744	181,745
Current liabilities	(93,273)	(84,041)
Non-current liabilities, including deferred tax liabilities RM8,431,000 (2019 : RM34,000) and long-term borrowing RM67,873,000 (2019 : RM83,026,000)	(76,304)	(83,027)
Equity	79,752	57,736
Group's share in equity - 50% (2019 : 50%)	39,876	28,868
Group's carrying amount of the investment	39,876	28,868

(ii) Summarised statement of comprehensive income

	2020 RM'000	2019 RM'000
Revenue from contracts with customers	338,336	186,922
Cost of sales	(289,923)	(163,958)
Administrative expenses, including amortisation and depreciation RM13,423,000 (2019 : RM6,730,000)	(20,853)	(15,129)
Finance costs, including interest expense RM6,454,000 (2019 : RM7,421,000)	(6,454)	(7,421)
Interest and other income	9,333	5,265
Profit before tax	30,439	5,679
Income tax expense	(8,423)	81
Profit for the year	22,016	5,760
Total comprehensive income for the financial year	22,016	5,760
Group's share of profit for the year	11,008	2,880

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the joint venture.

	2020 RM'000	2019 RM'000
Net assets at 1 January	57,736	51,976
Total comprehensive income for the financial year	22,016	5,760
Net assets at 31 December	79,752	57,736
Interest in joint venture (%)	50	50
Carrying value of Group's interest in joint venture	39,876	28,868

15. Goodwill

	Group/Company 2020/2019 RM'000
At net carrying amount	356,856

The goodwill in the Group's and the Company's statements of financial position represents the excess of the purchase consideration over the fair value of the identifiable assets recognised upon the Group's and the Company's acquisition of the plantation business and assets of Pinehill Pacific Berhad's group of companies during the current financial year.

Goodwill of RM356,856,000 has been allocated to the Group's/Company's cash generating unit ("CGU") identified according to the estate, namely Jendarata-Tanarata estates which are principally involved in plantation activities as the Group and the Company believes that Jendarata-Tanarata estate's operation will benefit from both the enlarged planted/plantable area and other synergies arising from the acquisition.

The Group and the Company carries out its annual impairment assessment on the goodwill arising from the acquisition. The recoverable amount of the CGU is based on the value-in-use calculation which is derived at using cash flow projection in which the following key assumptions are used:

Jendarata-Tanarata CGU	2020	2019
Projection period	A 75-year cash flow projection, based on the maximum lease period of the leasehold lands	A 76-year cash flow projection, based on the maximum lease period of the leasehold lands
FFB yields per hectare ("Ha")	15 - 28 MT	15 - 28 MT
Selling prices per MT (RM):		
- Crude Palm Oil ("CPO")	2,556	2,300
- Palm Kernel ("PK")	1,607	1,700
Discount rate (Pre-tax)	11.7%	10.3%

The Group's and the Company's impairment assessment of the CGU as outlined above included a sensitivity analysis on the key assumptions used. Based on the results of the sensitivity analysis, no reasonable change in the key assumptions used would result in an impairment charge for current financial year.

16. Inventories

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Produce stocks	19,778	16,071	11,510	9,573
Estate stores	25,820	26,602	20,060	19,580
Raw materials	12,091	16,733	-	-
Finished goods	71,603	59,339	-	-
Consumables	5,159	4,919	-	-
	134,451	123,664	31,570	29,153

17. Trade And Other Receivables

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-Current					
Other receivables					
Sundry receivables	(f)	10,076	10,954	-	-
Current					
Trade receivables					
Third parties		177,718	134,865	4,954	3,151
Due from subsidiary companies	(b)	-	-	39,998	53,828
Due from joint venture	(d)	9,135	23,101	-	-
Trade receivables, net	(a)	186,853	157,966	44,952	56,979
Other receivables					
Due from subsidiary companies	(b)	-	-	4,005	1,513
Due from an associated company	(c)	8	10	8	10
Due from joint venture	(d)	1,407	1,737	1,172	1,360
Deposits	(e)	52,571	46,357	137	123
Sundry receivables	(f)	46,306	31,034	33,596	14,944
		100,292	79,138	38,918	17,950
		287,145	237,104	83,870	74,929
Total trade and other receivables		297,221	248,058	83,870	74,929
Add: Cash and bank balances (Note 18(a))		128,537	91,613	61,817	48,346
Total financial assets carried at amortised cost		425,758	339,671	145,687	123,275

The average credit terms granted to the Group's customers are 10 to 75 days (2019: 10 to 75 days).

(a) Trade receivables

Ageing analysis of trade receivables

The ageing analysis of the Group's and the Company's trade receivables is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Neither past due nor impaired	184,284	156,977	42,777	56,264
1 to 30 days past due not impaired	2,139	739	1,829	515
31 to 60 days past due not impaired	359	202	346	200
61 to 90 days past due not impaired	-	-	-	-
91 to 120 days past due not impaired	71	48	-	-
	2,569	989	2,175	715
	186,853	157,966	44,952	56,979

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 99% (2019: 93%) of the Group trade receivables arise from customers with more than three years of business relationships with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM2,569,000 (2019: RM989,000) that are past due at the reporting date but not impaired. These receivables are unsecured.

(b) Due from subsidiary companies (trade and non-trade)

The amounts due from subsidiary companies are unsecured. The trade debt due from a subsidiary company has a repayment term of 30 days (2019: 30 days) and the overdue trade debt bears an average interest of approximately 2.76% (2019: 3.96%) per annum. All other amounts are repayable on demand and non-interest bearing.

(c) Due from an associated company

The amount due from an associated company is interest free, unsecured and repayable on demand.

(d) Due from joint venture (trade and non-trade)

The amount due from joint venture is unsecured. The trade debt due from joint venture has a repayment term of 30 days (2019: 30 days) and the overdue trade debt bears an average interest of approximately 2.78% (2019: 4.00%) per annum. All other amounts are repayable on demand and bear an average interest of approximately 4.00% per annum.

(e) Deposits

Included in deposits of the Group is RM52,385,000 (2019: RM46,193,000) being deposits placed with a broker for Bursa Malaysia Derivatives Bhd. for crude palm oil futures.

(f) Sundry receivables

Included in sundry receivables of the Group is RM12,081,000 (2019: RM14,153,000) being plasma receivables.

Notes To The Financial Statements

18. (a) Cash And Bank Balances

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash at banks and on hand	56,988	31,320	8,268	1,458
Deposits with licensed banks	71,549	60,293	53,549	46,888
Cash and bank balances (Note 17)	128,537	91,613	61,817	48,346

The effective annual interest rates applicable during the financial year were as follows:

	Group Weighted average interest rates 2020 %	Group Weighted average interest rates 2019 %	Company Weighted average interest rates 2020 %	Company Weighted average interest rates 2019 %
Deposits with licensed banks	2.07	3.34	2.15	3.50

The maturity period for deposits with licensed banks of the Group and the Company range from 1 day to 12 months (2019 : range from 1 day to 12 months) respectively.

(b) Short Term Funds

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Short term funds	336,283	367,792	128,504	152,346

Short term funds are investments in income trust funds in Malaysia. The trust funds invest in highly liquid assets which are readily convertible to known amount of cash with insignificant changes in value.

The effective annual interest rates applicable during the financial year were as follows:

	Group Weighted average interest rates 2020 %	Group Weighted average interest rates 2019 %	Company Weighted average interest rates 2020 %	Company Weighted average interest rates 2019 %
Short term funds	3.21	3.65	2.79	3.66

19. (a) Share Capital

	Group and Company			
	Number of ordinary shares		Monetary value	
	2020 Unit'000	2019 Unit'000	2020 RM'000	2019 RM'000
Issued and fully paid:				
At 1 January	208,134	208,134	390,054	390,054
Issuance during the financial year:				
- Bonus issue	208,134	-	-	-
At 31 December	416,268	208,134	390,054	390,054

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial year, the Company increased the number of its ordinary shares by way of bonus issue of 208,134,266 ordinary shares on the basis of one (1) new ordinary share for every one (1) existing ordinary share held.

These new ordinary shares are issued as fully paid, at no consideration and without capitalisation from the Company's reserves and are ranked pari passu in all respects with the existing ordinary shares of the Company.

(b) Treasury Shares

The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe the purchase of treasury shares is in the best interests of the Company and its shareholders. The Company has the right to cancel, resell and/or distribute these shares as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution are suspended.

There has been no purchase, resale and/or cancellation of the treasury shares by the Company in the preceeding 12 months. On 29 May 2020, the Company increased the number of its ordinary shares by way of bonus issue of 208,134,266 ordinary shares on the basis of one (1) new ordinary share for every one (1) existing ordinary share held. This resulted in the increase of treasury shares from 741,774 shares to 1,483,548 shares.These treasury shares were held in accordance with the requirement of Section 127 of the Companies Act 2016.

		Group / Company	
	Average cost per share RM	No of shares	Cost RM'000
2020			
At 1 January		741,774	18,668
Issuance during the financial year:			
- Bonus issue		741,774	-
At 31 December		1,483,548	18,668
2019			
At 1 January		341,774	8,635
Acquired during the financial year	25.08	400,000	10,033
At 31 December		741,774	18,668

The share buy-back was financed by internally generated funds.

20. Reserves

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Distributable					
Retained profits	(a)	2,288,440	2,189,251	1,535,454	1,536,426
Non-distributable					
Cash flow hedge reserve	(b)	(40,476)	(22,235)	-	-
Capital reserve	(c)	21,798	21,798	-	-
Foreign currency translation reserve	(d)	(21,176)	(15,612)	-	-
		(39,854)	(16,049)	-	-
Total		2,248,586	2,173,202	1,535,454	1,536,426

The nature and purpose of each category of reserve are as follows:

(a) Retained profits

The entire retained earnings can be distributed as dividend under the single tier system.

(b) Cash flow hedge reserve

The effective portion of the gain or loss on a hedging instrument is recognised in OCI in the cash flow hedge reserve. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on a hedging instrument and the cumulative change in fair value of the hedged item.

(c) Capital reserve

The capital reserve is in respect of bonus shares issued by subsidiary companies out of their retained earnings.

(d) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from the translation of monetary items which form part of the Group's net investment in foreign operations.

21. Deferred Taxation

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
At 1 January	150,081	142,360	158,148	139,095
Acquisition of business (Note 30)	-	13,920	-	13,920
Recognised in profit or loss (Note 8)	1,326	1,023	(3,306)	5,133
Recognised in comprehensive income	(5,760)	(7,133)	-	-
Exchange differences	227	(89)	-	-
At 31 December	145,874	150,081	154,842	158,148
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	149,705	154,281	154,842	158,148
Deferred tax assets	(3,831)	(4,200)	-	-
	145,874	150,081	154,842	158,148

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Biological Assets RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 January 2020	7,827	165,214	173,041
Recognised in profit or loss	1,337	(3,880)	(2,543)
Exchange differences	27	-	27
At 31 December 2020	9,191	161,334	170,525
At 1 January 2019	6,878	144,833	151,711
Acquisition of business	-	13,920	13,920
Recognised in profit or loss	992	6,461	7,453
Exchange differences	(43)	-	(43)
At 31 December 2019	7,827	165,214	173,041

Deferred tax assets of the Group:

	Future Tax on Unrealised Fair Value Adjustments RM'000	Retirement Benefit Obligations RM'000	Others RM'000	Total RM'000
At 1 January 2020	(7,022)	(4,328)	(11,610)	(22,960)
Recognised in profit or loss	-	(5)	3,874	3,869
Recognised in comprehensive income	(5,760)	-	-	(5,760)
Exchange differences	-	57	143	200
At 31 December 2020	(12,782)	(4,276)	(7,593)	(24,651)
At 1 January 2019	111	(3,526)	(5,936)	(9,351)
Recognised in profit or loss	-	(765)	(5,665)	(6,430)
Recognised in comprehensive income	(7,133)	-	-	(7,133)
Exchange differences	-	(37)	(9)	(46)
At 31 December 2019	(7,022)	(4,328)	(11,610)	(22,960)

Deferred tax liabilities of the Company:

	Biological Assets RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 January 2020	6,594	153,422	160,016
Recognised in profit or loss	1,366	(4,200)	(2,834)
At 31 December 2020	7,960	149,222	157,182
At 1 January 2019	5,978	134,933	140,911
Acquisition of business	-	13,920	13,920
Recognised in profit or loss	616	4,569	5,185
At 31 December 2019	6,594	153,422	160,016

Deferred tax assets of the Company:

	Retirement Benefit Obligations RM'000	Others RM'000	Total RM'000
At 1 January 2020	(1,745)	(123)	(1,868)
Recognised in profit or loss	(74)	(398)	(472)
At 31 December 2020	(1,819)	(521)	(2,340)
At 1 January 2019	(1,604)	(212)	(1,816)
Recognised in profit or loss	(141)	89	(52)
At 31 December 2019	(1,745)	(123)	(1,868)

22. Retirement Benefit Obligations

The Company and certain subsidiary companies pay retirement benefits to their eligible employees in accordance with the terms of employment and practices. These plans are generally of the defined benefit type under which benefits are based on employees' years of service and at predetermined rates or average final remuneration, and are unfunded. From the financial year 2011 onwards, the subsidiaries in Indonesia provided employee benefits under the Labour Law No.13. No formal independent actuarial valuations have been undertaken to value the Group's obligations under these plans but are estimated by the Group, except for the obligations of PTSSS1 where an independent actuarial valuation is used. The obligations of the Group are based on the following actuarial assumptions:

	2020 %	2019 %
Discount rate in determining the actuarial present value of the obligations	6.0 - 7.5	6.0 - 7.5
The average rate of increase in future earnings	4.0 - 10.0	4.0 - 10.0
Turnover of employees	10.0 - 20.0	10.0 - 20.0

The amounts recognised in the statements of financial position are determined as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Present value of unfunded defined benefit obligations	19,275	17,733	7,580	7,274
At 1 January	17,733	14,849	7,274	6,685
Provision during the year (Note 5)	2,945	3,422	330	696
Paid during the year	(706)	(466)	(24)	(107)
Actuarial changes during the year	(364)	(212)	-	-
Exchange difference	(333)	140	-	-
At 31 December	19,275	17,733	7,580	7,274
Analysed as:				
Current	2,198	2,410	1,547	1,324
Non-current:				
Later than 1 year but not later than 2 years	752	388	354	292
Later than 2 years but not later than 5 years	2,399	1,986	1,278	1,046
Later than 5 years	13,926	12,949	4,401	4,612
	17,077	15,323	6,033	5,950
	19,275	17,733	7,580	7,274

Notes To The Financial Statements

Sensitivity analysis

The impact on changes of each significant actuarial assumption as at the end of the reporting period is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Discount rate increase by 1%	(1,828)	(1,788)	(594)	(599)
Discount rate decrease by 1%	2,155	1,824	697	702
The average rate of increase in future earnings increase by 1%	1,164	853	7	7
The average rate of increase in future earnings decrease by 1%	(1,007)	(981)	(7)	(7)
Turnover of employees increase by 1%	(154)	(221)	(35)	(28)
Turnover of employees decrease by 1%	158	29	35	16

23. Trade And Other Payables

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current					
Trade payables					
Third parties	(a)	16,275	17,028	522	218
Other payables					
Due to subsidiary companies	(b)	-	-	474	1,322
Advances from customers		1,377	873	1,377	873
Accruals		45,189	38,210	37,001	31,474
Sundry payables		32,080	35,696	12,464	19,619
		78,646	74,779	51,316	53,288
Total trade and other payables		94,921	91,807	51,838	53,506
Add: Bank borrowings (Note 24)		100	100	-	-
Total financial liabilities carried at amortised cost		95,021	91,907	51,838	53,506

(a) Trade payables

Trade payables are non-interest bearing and the average credit terms granted to the Group and the Company range from 30 to 60 days (2019: 30 to 60 days).

(b) Due to subsidiary companies

Amounts due to subsidiary companies are interest free, unsecured and repayable on demand.

24. Bank Borrowings

	Group 2020 RM'000	Group 2019 RM'000
Bank overdraft - unsecured	100	100

The interest rate applicable to the bank borrowings for the year was 5.90% (2019: 6.90%) per annum.

25. Dividends

	Group / Company Amount 2020 RM'000	Amount 2019 RM'000	Net dividends per share 2020 sen	Net dividends per share 2019 sen
Second interim single-tier dividend paid in respect of previous financial year: - 10 sen per share* (2019: Final single-tier dividend of 10 sen per share*)	41,479	41,558	10.00	10.00
Second interim special single-tier dividend paid in respect of previous financial year: - 42.5 sen per share* (2019: Special single-tier dividend of 45 sen per share*)	176,284	187,013	42.50	45.00
Interim single-tier dividend in respect of current financial year: - 15 sen per share (2019: 10 sen per share*)	62,217	41,479	15.00	10.00
Special single-tier dividend in respect of current financial year: - 5 sen per share (2019: 5 sen per share*)	20,739	20,739	5.00	5.00
	300,719	290,789	72.50	70.00

* Restated after bonus issue

At the forthcoming Annual General Meeting, a final single-tier dividend of 15 sen per share amounting to RM62,217,748 and a special single-tier dividend of 50 sen per share amounting to RM207,392,492 in respect of the year ended 31 December 2020 on the ordinary shares in issue at book closure date will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2021.

26. Significant Inter-Company Transactions

	Company 2020 RM'000	Company 2019 RM'000
Sale of raw materials to a subsidiary company	325,546	307,985
Sale of biomass and biogas steam to a subsidiary company	3,086	2,691
Interest charged to a subsidiary company	18	19

All transactions with the subsidiary companies are undertaken in the ordinary course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

27. Significant Related Party Transactions

(a) Related party transactions

The Group entered into transactions with International Plantations Services Limited ("IPS"), a company incorporated in Bahamas. This company is deemed to be a related party by virtue of common directorship held by certain directors in IPS and the Group.

In addition to the inter-company balances and transactions detailed in Notes 12, 17, 23 and 26 of the financial statements, the Group and the Company had the following transactions with related parties during the year:

Nature Of Transactions	Amount Billed Group		Amount Billed Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Sale of plant and equipment to Unifuji Sdn. Bhd.	40	99	-	-
Interest income from advances to Unifuji Sdn. Bhd.	786	3,060	285	2,163
Service fees paid to IPS	83	83	83	83

The Directors are of the opinion that the above related party transactions are undertaken in the ordinary course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Amount outstanding at 31 December:				
Due (to)/from IPS	(104)	(64)	(104)	(64)

The outstanding balances at the reporting date in relation to related party transactions are included in other payables (Note 23).

(b) Compensation of key management personnel

The remuneration of key management during the year was as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term employee benefits	4,326	5,552	4,326	5,552
Post employment benefits:				
Defined contribution plan	690	696	690	696
Directors fees	1,248	1,156	1,197	1,105
Others	115	93	108	86
	6,379	7,497	6,321	7,439

(c) Provision of consultancy services by a non-independent non-executive director

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Consultancy service fees paid	188	250	188	250

28. Segmental Information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:-

(a) The plantations segment carries on the business of oil palm and coconut cultivation and processing on its plantations in Peninsular Malaysia and Kalimantan, Indonesia. Under this segment, there is also an active research centre providing improved planting material for the Group's estates as well as for the Malaysian agricultural sector in general.

(b) The palm oil refining segment which carries on the business of palm oil processing, manufacturing of edible oils, fats, cocoa butter substitute and trading in crude palm oil and palm oil products.

(c) The other segments consist of bulking facilities which carry on the business of handling and storage of vegetable oils and molasses and holding companies for subsidiaries in Indonesia which are also involved in marketing and trading of the Group's products.

The Group's principal activities are the cultivation and processing of oil palm and coconut on plantations in Peninsular Malaysia and Indonesia. The activities of the subsidiary companies (except Unitata Berhad) are all incidental to the main activity and in terms of revenue, profit contribution and assets employed, they are insignificant. Inter-segment sales at fair market values have been eliminated.

The principal activity of Unitata Berhad is palm oil refining and its ancillary activities.

The analysis of Group operations is as follows:

(i) Business segments

	Plantations		Palm oil refining		Other segments		Elimination		Consolidated	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue and expenses										
Revenue:										
External sales	488,542	392,547	850,210	779,046	1,306	1,508	-	-	1,340,058	1,173,101
Inter-segment sales	325,546	307,985	-	-	-	-	(325,546)	(307,985)	-	-
Total revenue	814,088	700,532	850,210	779,046	1,306	1,508	(325,546)	(307,985)	1,340,058	1,173,101
Results:										
Segment results:										
Operating profit/(loss)	427,866	256,485	51,825	71,427	(1,146)	(478)	-	-	478,545	327,434
Investment and interest income	7,245	13,026	2,897	5,185	8,207	15,543	(2,234)	(6,079)	16,115	27,675
Interest expense	(2,240)	(6,086)	(20)	(22)	-	-	2,234	6,079	(26)	(29)
Share of results of joint venture	-	-	11,008	2,880	-	-	-	-	11,008	2,880
Income taxes	(96,255)	(64,953)	(7,754)	(8,553)	(56)	(128)	-	-	(104,065)	(73,634)
Net profit for the financial year									401,577	284,326

	Plantations		Palm oil refining		Other segments		Elimination		Consolidated	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets and liabilities										
Segment assets	2,200,184	2,191,321	525,510	485,832	209,229	152,140	-	-	2,934,923	2,829,293
Investment in an associated company	-	-	-	-	50	50	-	-	50	50
Investment in a joint venture	-	-	39,876	28,868	-	-	-	-	39,876	28,868
Consolidated total assets									2,974,849	2,858,211
Segment liabilities	257,128	242,470	86,652	61,750	166	208	-	-	343,946	304,428
Consolidated total liabilities									343,946	304,428
Other information										
Capital expenditure *	78,055	140,844	29,952	16,526	392	-	-	-	108,399	157,370
Depreciation of property, plant and equipment	78,471	75,846	8,908	11,530	56	43	-	-	87,435	87,419
Depreciation of right-of-use assets	8,030	8,045	-	-	-	-	-	-	8,030	8,045
Other significant non-cash expenses:										
Write-down of inventories	413	373	-	-	-	-	-	-	413	373
Net realised foreign exchange loss/(gain)	-	-	2,030	505	1,671	(428)	-	-	3,701	77
Net unrealised foreign exchange (gain)/loss	-	-	(11,420)	(1,576)	-	(1,225)	-	-	(11,420)	(2,801)

(ii) Geographical segments

In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Total assets and capital expenditure are based on the geographical location of assets:

	Malaysia		Indonesia		Europe		United States		Others		Consolidated	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	696,013	607,060	150,514	137,198	294,418	242,106	621	300	198,492	186,437	1,340,058	1,173,101
Total assets	2,598,103	2,507,480	246,097	262,284	69,378	39,368	157	-	61,114	49,079	2,974,849	2,858,211
Capital expenditure *	103,707	152,992	4,692	4,378	-	-	-	-	-	-	108,399	157,370

* Capital expenditure presented above consist of the following items as presented in the consolidated statement of financial position:

		Group	
	Note	2020 RM'000	2019 RM'000
Property, plant and equipment*	10 (a)	108,238	111,447
Right-of-use assets*	10 (b)	161	45,923
		108,399	157,370

* Including additions arising from acquisition of business in prior year amounting to RM12,505,000 for property, plant and equipment and RM45,495,000 for right-of-use assets.

(iii) Information about a major customer

Revenue from one major customer amounted to RM653,752,000 (2019: RM591,711,000), arising from sales by the palm oil refining segment.

29. Capital Commitments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Capital expenditure approved by the Directors but not contracted	123,891	127,699	110,320	101,414
Capital expenditure contracted but not provided for	9,262	13,227	8,319	12,965
	133,153	140,926	118,639	114,379

30. Acquisition Of Business

On 21 September 2018, the Company entered into 3 conditional sale and purchase agreements ("SPAs") with Pinehill Plantations (Malaysia) Sdn. Bhd. ("PPM"), Syarikat Kaum Melayu Hilir Perak Sdn. Bhd. ("SKMP") and Tahir, Rozlan and Tasariff Sdn. Bhd. ("TRT") (collectively known as Pinehill Pacific Berhad's group of companies) to acquire the plantation business and assets (agriculture lands measuring approximately 8,999 acres together with a palm oil mill in Daerah Hilir Perak). The purchase consideration, net of refund* amounted to RM400.936 million. The business combination was completed on 3 September 2019 and the purchase price allocation ("PPA") was completed during the current financial year.

The net identifiable assets including residual goodwill recognised in the financial statements are as follows:

	Group/Company
	Fair value as at 3 September 2019 RM'000
Purchase consideration, net of refund*	400,936
Less: Fair value of assets acquired and liabilities assumed	
Property, plant and equipment	
- Bearer plants	8,001
- Buildings	2,504
- Plant and machinery	2,000
Right-of-use assets	
- Leasehold land	45,495
Deferred tax liabilities	(13,920)
	44,080
Goodwill	356,856

Purchase consideration is settled in cash, representing net cash outflow of the acquisition. An amount of RM41.357 million, being the deposit for this acquisition, have been paid in 2018.

The goodwill is attributable to the benefits from both the potential extension of lease period of the leasehold lands and additional synergies arising from the acquisition.

Arising from the above business combination, all incidental costs related to this business combination totalling to RM24.794 million have been expensed off in the profit and loss in the previous financial year.

* Pinehill Pacific Berhad's group of companies has refunded RM12.638 million including interest earned from the Retention Sum in accordance to the Supplemental Agreement dated 10 June 2019.

31. Financial Instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its interest rate, liquidity, foreign exchange, market and credit risks. The Group operates within clearly defined guidelines that are approved by the Board.

During the financial year, the Group entered into commodity futures contracts. Control and monitoring procedures include, amongst others, setting of trading limits and the manner and timing of management reporting. Such derivative trading is also under the close supervision of the executive committee. These control procedures are periodically reviewed and enhanced where necessary in response to changes in market condition.

(b) Interest rate risk

The Group's primary interest rate risk relates to short term fixed rate term deposits with licensed banks and negotiable papers issued by licensed banks. The Group does not hedge this exposure. The maturity periods are mixed such that the Group's cash flow requirements are met while yielding a reasonable return. The effective interest rates are as disclosed in Note 18.

The Group's bank borrowings are insignificant to hedge. The effective interest rate is disclosed in Note 24.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if interest rates had been 10 basis points higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM436,000 (2019: RM652,000) higher/lower, arising as a result of higher/lower interest income from deposits with licensed banks, and the Group's retained earnings would have been RM436,000 (2019: RM652,000) higher/lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market movements.

(c) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM and Indonesian Rupiah ("IDR"). The foreign currencies in which these transactions are denominated are mainly US Dollars ("USD").

Approximately 49% (2019: 58%) of the Group's sales and 39% (2019: 46%) of costs are denominated in foreign currencies. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances amounted to RM5,718,000 (2019: RM3,348,000) and RM126,000 (2019: RM126,000) for the Group and the Company respectively.

Foreign currency transactions denominated in IDR are not hedged while transactions in USD are hedged by forward currency contracts, whenever possible. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

At 31 December 2020, the Group hedged 82% (2019: 81%) and 0% (2019: 0%) of its foreign currency denominated sales and purchases respectively, for which firm commitments existed at the reporting date, extending to December 2021 (2019: July 2021).

The Group is also exposed to currency translation risk arising from its net investments in Indonesia.

The net unhedged financial assets of the Group that are not denominated in their functional currencies are as follows:

Functional currency of the Group	Indonesian Rupiah RM'000	Total RM'000
At 31 December 2020:		
Ringgit Malaysia denominated advances to foreign subsidiaries	-	-
At 31 December 2019:		
Ringgit Malaysia denominated advances to foreign subsidiaries	51,260	51,260

The Group had entered into forward currency contracts with the following notional amounts and maturities:

		Maturities		
	Currency	Within 1 year RM'000	1 year up to 5 years RM'000	Total notional amount RM'000
As at 31 December 2020:				
Forwards used to hedge receivables	USD	498,224	-	498,224
As at 31 December 2019:				
Forwards used to hedge receivables	USD	188,396	29,383	217,779

The net recognised gain as at 31 December 2020 on forward exchange contracts used to hedge receivables and payables as at 31 December 2020 amounted to RM17,410,000 (31 December 2019: net recognised gain RM4,090,000).

<u>Sensitivity analysis for foreign currency risk</u>

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and IDR exchange rates against the functional currencies of the Group entities, with all other variables held constant.

	Group	
	2020 RM'000 Profit net of tax	2019 RM'000 Profit net of tax
USD/RM		
- strengthened 3%	(14,340)	(6,385)
- weakened 3%	14,340	6,385
IDR/RM		
- strengthened 3%	-	1,493
- weakened 3%	-	(1,493)

(d) Credit risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Except for the amount due from a major customer of the palm oil refinery unit, the Group has no other significant concentration risk that may arise from exposures to a single debtor or to a group of debtors. Trade receivables are monitored on an ongoing basis via Company management reporting procedures (with the exception of fixed deposits and short term funds invested in income trust funds). The average credit terms granted to the Group's customers are 10 to 75 days.

Credit risk of commodity futures contracts arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Group and the Company have a gain position. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market prices.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the trade receivables of its operating segments on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2020		2019	
	RM'000	% of total	RM'000	% of total
By Segment:				
Plantations	8,797	4.71	7,666	4.85
Palm Oil Refining	177,967	95.24	150,188	95.08
Others	89	0.05	112	0.07
	186,853	100.00	157,966	100.00

At the reporting date, approximately 87% (2019: 75%) of the Group's trade receivables were due from a major customer of the palm oil refinery unit.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 17. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17.

(e) Liquidity risk

The Group actively manages its cash flows by monthly forecasts of funding requirements. As part of its prudent liquidity management, the Group maintains sufficient levels of cash or cash equivalents, banking facilities of a reasonable level to meet its working capital requirements. As far as possible, the Group funds significant long term investments with internal funding to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted amounts.

Group	On demand or within 1 year RM'000	1 to 5 years RM'000	Total RM'000
2020			
Financial liabilities:			
Trade and other payables	94,921	-	94,921
Derivatives	53,202	56	53,258
Bank borrowings	100	-	100
Total undiscounted financial liabilities	148,223	56	148,279
2019			
Financial liabilities:			
Trade and other payables	91,807	-	91,807
Derivatives	21,166	8,112	29,278
Bank borrowings	100	-	100
Total undiscounted financial liabilities	113,073	8,112	121,185

Company			
2020			
Financial liabilities:			
Trade and other payables	51,838	-	51,838
Total undiscounted financial liabilities	51,838	-	51,838
2019			
Financial liabilities:			
Trade and other payables	53,506	-	53,506
Total undiscounted financial liabilities	53,506	-	53,506

(f) Market risk

Market risk is the potential change in value caused by movement in market prices. The contractual amounts stated under Note 31(g) provide only a measure of involvement in these types of transactions.

Sensitivity analysis for market price risk

At the reporting date, if the value of the derivatives as stated under Note 31(g) had been 3% higher/lower, with all other variables held constant, the Group's profit net of tax and OCI would have been RM5,068,000 (2019: RM6,804,000) higher/lower, arising as a result of higher/lower fair value gains on held for trading/hedging commodity futures contracts, and the Group's retained earnings would have been higher/lower by the same amount, arising as a result of an increase/decrease in the fair value of the aforementioned commodity futures contracts. As at the reporting date, the impact of changes in the commodity future market, with all other variables held constant, is immaterial to the Group's profit net of tax and equity.

Notes To The Financial Statements

(g) Derivatives

Group	Contract/Notional Amount RM'000	Assets RM'000	Liabilities RM'000
2020			
Current			
Non-hedging derivatives:			
Forward currency contracts	498,224	17,410	-
Commodity futures contracts	381,113	10,683	-
Hedging derivatives:			
Commodity futures contracts	266,713	-	(53,202)
		28,093	(53,202)
Non-Current			
Non-hedging derivatives:			
Forward currency contracts	-	-	-
Commodity futures contracts	-	-	-
Hedging derivatives:			
Commodity futures contracts	15,842	-	(56)
		-	(56)
Total derivatives		28,093	(53,258)
2019			
Current			
Non-hedging derivatives:			
Forward currency contracts	188,396	3,638	-
Commodity futures contracts	230,484	2,129	-
Hedging derivatives:			
Commodity futures contracts	188,062	-	(21,166)
		5,767	(21,166)
Non-Current			
Non-hedging derivatives:			
Forward currency contracts	29,383	452	-
Commodity futures contracts	78,083	-	(21)
Hedging derivatives:			
Commodity futures contracts	107,712	-	(8,091)
		452	(8,112)
Total derivatives		6,219	(29,278)

During the financial year, the Group recognised a loss of RM25,165,000 (2019: loss of RM23,059,000) arising from fair value changes of derivative contracts. The fair value changes are attributable to changes in commodity prices and forward exchange rates.

Derivatives not designated as hedging instruments

The Group uses forward currency contracts and commodity futures contracts to manage some of the transaction exposure, as well as to take advantage of favourable market conditions. The forward currency contract is not designated as cash flow or fair value hedges and is entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales and purchases denominated in USD for which firm commitments existed at the reporting date, extending to December 2021 (2019: July 2021) (Note 31(c)).

Derivatives designated as hedging instruments

Cash flow hedge

Commodity price risk

The Group has designated certain commodity futures contracts as hedging derivatives to reduce the volatility attributable to price fluctuations of crude palm oil ("CPO"). Hedging of the price volatility of forecast CPO is in accordance with the risk management strategy outlined by the Board of Directors.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the commodity price and commodity forward contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the commodity price and commodity forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments,
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments,
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items, and
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments.

The Group is holding the following commodity forward contracts:

	Maturity			
	Less than 6 months	6 to 12 months	More than 12 months	Total
As at 31 December 2020:				
Commodity forward contracts				
Notional amount (in MT)	82,225	10,050	5,675	97,950
Notional amount (in RM'000)	236,684	30,029	15,842	282,555
Average hedged rate (in RM'000 per MT)	2.88	2.99	2.79	2.88
As at 31 December 2019:				
Commodity forward contracts				
Notional amount (in MT)	57,600	12,625	41,575	111,800
Notional amount (in RM'000)	153,332	34,728	107,714	295,774
Average hedged rate (in RM'000 per MT)	2.66	2.75	2.59	2.65

There is no amount recognised for the change in fair value used for measuring ineffectiveness in profit or loss in the current financial year.

The impact of hedged items (net of tax) on the statements of financial position is, as follows:

	Cash flow hedge reserve	
	2020 RM'000	2019 RM'000
As at 31 December		
CPO	(40,476)	(22,235)

Determination of fair value

Fair value of the commodity futures contracts is determined by reference to the difference between the contracted rate and the forward rate as at the reporting date.

Fair value of the forward currency contracts is determined by reference to the difference between the contracted rate and the market rate as at the reporting date.

(h) Fair value of financial instruments

The Group and the Company use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Group and the Company held the following financial instruments carried at fair value in the statements of financial position:

Group	Assets/ (liabilities) RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 31 December 2020				
Fair value through profit or loss:				
Biological assets	38,767	-	-	38,767
Short term funds	336,283	336,283	-	-
Commodity futures contracts	(42,575)	(42,575)	-	-
Forward currency contracts	17,410	-	17,410	-
At 31 December 2019				
Fair value through profit or loss:				
Biological assets	32,677	-	-	32,677
Short term funds	367,792	367,792	-	-
Commodity futures contracts	(27,149)	(27,149)	-	-
Forward currency contracts	4,090	-	4,090	-

Company	Assets/ (liabilities) RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 31 December 2020				
Fair value through profit or loss:				
Biological assets	33,169	-	-	33,169
Short term funds	128,504	128,504	-	-
At 31 December 2019				
Fair value through profit or loss:				
Biological assets	27,478	-	-	27,478
Short term funds	152,346	152,346	-	-

The carrying amount of trade and other receivables and payables are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

32. Capital Management

The primary objective of the Group's and the Company's capital management is to ensure that it maintains acceptable capital ratios in order to support its business and maximise shareholder value.

The Group and the Company manage its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group and the Company. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting dividend payment policies. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 31 December 2019.

The Group includes within net debt, bank borrowings (bank overdraft) and trade and other payables, less cash and bank balances and short term funds. Capital includes equity attributable to the owners of the parent.

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Debt				
Bank borrowings	100	100	-	-
Trade and other payables	94,921	91,807	51,838	53,506
	95,021	91,907	51,838	53,506
Less: Cash and bank balances	(128,537)	(91,613)	(61,817)	(48,346)
Short term funds	(336,283)	(367,792)	(128,504)	(152,346)
Net surplus of cash and bank balances and short term funds over debt	(369,799)	(367,498)	(138,483)	(147,186)
Equity attributable to the owners of the parent, representing total capital	2,619,972	2,544,588	1,906,840	1,907,812
Surplus of capital, cash and bank balances and short term funds over debt	2,989,771	2,912,086	2,045,323	2,054,998
Gearing ratio	-	-	-	-

There are no externally imposed capital requirements.

33. Significant Event During The Financial Year And Subsequent Event

The emergence and spread of the coronavirus (COVID-19) in early 2020 has affected businesses and economic activities in Malaysia and beyond. The Group and Company have not been adversely affected as at the date of this report. No adjustments are required to the financial position and operating results for the current financial year. The Group and Company shall continue to monitor the developments of the COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group and Company for the financial year ending 31 December 2021. This includes continuous special attention to be given towards ensuring all standard operating procedures set by the government are complied with to minimise the risk of COVID-19 occurrences and addressing the acute labour shortages, which may impact the operations of the Group and the Company negatively.

Statement By Directors
Pursuant to Section 251(2) of the Companies Act 2016

We, TAN SRI DATUK DR. JOHARI BIN MAT and DATO' CARL BEK-NIELSEN, being two of the Directors of United Plantations Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 124 to 187 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 20 February 2021.

TAN SRI DATUK DR. JOHARI BIN MAT	DATO' CARL BEK-NIELSEN

Jendarata Estate
36009 Teluk Intan,
Perak Darul Ridzuan,
Malaysia.

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, NG ENG HO, the Officer primarily responsible for the financial management of United Plantations Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 124 to 187 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act,1960.

Subscribed and solemnly declared by
the abovenamed NG ENG HO at
Teluk Intan in the State of Perak Darul Ridzuan
on 22 February 2021.

NG ENG HO

Before me,

Siti Suhadah Bt Shoeb
Commissioner For Oaths,
Teluk Intan,
Perak Darul Ridzuan,
Malaysia.

Independent auditors' report to the members of United Plantations Berhad
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Plantations Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 124 to 187.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements of the Group and of the Company. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Revenue recognition

Revenue from sale of finished goods recognised by the Group during the financial year amounted to RM850 million. We identified revenue recognition in respect of sale of finished goods to be an area of audit focus as we consider the high volume of transactions for numerous types of finished goods produced and sold by the Group to be a possible cause of higher risk of material misstatements in relation to the timing and amount of revenue recognised. We have specifically focused our audit efforts to determine the possibility of overstatement of revenue.

Our audit procedures for revenue recognition included testing the Group's internal controls over timing and amount of revenue recognised. We have on a sampling basis, inspected the terms of significant sales contracts to determine the point at which control is transferred to the customer. We have independently obtained confirmation of sales transactions by the Group to a key customer for the current financial year. We have also on a sampling basis, inspected documents which evidenced the delivery of goods to customers. We have also focused on testing the recording of sales transactions close to the financial year end and credit notes issued after financial year end, to establish whether sales transactions were recorded in the correct accounting period.

Refer to Note 2.4(k) and 4 to the financial statements.

Impairment review of intangible assets

The Group is required to perform annual impairment test of cash generating unit ("CGU") to which the goodwill acquired in a business combination has been allocated. The Group estimated the recoverable amount of its CGU based on the estimated value-in-use ("VIU") of the CGU. The aforementioned impairment review did not give rise to any impairment loss.

The areas that involved significant audit effort and judgement were the possible variations in the basis and assumptions used by the management in deriving at the VIU of the CGU. In reviewing the VIU of the CGU, we have obtained an understanding of the relevant internal controls over the process of estimating the VIU of the CGU. Our procedures included, amongst others, reviewing the appropriateness of the methodology and approach applied, including historical accuracy of management's estimates of profits (and the resulting cash flows). We have assessed the key assumptions applied in determining the VIU which comprise Fresh Fruit Bunches ("FFB") yield per hectare and selling prices of Crude Palm Oil ("CPO") and Palm Kernel ("PK") by making comparisons to historical trends, taking into consideration the current and expected outlook of economic growth. We have also assessed the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset.

Refer to Note 15 to the financial statements.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

(d) Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern;

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation; and

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 3 to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

HOH YOON HOONG
No. 02990/08/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
20 February 2021

Shareholders Information As At 29 January 2021

Issued Capital*	:	No. of shares 416,268,532 (including 1,483,548 treasury shares)
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote per ordinary share

Categories Of Shareholders As At 29 January 2021

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital *
Less than 100 shares	180	3.32	3,459	0.00
100 to 1,000 shares	1,639	30.26	949,714	0.22
1,001 to 10,000 shares	2,918	53.87	10,777,726	2.60
10,001 to 100,000 shares	559	10.32	17,652,310	4.26
100,001 to less than 5% of issued shares	116	2.14	127,252,363	30.68
5% and above of issued shares	5	0.09	258,149,412	62.24
Total	5,417	100.00	414,784,984	100.00

Substantial Shareholders As At 29 January 2021

Name of Shareholder	Direct Interest No. of Shares	% of Issued Capital *	Deemed Interest No. of Shares	% of Issued Capital *
1. Maximum Vista Sdn. Bhd. (MVSB)	181,215,600	43.69	-	-
2. Employees Provident Fund Board	58,236,896	14.04	-	-
3. Perbadanan Pembangunan Pertanian Negeri Perak (Perbadanan)	26,130,316	6.30	660,000*5	0.16
4. United International Enterprises Limited (UIEL)	19,437,142	4.69	181,215,600*1	43.69
5. C & M Holding Limited (C & M HL)	-	-	200,652,742*2	48.38
6. Brothers Holding Ltd (BHL)	-	-	200,652,742*2	48.38
7. Ybhg. Dato' Carl Bek-Nielsen	5,106,000	1.23	200,742,858*3	48.40
8. Mr. Martin Bek-Nielsen	1,420,778	0.34	200,672,742*4	48.38

*Notes
(1) Deemed interest by virtue of substantial shareholdings in MVSB.
(2) Deemed interest by virtue of substantial shareholdings in MVSB and UIEL.
(3) Deemed interest by virtue of substantial shareholdings in MVSB, UIEL and through immediate family members.
(4) Deemed interest by virtue of substantial shareholdings in MVSB, UIEL and through immediate family members.
(5) Deemed interest by virtue of shares held by subsidiary company of Perbadanan.

Directors' Shareholdings As At 29 January 2021

Name of Director	Direct Interest No. of Shares	% of Issued Capital *	Deemed Interest No. of Shares	% of Issued Capital *
Ybhg. Tan Sri Datuk Dr. Johari Bin Mat	180,000	0.04	20,000	0.00
Ybhg. Dato' Carl Bek-Nielsen	5,106,000	1.23	200,742,858	48.40
Mr. Ho Dua Tiam	1,414,800	0.34	-	-
Mr. Ahmad Riza Basir	186,400	0.04	8,000	0.00
Y. Hormat Dato' Jeremy Derek Campbell Diamond	38,000	0.01	684,000	0.16
Mr. Martin Bek-Nielsen	1,420,778	0.34	200,672,742	48.38
Mr. Loh Hang Pai	102,000	0.02	-	-
Mr. R. Nadarajan	74,000	0.02	22,000	0.01
Madam Rohaya binti Mohammad Yusof	-	-	-	-
Mr. Jorgen Balle	-	-	-	-
Ybhg. Dato' Mohd Nasir Bin Ab. Latif	8,000	0.00	-	-

Shareholders Information

	Thirty (30) Largest Shareholders As At 29 January 2021		
	Name of Shareholder	No. of Shares	% of Issued Capital*
1.	Maximum Vista Sdn. Bhd.	173,782,200	41.90
2.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	58,236,896	14.04
3.	Perbadanan Pembangunan Pertanian Negeri Perak	26,130,316	6.30
4.	United International Enterprises Limited	19,389,312	4.67
5.	Kumpulan Wang Persaraan (Diperbadankan)	11,622,268	2.80
6.	Maximum Vista Sdn. Bhd.	7,433,400	1.79
7.	Amanahraya Trustees Berhad Amanah Saham Malaysia 2 - Wawasan	6,584,700	1.59
8.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	5,997,800	1.45
9.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	5,939,800	1.43
10.	Ybhg. Dato' Carl Bek-Nielsen	4,936,000	1.19
11.	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	4,000,000	0.96
12.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for Danske Bank A/S (Client Holdings)	3,400,535	0.82
13.	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Private Wealth Management for Rozilawati Binti Haji Basir (PW-M00823) (421210)	3,350,000	0.81
14.	KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn. Bhd. for Jendarata Bernam Provident Fund	3,024,198	0.73
15.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. Exempt An For The Bank of New York Mellon SA/NV (Jyske Clients)	2,779,336	0.67
16.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. BNYM SA/NV For Nykredit Bank A/S	2,505,280	0.60
17.	HSBC Nominees (Asing) Sdn. Bhd. BPSS Lux For Aberdeen Standard Sicav I - Asian Smaller Companies Fund	2,224,400	0.54
18.	KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn. Bhd. for United Plantations Berhad Education And Welfare Fund	2,220,300	0.54
19.	HSBC Nominees (Asing) Sdn. Bhd. BPSS LDN For Aberdeen Standard Asia Focus Plc	2,205,200	0.53
20.	United Plantations Berhad Share Buy Back Account	1,483,548	0.36
21.	Mr. Martin Bek-Nielsen	1,420,778	0.34
22.	Mr. Ho Dua Tiam	1,414,800	0.34
23.	KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn. Bhd. for United Plantations Workers Benevolent Retirement Scheme	1,413,200	0.34
24.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	1,324,400	0.32
25.	Madam Rozilawati Binti Haji Basir	1,164,880	0.28
26.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An For UBS Switzerland AG (Clients Assets)	1,108,882	0.27
27.	Sungei Ream Holdings Sendirian Berhad	1,060,000	0.26
28.	M & A Nominee (Tempatan) Sdn. Bhd. Jendarata Bernam Provident Fund	1,002,400	0.24
29.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An for Citibank N.A (Nordea BK A/S/C)	937,622	0.23
30.	The Titular Roman Catholic Archbishop of Kuala Lumpur	891,410	0.21
		358,983,861	86.55

* calculated based on 414,784,984 shares which do not include 1,483,548 treasury shares

Comparative Statistics - 10 Years

Year ended 31 December		2020 RM'000's	2019 RM'000's	2018 RM'000's	2017 RM'000's	2016 RM'000's	2015 RM'000's	2014 RM'000's	2013 RM'000's	2012 RM'000's	2011 RM'000's
Balance Sheet Analysis											
Issued Capital		390,054	390,054	390,054	390,054	208,134	208,134	208,134	208,134	208,134	208,134
Reserve		2,229,918	2,154,534	2,191,035	2,133,871	2,154,088	2,027,264	1,916,377	1,985,150	1,942,594	1,788,252
Non-Controlling Interests		10,931	9,195	7,828	6,893	5,344	3,158	2,417	1,076	420	207
Funds Employed		2,630,903	2,553,783	2,588,917	2,530,818	2,367,566	2,238,556	2,126,928	2,194,360	2,151,148	1,996,593
Property, Plant and Equipment		1,209,385	1,191,913	1,493,021	1,474,059	1,419,373	1,361,608	1,320,082	1,298,495	1,296,787	1,280,031
Land Use Rights		-	-	38,105	34,115	36,192	33,890	32,042	31,110	34,071	31,763
Right-of-use assets		382,408	391,093	-	-	-	-	-	-	-	-
Other Non-Current Assets		410,689	401,380	35,412	36,890	1,782	6,496	21,147	17,114	9,829	7,811
Current Assets		972,367	873,825	1,351,851	1,304,697	1,186,289	1,074,585	960,481	1,049,281	1,030,654	880,664
Total Assets		2,974,849	2,858,211	2,918,389	2,849,761	2,643,636	2,476,579	2,333,752	2,396,000	2,371,341	2,200,269
Less: Liabilities		343,946	304,428	329,472	318,943	276,070	238,023	206,824	201,640	220,193	203,676
Net Assets Employed		2,630,903	2,553,783	2,588,917	2,530,818	2,367,566	2,238,556	2,126,928	2,194,360	2,151,148	1,996,593
Other Data											
Profit Before Tax		505,642	357,960	490,872	503,970	417,935	375,997	355,604	340,476	454,239	491,541
Tax		104,065	73,634	116,772	109,288	87,128	83,566	76,233	87,989	111,688	117,955
Net Profit		401,577	284,326	374,100	394,682	330,807	292,431	279,371	252,487	342,551	373,586
Non-Controlling Interests		(2,033)	(1,040)	(1,683)	(1,702)	(1,319)	(881)	(1,341)	(656)	(310)	365
Profit attributable to equity owners of the Parent		399,544	283,286	372,417	392,980	329,488	291,550	278,030	251,831	342,241	373,951
Earnings Per Share (in sen)		96.00	68.00	89.50	94.50	79.50	70.50	67.00	60.50	82.50	90.00
Dividend Rate (Ordinary Share) - Interim and Final*		85.00%	67.50%	70.00%	75.00%	57.50%	45.00%	82.50%	46.94%	46.88%	45.00%
Share Prices On The Bursa Malaysia Securities Berhad											
Highest*		15.32	13.90	14.55	14.49	14.22	14.00	14.75	16.63	14.00	10.58
Lowest*		11.50	12.35	12.50	13.41	12.31	11.69	11.48	12.35	9.58	8.00
Production -Malaysia											
Palm Oil - own	- Tonnes	195,542	179,045	168,680	158,060	134,999	151,988	144,162	146,962	161,407	165,408
Palm Kernel - own	- Tonnes	39,233	36,854	36,789	35,373	29,631	34,256	33,885	35,118	40,331	42,163
Coconuts	- Nuts ('000)	81,428	78,104	71,423	75,252	86,052	77,501	68,424	74,678	74,110	71,763
FFB Yield per hectare	- Tonnes	27.49	26.76	26.67	25.46	21.11	24.24	22.97	22.42	25.05	25.16
CPO Yield per hectare	- Tonnes	6.13	5.88	5.73	5.34	4.64	5.32	5.09	4.95	5.48	5.47
Palm Oil extraction rate	- %	22.29	21.95	21.47	20.97	21.97	21.95	22.17	22.07	21.86	21.73
Palm Kernel extraction rate	- %	4.47	4.52	4.68	4.69	4.82	4.95	5.21	5.27	5.46	5.54
Coconuts Yield per hectare	- Nuts	22,827	23,557	23,154	25,345	30,305	27,747	25,056	26,858	26,077	24,771
Cost Of Production - Malaysia **		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Palm Oil	- Per Tonne	1,235	1,286	1,271	1,280	1,319	1,115	1,147	1,083	973	896
Palm Kernel	- Per Tonne	511	505	483	479	477	410	404	379	349	310
Average Sales Price											
Palm Oil	- Per Tonne	2,613	2,356	2,606	2,578	2,424	2,163	2,353	2,702	3,017	3,050
Palm Kernel	- Per Tonne	1,594	1,312	1,992	2,650	2,138	1,493	1,774	1,283	1,584	2,168
Production -Indonesia											
Palm Oil - own	- Tonnes	47,315	46,421	51,049	47,459	44,143	48,159	41,440	36,529	35,182	24,747
Palm Kernel - own	- Tonnes	9,678	9,182	9,071	8,387	7,948	8,266	7,044	6,793	6,679	4,277
FFB Yield per hectare	- Tonnes	23.69	22.93	24.69	22.56	19.53	20.02	16.86	15.84	17.50	16.22
CPO Yield per hectare	- Tonnes	5.21	5.11	5.66	5.25	4.81	5.03	4.24	3.88	4.27	3.84
Palm Oil extraction rate	- %	22.00	22.30	22.92	23.29	24.62	25.15	25.17	24.41	24.38	23.80
Palm Kernel extraction rate	- %	4.50	4.41	4.08	4.12	4.43	4.32	4.28	4.54	4.63	4.14
Cost Of Production - Indonesia		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Palm Oil	- Per Tonne	1,327	1,444	1,290	1,516	1,609	1,415	1,369	1,447	1,490	1,932
Palm Kernel	- Per Tonne	450	492	482	581	534	525	595	577	589	515
Average Sales Price											
Palm Oil	- Per Tonne	2,284	1,964	2,003	2,572	2,316	2,002	2,301	2,179	2,381	2,553
Palm Kernel	- Per Tonne	1,204	1,011	1,356	2,049	1,899	1,198	1,305	997	1,032	1,247

Notes:
* Comparative adjusted for Bonus Issue
** Cost of production figures include depreciation and additional remuneration/bonuses.

Group Properties As At 31 December 2020

Properties	Tenure	Area In Hectares	Description	Age In Years	*Net Tangible Asset Value RM '000
Jendarata Estate	Leasehold		Registered Office - 1,369 sq.m.	56	3,200
36009 Teluk Intan	Expiring on:		Research Station - 1,070 sq.m.	55	1,890
Perak Darul Ridzuan	15.01.2062	594.50	Oil Palm & Coconut Estate		123,068
	07.06.2104	611.65	Palm Oil Mill } 10,032	86	6,525
	07.06.2104	34.81	Biomass Plant } sq.m.	15	6,055
	20.11.2067	982.19			
	22.08.2068	149.67			
	Yr to Yr	33.62			
	Freehold	3,929.19			
Kuala Bernam Estate	Freehold	829.60	Coconut Estate		10,963
Batu 18, Jalan Bagan Datoh					
36300 Sungai Sumun					
Perak Darul Ridzuan					
Sungei Bernam Estate	Leasehold		Coconut Estate	46	31,018
Sungai Ayer Tawar	Expiring on:				
45200 Sabak Bernam	28.03.2056	1.32			
Selangor Darul Ehsan	Freehold	2,274.76			
Ulu Bernam Estate	Freehold	3,102.28	Oil Palm Estate		60,625
36500 Ulu Bernam	Yr to Yr	95.31	Optimill/Biogas/Unifuji - 545,100 sq.m.	3	26,711
Perak Darul Ridzuan					
Changkat Mentri Estate	Leasehold		Oil Palm Estate		24,251
36500 Ulu Bernam	Expiring on:				
Perak Darul Ridzuan	26.11.2067	1,538.61			
	01.10.2081	162.94			
	HMS	1.21			
	HMS	105.50			
	Freehold	742.27			
Ulu Basir Estate	Leasehold		Oil Palm Estate		46,623
36500 Ulu Bernam	Expiring on:		Palm Oil Mill - 6,352 sq.m.	31	1,295
Perak Darul Ridzuan	26.11.2067	11.40			
	20.01.2087	2,468.00			
	08.12.2099	163.30			
	Yr to Yr	129.48			
	Freehold	1,218.62			
Sungei Erong Estate	Leasehold		Oil Palm Estate		35,334
36500 Ulu Bernam	Expiring on:				
Perak Darul Ridzuan	02.11.2064	53.89			
	08.04.2033	809.37			
	Freehold	2,756.74			
Sungei Chawang Estate	Freehold	3,280.76	Oil Palm Estate		40,078
36500 Ulu Bernam					
Perak Darul Ridzuan					
Seri Pelangi Estate	Leasehold		Oil Palm Estate		12,688
Batu 11 3/4	Expiring on:				
Jalan Bidor	15.06.2068	1,418.90			
36000 Teluk Intan	Freehold	2.82			
Perak Darul Ridzuan					
Lima Blas Estate	Freehold	2,891.89	Oil Palm Estate		138,013
Lot 1899, Mukim Ulu Bernam					
35800, Hulu Selangor, Selangor.					
UIE	Leasehold		Oil Palm Estate		402,832
Pantai Remis	Expiring on:		Palm Oil Mill - 6,148 sq.m.	29	804
Perak Darul Ridzuan	23.12.2103	10,359.26			
	Freehold	9.94			
Unitata Berhad	Freehold	18.45	Palm Oil and		
36009 Teluk Intan			Palm Kernel } Buildings	46	48,939
Perak Darul Ridzuan			Refinery Complex		
Bernam Bakery	Freehold	0.45	Bakery	36	325
36009 Teluk Intan					
Perak Darul Ridzuan					
Butterworth	Leasehold		Bulking & Storage &		
Bulking Installation	Expiring on:		Rigging Facilities	48	271
4536 Deep Water Wharf	31.08.2020	0.84			
12100 Butterworth					
Tanarata Estate	Leasehold		Oil Palm Estate		65,970
Mukim Changkat Jong &	Expiring on:				
Mukim Durian Sebatang	14.12.2032	831.46			
Hilir Perak.	04.12.2035	2,424.12			
	15.09.2035	386.24			
PT Surya Sawit Sejati	Leasehold		Oil Palm Estate		138,014
Pangkalan Bun, Central	Expiring on:		Palm Oil Mill - 90,000 sq.m.	11	5,623
Kalimantan, Indonesia	24.09.2040	2,508.47			
	**	16,154.29			

Notes :
* Estate Includes Land, Pre-cropping Cost and Buildings
** awaiting issue of lease

Group's Plantation Properties As At 31 December 2020

	Jendarata Hect.	Kuala Bernam Hect.	Sungei Bernam Hect.	Ulu Bernam Hect.	Changkat Mentri Hect.	Ulu Basir Hect.	Sungei Erong Hect.	Sungei Chawang Hect.	Seri Pelangi Hect.	Lima Blas Hect.	UIE Hect.	Tanarata Hect.	PT Surya Sawit Sejati Hect.	Total
OIL PALM :														
Mature	4,490			3,060	1,719	3,738	3,508	3,240	1,329	2,590	8,958	925	9,079	42,636
Immature-Planted 2017												43		43
Immature-Planted 2018	198									155				353
Immature-Planted 2019	498			5	645							1,296		2,444
Immature-Planted 2020	26											1,143		1,169
Sub-Total	5,212	-	-	3,065	2,364	3,738	3,508	3,240	1,329	2,745	8,958	3,407	9,079	46,645
COCONUT :														
Mature	557	811	1,983								289			3,640
Immature-Planted 2017	5										235			240
Immature-Planted 2018	131										265			396
Immature-Planted 2019	5		131											136
Immature-Planted 2020	74		141											215
Sub-Total	772	811	2,255	-	-	-	-	-	-	-	789	-	-	4,627
OTHER AREAS:														
Other Crops	15													15
Plasma Areas													1,314	1,314
Conservation (Jungle areas, shrub land, swamps, wetlands & others)					12	129				99	91	25	7,670	8,026
Buildings,roads,drains, air-strip,nurseries,church, toddy tapping areas, railway, OPTIMILL & others.	337	19	21	133	175	124	112	41	93	48	531	210	603	2,447
TOTAL	6,336	830	2,276	3,198	2,551	3,991	3,620	3,281	1,422	2,892	10,369	3,642	18,666	63,074

Oil Palm		
Age in years	Hectares	% Under crop
4 - 5	5,392	12
6 - 8	8,512	18
9 - 18	23,619	50
19 and above	5,113	11
Mature	42,636	91
Immature	4,009	9
Total	46,645	100

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 100th Annual General Meeting of the Company will be held at Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No.5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia on Thursday, 22 April 2021 at 10.00 a.m. for the purpose of considering the following business:-

		Ordinary Resolutions
1.	To receive and consider the financial statements for the year ended 31 December 2020 together with the Reports of the Directors and the Auditors thereon.	1
2.	To approve the payment of a Final Single-tier dividend of 15sen per share and a Special Single-tier dividend of 50sen per share for the financial year ended 31 December 2020.	2
3.	To approve the payment of Directors' fees (inclusive of Board Committees' fees) of RM1,247,667 for the financial year ended 31 December 2020.	3
4.	To approve the payment of Directors' benefits (other than Directors' fees) of RM108,000 for the financial year ended 31 December 2020.	4
5.	To re-elect as Director, Y.Hormat Dato' Jeremy Derek Campbell Diamond who retires by rotation pursuant to Article 107 of the Company's Constitution.	5
6.	To re-elect as Director, Mr. Martin Bek-Nielsen who retires by rotation pursuant to Article 107 of the Company's Constitution.	6
7.	To re-elect as Director, Mr.Loh Hang Pai who retires by rotation pursuant to Article 107 of the Company's Constitution.	7
8.	To re-appoint Ernst & Young, PLT as auditors of the Company for the year 2021 and to authorise the Directors to fix their remuneration.	8

As Special Business

To consider and if thought fit, to pass the following ordinary resolutions:

(a) Proposed Continuation in Office as Independent Non-Executive Directors

9.	"That Mr. Ahmad Riza Basir having served as Independent Non-Executive Director for a cumulative term of more than 9 years, continue to act as Independent Non-Executive Director of the Company."	9

Notice Of Annual General Meeting

10. "That Y. Hormat Dato' Jeremy Derek Campbell Diamond having served as Independent Non-Executive Director for a cumulative term of more than 9 years, continue to act as Independent Non-Executive Director of the Company." 10

(b) Proposed Renewal of Authority for Purchase of Own Shares

11. "THAT, subject to the Companies Act 2016 ("the Act") (as may be amended, modified or re-enacted from time to time), the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and approvals of all relevant governmental and/or regulatory authorities, where applicable, the Company be and is hereby authorised to purchase and/or hold such amount of ordinary shares in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time and upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and/or held pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any given point in time and an amount of funds not exceeding the total retained profits of the Company based on the audited financial statements for the financial year ended 31 December 2020 be utilised by the Company for the Proposed Share Buy-Back AND THAT at the discretion of the Directors of the Company, the ordinary shares of the Company to be purchased may be cancelled and/or retained as treasury shares and subsequently distributed as dividends, transfer the shares for the purposes of or under an employees share scheme that has been approved by the shareholders, transfer the shares as purchase consideration or resold on Bursa Malaysia or be cancelled AND THAT the Directors of the Company be and are hereby empowered generally to do all acts and things to give effect to the Proposed Share Buy-Back AND THAT such authority shall commence immediately upon passing of this ordinary resolution until: 11

(i) the conclusion of the next Annual General Meeting of the Company ("AGM") in 2022 at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting, whichever is earlier; but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid date and in any event, in accordance with the provisions in the guidelines issued by Bursa Malaysia and/or by any other relevant authorities."

Notice Of Annual General Meeting

(c) Authority for Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

12. "THAT, pursuant to Sections 75 and 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby authorised to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also authorised to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." 12

Notice on Entitlement and payment of Final Dividend and Special Dividend

NOTICE IS HEREBY GIVEN THAT the Final Single-tier dividend of 15sen per share and a Special Single-tier dividend of 50sen per share, if approved at the 100th Annual General Meeting will be paid on 7 May 2021 to shareholders whose names appear in the Record of Depositors and the Register of Members at the close of business on 27 April 2021.

A Depositor shall qualify for entitlement only in respect of :-

(a) Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 27 April 2021 in respect of transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

NG ENG HO
Company Secretary
MIA No. 12913
SSM PC No. 201908002863

Jendarata Estate,
36009 Teluk Intan,
Perak Darul Ridzuan,
Malaysia
22 February 2021

Notice Of Annual General Meeting

Retirement of Directors under Article 107 of the Company's Constitution

Ybhg. Tan Sri Datuk Dr. Johari bin Mat will be retiring under Article 107 of the Company's Constitution and has expressed his intention not to seek re-election. Accordingly, his retirement will take effect at the end of the 100th Annual General Meeting.

Notes

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to vote in his stead other than an exempt authorized nominee who may appoint multiple proxies in respect of each Omnibus account held. A proxy need not be a member of the Company. If you wish to appoint as your proxy someone other than the Chairman or Vice Chairman of the meeting, cross out the words "The Chairman" or "Vice Chairman" of the meeting and write on the lines the full name and address of your proxy.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Jendarata Estate, 36009 Teluk Intan, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time set for the meeting. The number of shares to be represented by the proxy should be stated in the proxy form.

3. Where this Form of Proxy is executed by a corporation, it must be either under seal or under the hand of any officer or attorney duly authorised.

4. A proxy may vote or abstain from voting as he thinks fit on a specified resolution, if no indication is given on the proxy form by the member appointing the proxy. Voting on all resolutions to be proposed at the AGM will be by way of a poll.

5. In the case of joint shareholders the proxy form signed by the first named registered shareholder on the register shall be accepted to the exclusion of the other registered shareholder(s). If voting is in person(s) the vote of the first shareholder who tenders the vote shall be taken.

6. Only a depositor whose name appears on the Record of Depositors as at 15 April 2021 shall be entitled to attend the said meeting or appoint a proxy to attend and/ or vote on his/her behalf.

Notice Of Annual General Meeting

Notes on the Special Business

For Ordinary Resolutions 9 - 10 Proposed Continuation in office as Independent Non-Executive Directors

The Nomination Committee and the Board has assessed the independence of the Directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 9 years and recommend them to continue to act as Independent Non-Executive Directors of the Company.

Mr. Ahmad Riza Basir
A lawyer by training, his experience, expertise and independent judgment has contributed to the effective discharging of his duties. He has devoted sufficient time and attention to his professional obligations for informed and balanced decision making as an Independent Non-Executive Director. He has been with the Company for more than 20 years and is familiar with the Company's business operations.

Y. Hormat Dato' Jeremy Derek Campbell Diamond
A planter by profession, his vast knowledge acquired during his tenure within the plantation industry has enabled him to provide the Board with a diverse set of experience and expertise. His role as Chairman of the Audit Committee is one that he has discharged with due care and diligence. He has carried out his professional duties as an Independent Non-Executive Director in the best interest of the Company. He has been with the Company for more than 19 years and is familiar with the Company's business operations.

For Ordinary Resolution 11 - Please refer to explanatory information in the Statement to Shareholders dated 22 February 2021.

For Ordinary Resolution 12 - The Board continues to consider strategic opportunities to broaden the earnings potential of the Company and this may involve equity deals which may require the Company to issue new shares. If passed, the Shareholders' Mandate to grant authority for Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 will provide flexibility to the Directors to undertake any possible fund raising activities, including but not limited to further placing of shares for the funding of the Company's future investment projects, working capital and/or acquisitions, by issuance of shares at any time up to an aggregate amount not exceeding 10% of the issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

The Company did not utilise the Shareholders' Mandate that was approved at the 99th Annual General Meeting. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Financial Calendar

Date	Announcements & Key Events
22nd February 2021	Annual Report 2020 & Notice of AGM
22nd April 2021	1st Quarter Results
2nd August 2021	2nd Quarter Results
8th November 2021	3rd Quarter Results
	2020 Dividends
	Final Dividends
22nd February 2021	Notice of Book Closure
27th April 2021	Entitlement Date
7th May 2021 (Tentative)	Payment Date
	Interim Dividends Paid
9th November 2020	Notice of Book Closure
23rd November 2020	Entitlement Date
4th December 2020	Payment Date

UP's Geographical Presence in Malaysia & Indonesia

Estate
Palm oil mill
Biogas plant
Refinery
Bulking installation
Bakery

⑯ **BBI** *(Subsidiary)*
Butterworth Bulking Installation

① **UIE Estate**

⑩ **Seri Pelangi Estate**

⑫ **Tanarata Estate**

③ **Kuala Bernam Estate**

② **Jendarata Estate**
United Plantations Berhad
(Registered Office)
Jendarata Estate
36009, Teluk Intan
Perak Darul Ridzuan
Malaysia

⑭ **Unitata** *(Subsidiary)*

⑰ **Bernam Bakery**

④ **Sungei Bernam Estate**

⑨ **Sungei Chawang Estate**

⑧ **Sungei Erong Estate**

⑤ **Ulu Bernam Estate**

⑮ **UniFuji** *(Joint Venture)*

⑥ **Changkat Mentri Estate**

⑦ **Ulu Basir Estate**

⑪ **Lima Blas Estate**

⑬ **PT SSS**
(Registered Office)
Desa Sungai Rangit Jaya Sp. 6,
Kecamatan Pangkalan Lada
PO. BOX 1017 - Pangkalan Bun
Kalimantan Tengah 74101

TOTAL LANDBANK IN HECTARES

Location On Map		Oil Palm	Coconut	Other Crops	Conservation	Buildings & Infrastructure	Plasma	
	Estate (Malaysia)							**Total(Hectares)**
1	UIE Estate (Perak)	8,958	789	-	91	531	-	**10,369**
2	Jendarata Estate (Perak)	5,212	772	15	-	337	-	**6,336**
3	Kuala Bernam (Perak)	-	811	-	-	19	-	**830**
4	Sungei Bernam (Selangor)	-	2,255	-	-	21	-	**2,276**
5	Ulu Bernam (Perak)	3,065	-	-	-	133	-	**3,198**
6	Changkat Mentri (Perak)	2,364	-	-	12	175	-	**2,551**
7	Ulu Basir (Perak)	3,738	-	-	129	124	-	**3,991**
8	Sungei Erong (Perak)	3,508	-	-	-	112	-	**3,620**
9	Sungei Chawang (Perak)	3,240	-	-	-	41	-	**3,281**
10	Seri Pelangi (Perak)	1,329	-	-	-	93	-	**1,422**
11	Lima Blas (Perak)	2,745	-	-	99	48	-	**2,892**
12	Tanarata (Perak)	3,407	-	-	25	210	-	**3,642**
	Estate (Indonesia)							
13	PT SSS (Central Kalimantan)	9,079	-	-	7,670	603	1,314	**18,666**
	Total (Hectares)	**46,645**	**4,627**	**15**	**8,026**	**2,447**	**1,314**	**63,074**

	Refineries & Others
14	Unitata Refinery (Perak)
15	UniFuji Refinery (Perak)
16	Butterworth Bulking Installation (Perak)
17	Bernam Bakery (Perak)

GPS Location of Group Owned Palm Oil Mills

No.	Name of Mill Location	Latitude	Longitude
I	Jendarata	N 3°51′14″	E 100°58′06″
II	Ulu Basir	N 3°43′28″	E 101°15′21″
III	Ulu Bernam Optimill	N 3°46′19″	E 101°13′14″
IV	UIE	N 4°26′53″	E 100°43′11″
V	PT. SSS	S 2°35′24″	E 111°46′16″

2020 has been a year of improved production, indicated here with a bountiful harvest which is being attended to by our hardworking loaders.