

ANNUAL REPORT 2021

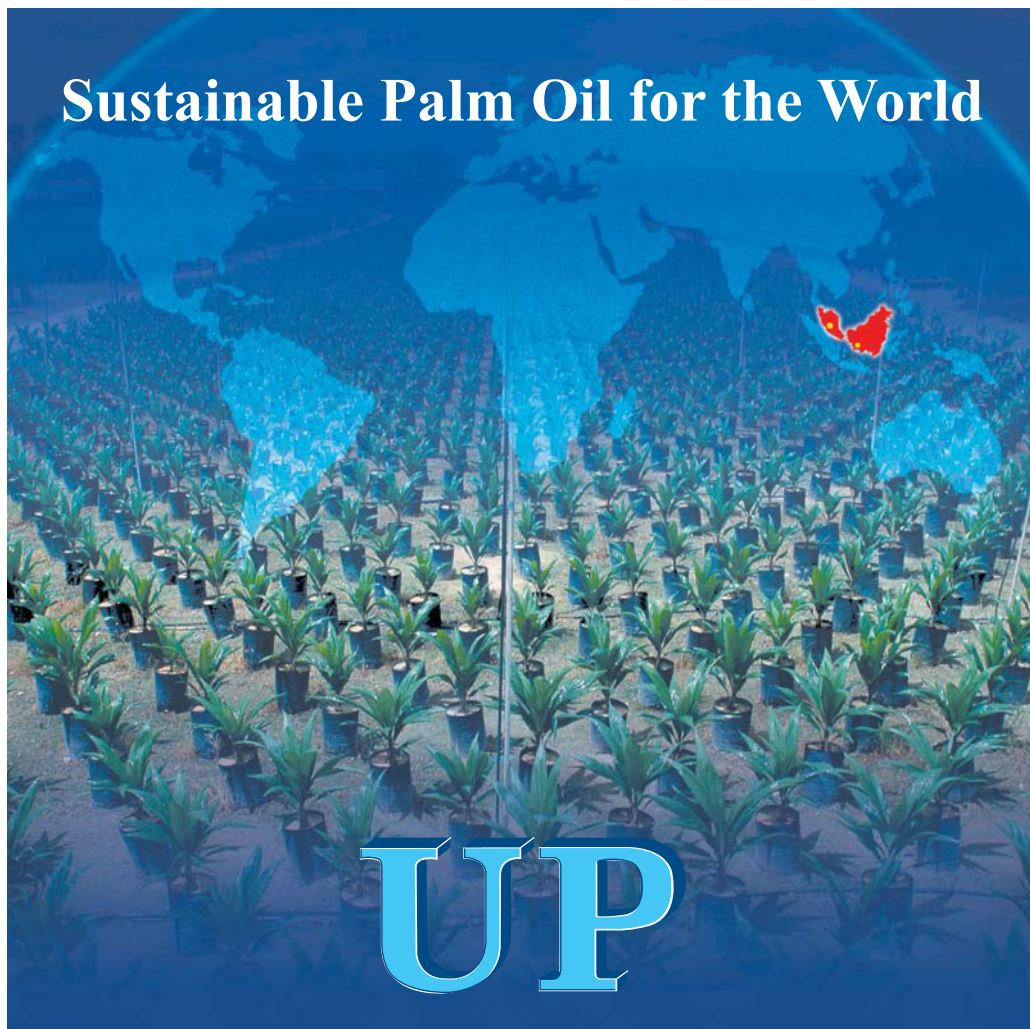


UP

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:

An example of UP's latest high yielding planting material produced with our 60 years of breeding experience at UPRD.

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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 RM5.78 billion at the end of its financial year 31 December 2021.

UP's core business activity lies within the cultivation of oil palm and coconuts. Its total cultivated landbank covers 62,980ha spread over Malaysia (71%) and Indonesia (29%) and is supported by 5,735 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.

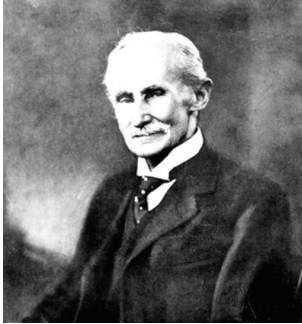
The Group is also engaged in several downstream activities such as edible oil refining as well as producing and packaging of specialty fats based on certified sustainable palm oil and strong emphasis on high quality and food safety standards.

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.



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

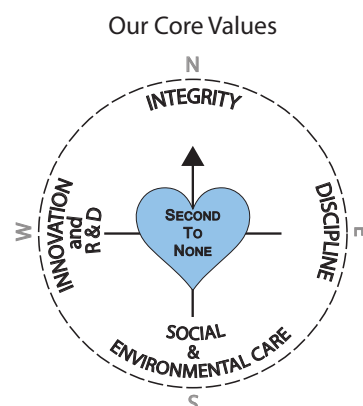
The late Tan Sri B. Bek-Nielsen who started his career with UP in 1951, continued the legacy of the early founders through hard work, discipline and being firm but fair throughout his career spanning more than 50 years. He was instrumental in expanding the Group through technical as well as agronomic 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 116 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 commitment resulted in UP being awarded the world's first Roundtable on Sustainable Palm Oil certificate in 2008.

UP commitment 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".



UP's Geographical Presence in Malaysia & Indonesia



Plantation & Mill (Malaysia)

- | | |
|---|---|
| ① Jendarata Estate & Mill |    |
| United Plantations Berhad
(Registered Office)
Jendarata Estate
36009, Teluk Intan
Perak Darul Ridzuan
Malaysia | |
| ② UIE Estate & Mill |    |
| ③ Kuala Bernam Estate |  |
| ④ Sungei Bernam Estate |  |
| ⑤ Ulu Bernam Estate & Mill |    |
| ⑥ Changkat Mentri Estate |  |
| ⑦ Ulu Basir Estate & Mill |   |
| ⑧ Charong Estate |  |
| ⑨ Seri Pelangi Estate |  |
| ⑩ Lima Blas Estate |  |
| ⑪ Tanarata Estate |  |


Plantation & Mill (Indonesia)

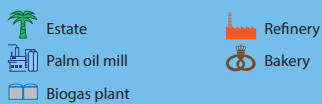
- | | |
|--|---|
| ⑫ PT SSS Estate & Mill |    |
| PT. Surya Sawit Sejati
(Registered Office)
Desa Sungai Rangit Jaya Sp. 6,
Kecamatan Pangkalan Lada
PO. BOX 1017 - Pangkalan Bun
Kalimantan Tengah 74101 | |

Resource-Based Manufacturing

- | | |
|----------------------------------|---|
| ⑬ Unitata (Subsidiary) |  |
| ⑭ UniFuji (Joint Venture) |  |

Others

- | | |
|---|---|
| ⑮ Bernam Bakery |  |
| ⑯ Bernam Advisory Services
(Sales & Marketing Office) | |



Total Landbank in Hectares

Location On Map		Oil Palm	Coconut	Other Crops	Conservation	Buildings & Infrastructure	Plasma	Total (Hectares)
	Malaysia	37,519	4,627	15	389	1,854	0	44,404
①	Jendarata Estate (Perak)	5,212	772	15	-	337	-	6,336
②	UIE Estate (Perak)	8,958	789	-	91	527	-	10,365
③	Kuala Bernam (Perak)	-	811	-	-	19	-	830
④	Sungei Bernam (Selangor)	-	2,255	-	-	21	-	2,276
⑤	Ulu Bernam (Perak)	3,050	-	-	-	148	-	3,198
⑥	Changkat Mentri (Perak)	2,364	-	-	12	175	-	2,551
⑦	Ulu Basir (Perak)	3,738	-	-	129	124	-	3,991
⑧	Charong (Perak)	6,748	-	-	-	153	-	6,901
⑨	Seri Pelangi (Perak)	1,329	-	-	-	93	-	1,422
⑩	Lima Blas (Perak)	2,745	-	-	99	48	-	2,892
⑪	Tanarata (Perak)	3,375	-	-	58	209	-	3,642
	Indonesia	9,002	0	0	7,640	570	1,364	18,576
⑫	PT SSS (Central Kalimantan)	9,002	-	-	7,640	570	1,364	18,576
	Total (Hectares)	46,521	4,627	15	8,029	2,424	1,364	62,980

Refineries & Others	
⑬	Unitata Refinery (Perak)
⑭	UniFuji Refinery (Perak)
⑮	Bernam Bakery (Perak)
⑯	Bernam Advisory Services (Kuala Lumpur)

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"



Corporate Information

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

Group Structure as at 31 January 2022

Plantations

United Plantations Berhad (Malaysia)
Issued Capital (no. shares) 414m*



PT Surya Sawit Sejati (Indonesia)
95%



Palm Oil Refining

Unitata Berhad (Malaysia)
100%



UniFuji Sdn. Bhd. (Malaysia)
50%



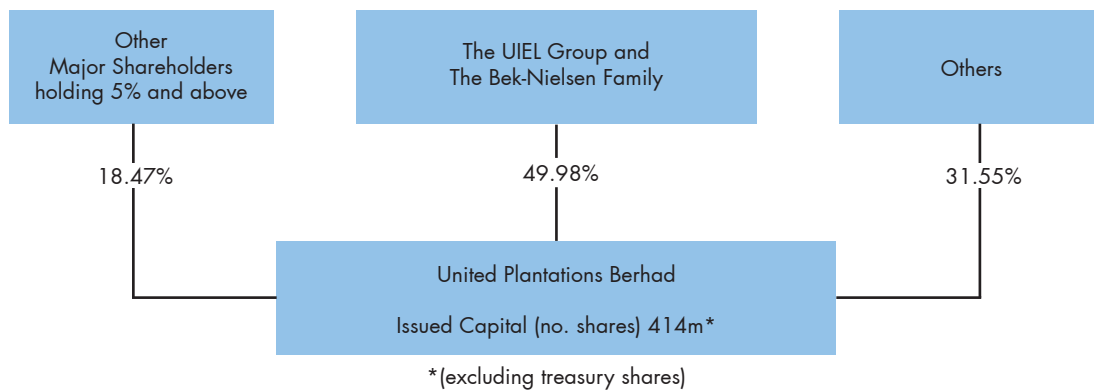
Others

Bernam Agencies Sdn. Bhd.
(Malaysia)
100%

Bernam Advisory Services Sdn. Bhd.
(Malaysia)
100%

Berta Services Sdn. Bhd.
(Malaysia)
100%

General Shareholding Structure Group as at 31 January 2022



Financial Highlights (5 Years)

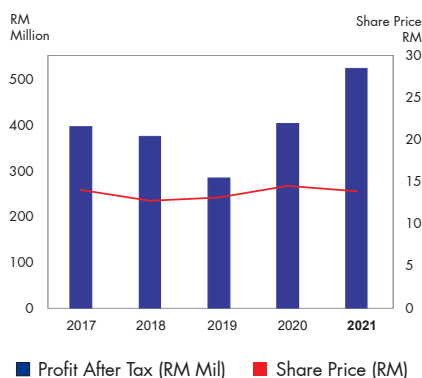
	2021	2020	Change (%)	2019	2018	2017
Revenue (RM' Million)	2,033	1,340	51.72	1,173	1,306	1,474
Profit Before Tax (RM' Million)	683	506	34.98	358	491	504
Profit After Tax (RM' Million)	522	402	29.85	284	374	395
Earnings Per Share (Sen)*	125	96	30.21	68	89.5	94.5
Net Dividend Per Share (Sen)**	115	85	35.29	67.5	70	75
Dividend Payout Ratio	0.92	0.89	3.37	0.99	0.78	0.79
Dividend yield as at 31 December (%)	8.29	5.85	41.71	5.14	5.49	5.34
Total Equity (RM' Million)	2,685	2,631	2.05	2,554	2,589	2,531
Return on Equity (%)	19.44	15.28	27.23	11.12	14.45	15.61
Total Borrowings (RM' Million)	0.001	0.1	(99.00)	0.1	0.1	0.1
Non-Controlling Interests (RM' Million)	10.7	10.9	(1.83)	9.2	7.8	6.9
Cash Position (RM' Million)	478	465	2.80	459	916	852
Total Assets (RM' Million)	3,153	2,975	5.98	2,858	2,918	2,850
Total Liabilities (RM' Million)	468	344	36.05	304	329	319
Year-End Closing Share Price (RM)*	13.88	14.52	(4.41)	13.14	12.75	14.04

* Comparative adjusted for Bonus Issue

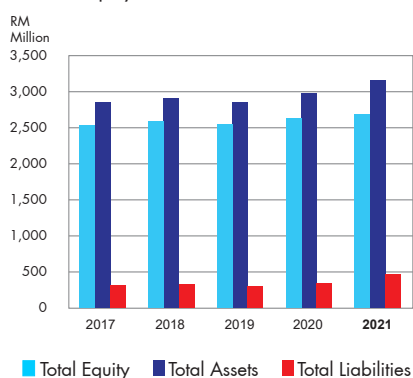
** Including proposed Final Dividend

Financial Graphs (5 Years)

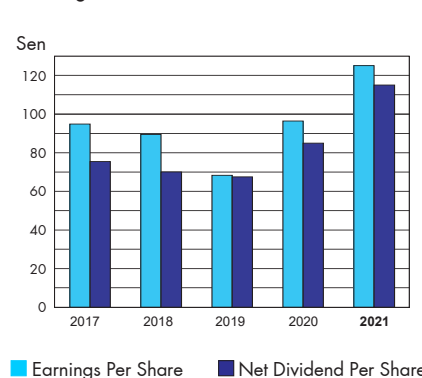
Profit After Tax and Year-End Share Price



Total Equity, Total Assets and Total Liabilities



Earnings Per Share and Net Dividend Per Share



Group Production & Yield

CPO
PRODUCTION

251,601

METRIC TONNES

▲ 3.6%

PK
PRODUCTION

50,379

METRIC TONNES

▲ 3.0%

COCONUT
PRODUCTION

88.0

MILLION NUTS

▲ 8.1%

CPO
YIELD

5.99

METRIC TONNES/HECTARE

▲ 1%

Group Planted Areas (Ha)

TOTAL
OIL PALM

MATURE

42,789

IMMATURE

3,732

TOTAL
COCONUT

MATURE

3,847

IMMATURE

780



CROSS NO. BM1329
DATE PLANT. 7.8.
NO OF SEEDS 900

Oil palm seedlings at the Jendarata pre-nursery.

Profile Of Directors



Dato' Mohamad Nasir bin Ab. Latif
*Chairman, Independent
 Non-Executive Director
 Chairman of the Remuneration &
 Nomination Committees*

Appointed director of the Company on 1 February 2020 and elected Chairman of the Board on 22 April 2021.

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.

His career at the Employees Provident Fund Board (EPF) spanned 37 years, starting out as a State Enforcement Officer and rising through the ranks to becoming 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) and Yinson Holdings Berhad.



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 February 2022 to continue serving as the Co-Chair of the RSPO.

On 21 April 2021 Her Majesty Queen Margrethe the II of Denmark appointed Dato' Carl Bek-Nielsen as the Honorary Consul General of Denmark to Putra Jaya and Kuala Lumpur and Honorary Consul of Denmark to Perak, Johore, Malacca, Negeri Sembilan, Pahang, Selangor and Terengganu.

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 (CEO) 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 was until recently 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 had served the Malaysian Agricultural Producers Association (MAPA) in various capacities including as Chairman of the Negotiating Committee and as Council Member and First Deputy President.



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

Profile Of Directors

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 includes 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), 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 MaximumVista 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.

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 Deputy President of the Malaysian Agricultural Producers Association (MAPA) and Chairman of its Finance/Executive Committee. He is Chairman of MAPA's Negotiating Committee and had been actively involved in the Negotiations on 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 United Plantations 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.

Profile Of Directors

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 Director of MAHB, 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.



Ms. Belvinder Kaur a/p C Nasib Singh
Independent, Non-Executive
Director

Appointed director of the Company on 6 November 2021, Ms. Belvinder, born in 1965, a Malaysian, graduated with a Bachelor's Degree (Hons) in Communication from University Kebangsaan Malaysia, in 1989. She holds

an MBA from the University of Strathclyde, Glasgow, United Kingdom in 2000 and completed the Harvard Executive Programme in 2014.

Ms. Belvinder, started her career at the Malaysian Palm Oil Council (MPOC) in 1994 and moved up to her current position as Deputy Chief Executive of Malaysian Palm Oil Council in 2016. She is involved in the marketing of palm oil globally and since 2009 spearheaded the global public affairs campaigns to counter anti-palm oil sentiments.

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 112.

5. Gender

UP's Board consist of two female directors and nine male directors.

6. Profile of Senior Management

The Senior Management only comprise of the Executive Directors.

Senior Management

Executive Committee (EXCOM)

<p>Dato' Carl Bek-Nielsen Vice Chairman, Chief Executive Director (CED) Director In-Charge, Unitata Berhad</p>	
<p>Martin Bek-Nielsen Executive Director (Finance & Marketing) Commercial Director, Unitata Berhad</p>	<p>Loh Hang Pai Executive Director (Estates)</p>

Senior Executives

Finance & Corporate

<p>Ng Eng Ho Company Secretary / Sr Group Manager (Finance)</p>	<p>Cheriachangel Mathews Group Manager HRSS</p>	<p>S. Chandra Mohan Financial Controller</p>	<p>Dewi Anita Suyatman Sr Manager, Legal & Corp Affairs PT SSS</p>
<p>Erwin Khor Siew Yan Manager, Internal Audit</p>	<p>Choo Kah Leong Sr Financial Controller, PT SSS</p>	<p>Norhazizi bin Nayan Sr Manager, HR</p>	<p>Shirley Selvasingam Sr Manager, IT Systems</p>
<p>Rasmus Frederiksen Manager, Corporate Affairs</p>	<p>Jeevan Dharmapalan Manager Human Resources, HRSS</p>	<p>Lee Kian Wei Manager Sustainability, HRSS</p>	

Plantations

<p>Edward Rajkumar Daniels Estates Director, Upriver</p>	<p>Geoffrey Cooper Estates Director, Downriver</p>	<p>Muhammad Ratha President Director, PT SSS</p>	<p>C. Mohan Das Group Manager, Jendarata Estate</p>
<p>Nek Wahid bin Nek Harun Group Manager, Ulu Basir Estate</p>	<p>Azhar bin Yazid Deputy Group Manager, Tanarata Estate</p>	<p>S. Chanthravarnam Sr Manager, UIE Estate</p>	<p>R. Siva Subramaniam Sr Manager, Charong Estate</p>
<p>S. Kumaresan Sr Manager, PT SSS</p>	<p>Ridzuan Bin Md. Isa Sr Manager, Ulu Bernam Estate</p>	<p>Jason Joseph Sr Manager, Lima Blas Estate</p>	<p>Patrick Kanan Manager, Changkat Mentri Estate</p>
<p>L. Makesyarang Manager, Sungei Bernam Estate</p>	<p>Khor Boon Wah Manager, Seri Pelangi Estate</p>	<p>M. Muniswaran Manager, Kuala Bernam Estate</p>	

Research

<p>Ho Shui Hing Director of Research</p>	<p>Dr. J. Vijandran Research Controller</p>	<p>Lim Chin Ching Research Manager (Biotechnology)</p>
<p>Dr. Kandha Sriharan Research Manager (Breeding)</p>	<p>Wong Foo Hin Research Manager (Tissue Culture)</p>	<p>Appala Naidu Marie Research Manager, PT SSS</p>

Engineering

<p>P. Seker Director of Engineering, Upstream</p>	<p>Ir P. Rajasegaran Director of Engineering, Downstream</p>	<p>Ir V. Renganathan General Manager Engineering, PT SSS</p>	<p>G. Padmanathan Sr Resident Engineer, Jendarata</p>
<p>N. Saravanaganes Resident Engineer, UIE</p>	<p>M. Arishanggaran Resident Engineer, Ulu Bernam Optimill</p>	<p>R. Nathan Resident Engineer, Ulu Basir</p>	

Palm Oil Refining and Others

<p>Jughdev Singh Dhillon Group Production Manager, Unitata Berhad</p>	<p>Dr. Andrew Nair Group Research & Quality Controller, Unitata Berhad</p>	<p>Allan Loh Teik Boon Sr Manager, Commerce Unitata Berhad</p>	<p>Dev Ganesh Manager, OPP Unitata Berhad</p>
<p>Senthamarai Selvi Kasi Manager (Shipping & Logistics) Unitata Berhad</p>	<p>Suganthi Krishnan Manager, Quality Assurance Unitata Berhad</p>	<p>Goh Kheng Wee Resident Engineer, Unitata Berhad</p>	<p>Soo Chin Hong Deputy Financial Controller, UniFuji Sdn. Bhd.</p>
<p>Muhammad Silmi Manager, Biodiversity, PT SSS</p>	<p>Kapil Punj Refinery Manager, UniFuji Sdn. Bhd.</p>	<p>Jayarama Reddy Manager, Bernam Bakery</p>	

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 Group for the financial year ended 31 December 2021.

Group Performance

For the Financial year 2021, the UP Group posted a new record after-tax profit of RM522 million. This represents an increase of RM120 million equal to a 30% improvement when compared with the RM402 million achieved in 2020.

This was mainly a function of the higher commodity prices and an increase in the Group's Crude Palm Oil ("CPO"), Palm Kernel ("PK") and coconut production vis-à-vis 2020 but also the Group's successful steps taken to minimise crop losses.

Our Palm Oil production for the Group rose to 251,601 metric tonnes ("MT") equal to a 3.6% increase year on year. This was mainly attributed to the favourable weather conditions experienced in 2021 as well as the tremendous efforts undertaken to secure the crop.

Like many other plantation companies and as mentioned above, United Plantations faced its worst ever labour shortages during 2020 and 2021, 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 of a higher degree of in-field mechanisation, contributing immensely to the improved performance.

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

Crude Palm Oil prices increased sharply over the past year from about RM3,300 per MT back in January 2021 to above RM4,700 per MT in December 2021.

This significant increase was caused by a number of factors, most notably the large drop in the Malaysian CPO production from 19.15 million MT in 2020 to 18.10 million MT in 2021, the lowest level since 2016.

The drop in CPO production was a result of the Malaysian Government's continued halt on the recruitment of Guest Workers from neighbouring countries due to the COVID-19 pandemic which resulted in severe labour shortages in the plantation sector leading to significant field losses throughout Malaysia.

This in conjunction with the Indonesian Government's commitment to push more palm oil to be blended with mineral diesel as well as the tight supply situation of major competing vegetable oils created an unprecedented demand for palm oil.



A harvester is using a motorised cutter as a result of productivity improvement. The timing of harvesting is crucial to ensure the optimal ripeness standard and oil extraction rate.

Capital Management

As of 31 December 2021, the Group's cash and cash equivalents stood at RM478 million compared to RM465 million in 2020. 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.

Dividends

The Board has on 6 November 2021 adopted a dividend policy, whereby we shall endeavour to have an annual dividend (interim and final) payout ratio between 70% - 80%. Any dividend above the payout ratio shall be declared as special or extraordinary dividend.

Based on the above gratifying results, the Board, in addition to the 30sen per share interim dividend paid in December 2021, is recommending a final dividend of 85sen per share consisting of:

1. A Final Single Tier Dividend of 65sen per share
2. A Special Single Tier of 20sen per share

After taking into consideration interim dividend of 30sen per share, the total dividend paid in respect of FY2021 will be 115sen per share, which is an increase of 35.29% when compared with the dividend per share of 85sen in FY2020.

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 16 to 31.

Sustainability

The Board upholds its commitment to undertake responsible agricultural practices, focusing on sustainability and good corporate governance. In this connection, I am particularly pleased with the dedication, continuous investments and initiatives undertaken to reduce GHG emissions and to play our role in mitigating climate change.

The UP Group remains committed to the Round Table on 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.

Furthermore, it has been pleasing to see the continuous focus on minimizing risks related to Human Rights, which has emerged as a serious topic within various industries in Malaysia, not least the Plantation Industry.

To further mitigate these risks, it is important to continue the discussions and collaboration with subject matter experts based on a multistakeholder approach to address and strengthen practices related to particularly the recruitment of Guest Workers. More information on our many Sustainability initiatives and commitment to mitigating ESG risks is covered under our Sustainability Report on pages 34 to 89.

Outlook

Looking ahead I note with optimism that the supply and demand equation for commodities remains positive with prices remaining historically high. However, the threat of worsening labour shortages and the risk of new COVID-19 outbreaks are still lurking in the horizon.

In this respect, I must commend management and all employees for the immense efforts taken in all corners of our estates, mills, refineries and other departments to adapt to these challenges. It has also pleased me that our dedicated efforts to vaccinate all employees and their families have led to a vaccination rate of more than 95% which will help mitigate the risks and safeguard the health and safety of our employees and their families.

Finally, 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.

Appreciation

On behalf of the Board, it gives me much pleasure to welcome the appointment of Ms Belvinder Kaur to the Board of Directors effective 6 November 2021.

Ms Belvinder is the Deputy Chief Executive of Malaysian Palm Oil Council (MPOC), and with more than 25 years of experience in the oil palm industry, I am confident she will be a strong addition to our Board.

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.

Dato' Mohamad Nasir bin Ab. Latif
Chairman

Management Discussion and Analysis

Summary of Global Operating Environment

World economic growth improved significantly in 2021 vs 2020 driven by improved consumer demand as societies around the world re-opened following prolonged COVID-19 lockdowns and travel restrictions.

Indeed, the improvements in trade resulted in an economic growth rate of 5.5% in 2021 being the highest in the past four decades as several economies around the world moved from a recovery phase and into what can be deemed an expansion phase.

The enhanced demand combined with a decade of loose monetary policies as well as a surge in trade and transportation following improved vaccination rates

triggered a massive inflationary wave causing global energy prices to skyrocket with crude oil of late reaching a 7-year high.

With fiscal and monetary stimuli dissipating and major supply-chain disruptions likely to continue into 2022 combined with the likelihood of increasing interest rates it is the Management's view that the global economic momentum will be facing strong headwinds in the near future.

Whilst commodity prices have of late reached new peaks, the overall impacts of slower growth and particularly higher inflation will no doubt also manifest itself through lower price levels for commodities including palm oil.

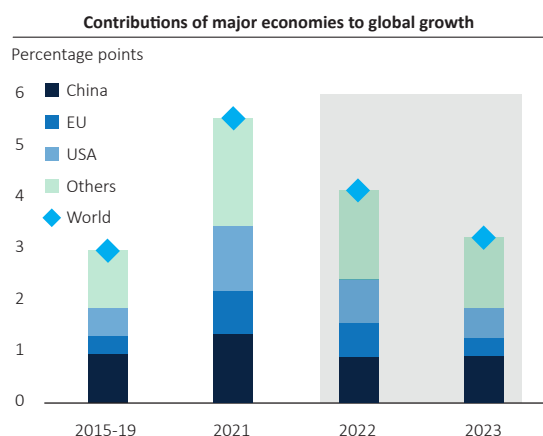
Commodity Prices

Prices for almost all commodities trended upward in 2021 due to demand vastly outstripping supplies. To reiterate, this imbalance was exacerbated by a decade of ultra-loose fiscal policies combined with the enormous global stimulus support (reaching over USD10 trillion according to the Economist) provided by various governments to help assuage the impacts of the COVID-19 pandemic.

As societies re-opened this unleashed a furious rebound boosting consumer spending and with that demand for household appliances, electronics, consumables, food items and commodities including palm oil amongst others.

The commodity supply side was slower to catch up due to the resurgence of COVID-19, labour constraints, extreme weather events and logistical problems thereby

Global growth is projected to decelerate in 2022 and 2023



Source: World Bank.

Note: Figure shows the contribution to global growth forecasts over 2021-23, while the first bar shows the average contribution to growth in the 2015-19 period. Aggregates are calculated using real U.S. dollar GDP weights at average 2010-19 prices and market exchange rates. Shaded area indicates forecasts.

Commodity Boom

Prices surpass levels seen during the China-led supercycle

■ Bloomberg Commodity Spot Index - Last Price



Source: Bloomberg

aggravating the price escalation. Overall, the commodity price index has increased significantly and surpassed the earlier super-cycle as can be seen in the graph on page 16.

Crude Palm Oil ("CPO") prices continued its upward momentum during the year which started back in May 2020 when prices reached a low of +/- RM1,900-RM2,100/MT.

The bullish trend, amidst volatility, brought prices from RM3,800/MT in early January 2021 to new historical levels of above RM5,000/MT in the 4th quarter and although prices settled a little lower at year end, as can be seen in the price graph below, there has been a further appreciation in prices during January 2022 bringing levels to another historical high of above RM5,500/MT for the third month positions.

In summary it is Management's view that the significant price appreciation of palm oil was triggered primarily by the following three reasons:

1. Acute and prolonged labour shortages resulting in a lower production

Very serious labour shortages continue to impact the Malaysian plantation and agricultural sector resulting in palm oil production declining by 1million MT to 18.1million MT equal to a reduction of 5.3% vis-à-vis 2020.

Strict COVID-19 travel restrictions remain in place by the Malaysian government as a means to minimize the risk of a new COVID-19 outbreak and as a consequence, employees returning home to Bangladesh, Indonesia and India cannot be replaced with new Guest workers exacerbating the existing labour shortages in the plantations and agricultural

sectors. This resulted in significant crop losses in 2021 as many plantation companies experienced extended harvesting intervals exceeding 40 days.

2. Higher Biodiesel and HVO (hydrotreated vegetable oil) production

The Indonesian Government's drive to increase their domestic palm oil consumption through not only food and oleochemical uses but evermore so through the Government supported Biodiesel programme compelling all diesel to contain an admixture of up to 30% of palm oil fueled demand for palm oil.

Globally, biodiesel production rose to a record of 47.23 million MT in 2021 up by 0.78 million MT year on year with notable increases seen in South America as well as the USA whilst other countries have sustained levels which was unexpected due to the price rally of vegetable oils. Today, approximately 20% of all vegetable oils are used in the production of Biodiesel and HVO.

During 2021, Indonesia remained the world's largest consumer of palm oil by using up 16.49 million MT followed by India at 8.64 million MT and the EU in 3rd place at 7.36 million MT.

3. Supply Chain disruptions

Labour constraints and logistical problems at many of the world's most busy ports resulted in serious supply-side disruptions coinciding with a strong recovery in consumer demand in 2021. This has contributed to rising vegetable oil prices as global stocks of vegetable oils were further reduced setting in motion a chain reaction by most suppliers who rushed to replenish stocks.

BMD FCPO 3rd month - Daily Close
(2 January 2019 to 4 February 2022)



Crude Palm Oil Production in Malaysia and UP

Crude Palm Oil production in Malaysia (the world's second largest producer) declined by 5.3% year on year from 19.15 million MT in 2020 to 18.10 million MT in 2021. This has been the worst production for Malaysia since 2016 (El-Nino year) resulting in a national yield of 3.10 MT CPO per hectare, the lowest on record for over 40 years apart from 1998 when Southeast Asia faced one of the worst El-Nino droughts.

However, UP's estates located in Malaysia benefitted from the better weather conditions in 2021, notably the more even rainfall distribution. This together with a stronger performance of the latest in-house planting materials and the efforts to minimize crop losses under extremely difficult circumstances, resulted in our Malaysian Estate's total production rising by 6.1%, i.e., from 195,542 MT in 2021 to 207,504 in 2021. Production on UP's Indonesian estates decreased from 47,316 MT CPO in 2020 to 44,097 MT CPO representing a 6.8% decrease as a function of a biological induced resting period which the palms entered into during the final 6 months of the year.

Based on the above, the Group's overall CPO production nevertheless rose from 242,857 MT in 2020 to 251,601 MT in 2021 equal to a 3.6% increase year on year, resulting in our Group's average yield rising to 5.99 MT CPO per hectare.

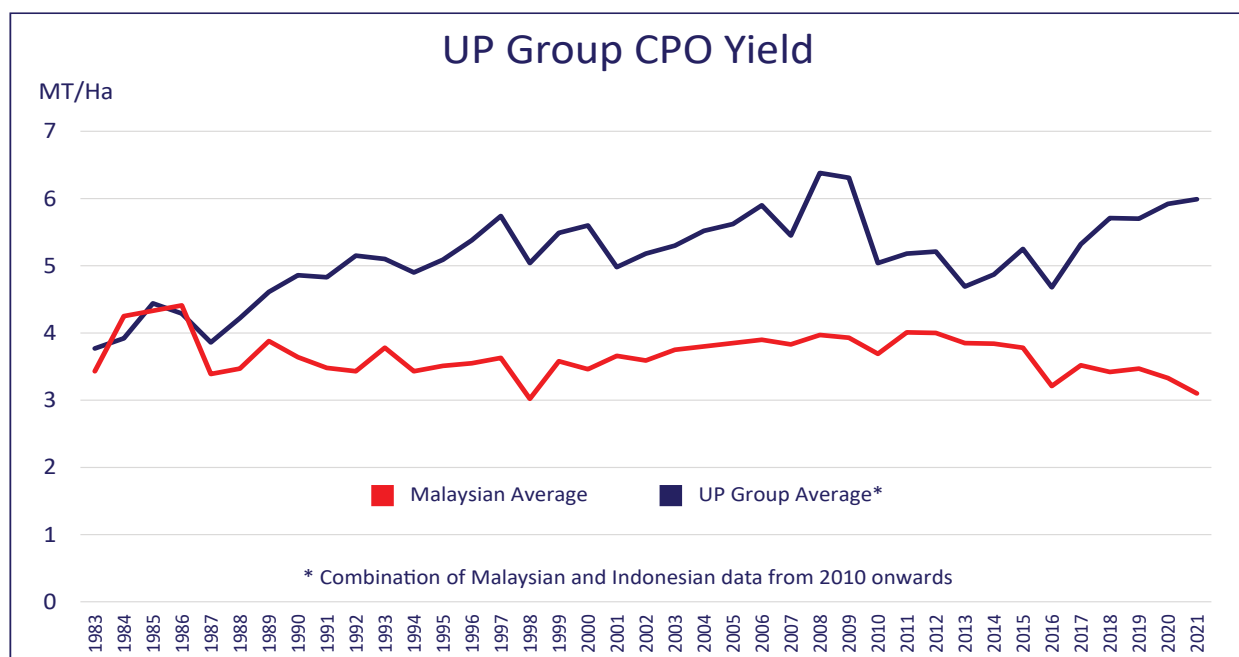
This achievement was most pleasing when considering the acute labour shortages experienced throughout the Malaysian plantation and agricultural industry that resulted in unavoidable and very significant crop losses in many companies.

2021 Financial Result

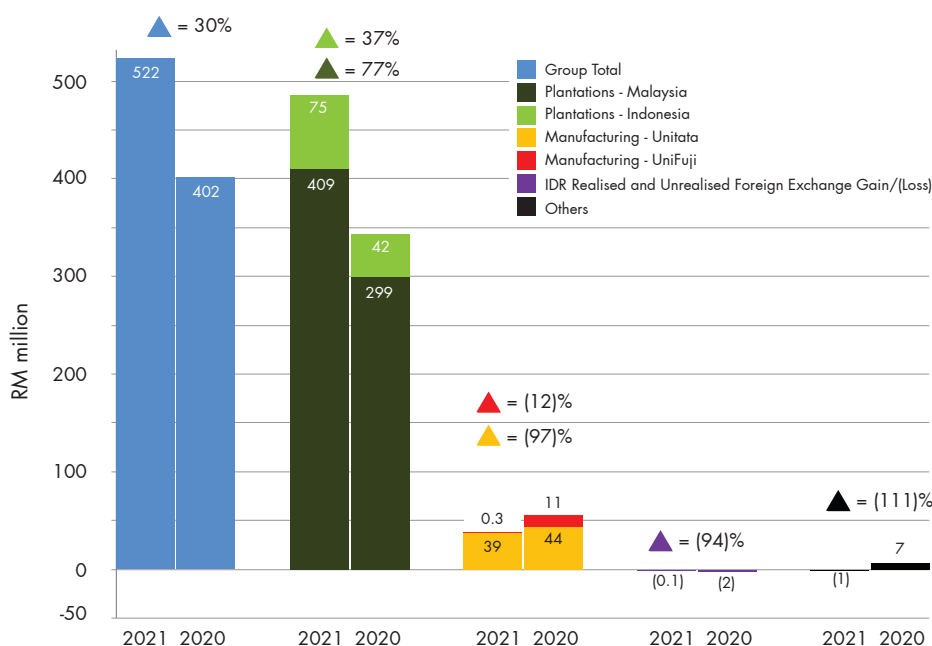
Operationally, 2021 was a most challenging year with management taking various steps to minimise the impact of COVID-19 outbreaks taking place on the Group's properties whilst managing under precarious labour shortages. Nevertheless, through dedicated efforts spearheaded mainly through the tireless attention towards new innovations combined with a strong commitment towards enforcing pragmatic mechanisation initiatives, our Group managed to record a higher production and minimize field losses. Indeed, during my numerous field and mill visits in 2021 I have witnessed a burning devotion and loyalty with a flame so intense that it has touched me deeply. I have repeatedly seen how our culture of persistently seeking new innovations and not being afraid to try out new mechanised practices have acted as a "life ring" keeping us afloat amidst turbulent times.

These commendable efforts combined with significantly higher commodity prices in the second half of 2021 enabled UP to achieve a record high profit after tax of RM522 million, an increase of 30% from the result of RM402 million in 2020. This result was achieved after paying a higher windfall tax amounting to RM54.9 million in 2021 compared to RM8.2 million in 2020.

The Group's revenue increased by 52% during 2021 to RM2,033 million compared to 2020 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. This resulted in an increase of the Group's profit before tax by 35% from RM506 million in 2020 to RM683 million for the year 2021.



Group Total and Segmental Contribution 2021 & 2020



Dividends

The Board of Directors have recommended a Final Single Tier Dividend of 65sen per share and a Special Single Tier Dividend of 20sen per share for the year ended 31 December 2021.

After taking into consideration the interim dividend of 30sen per share, the total dividend in respect of FY2021 will be 115sen per share vs 85sen per share for 2020.

The total dividend pay-out will therefore amount to RM477million for year ended 2021 which is a 35.29% increase from 2020.

Dividends for the year ended 31 December 2021/2020

	2021	2020
Interim single tier dividend declared and paid	30sen	15sen
Special single tier dividend declared and paid	-	5sen
Proposed final single tier dividend	65sen	15sen
Proposed special single tier dividend	20sen	50sen
Total Dividends	115sen	85sen

* 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 2021, stood at RM478 million.

Our prudent approach towards capital management has served our group well and will ensure that we can utilise 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 depend on banks.

This approach provides us with a certain level of flexibility which was the case when our Group acquired the 3,642 Ha Tanarata Estate (formerly Pinehill) in 2019 for a total consideration of RM401 million, fully funded by internal funds.

Capital Expenditure

The Group's 2021 capital expenditure for property, plant and equipment (including bearer plants) and right-of-use assets was RM114.4 million compared to RM108.4 million in 2020.

During the year RM29.8 million was spent on replanting 1,733 Ha of oil palms and coconuts on our Malaysian estates compared to 1,384 Ha in 2020. All capital expenditures were funded by internally generated funds.

Replanting policy and Yield Targets

The UP Group's long-term replanting policy remains a high priority, both in times of low as well as high commodity prices. All planting materials used for our 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. In this respect, concerted efforts are continuously made by Management to enhance the Company's Breeding-Agronomy and Tissue Culture activities. These developments remain of cardinal importance in terms of our Group's ability to further our agronomic productivities. Thereby contributing to an overall more sustainable production with the shared goal of producing more with less.

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 1,535 Ha were planted with oil palms on our Malaysian properties during 2021 compared to 1,169 Ha in 2020.

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 mid-2022 when the necessary and overdue replanting on Tanarata Estate will be completed.

In this connection I wish to report that very pleasing progress continues to be made on Tanarata Estate with just over 2,850 Ha of low yielding materials now having been replanted with UP's premium seed materials as of 31 December 2021. These new plantings are looking very promising with a high yield outlook. Harvesting of the initial UP plantings amounting to 434 Ha commenced in Q4 2021, and I remain confident that we in due course will achieve yields that will reach 28-30MT FFB/Ha on Tanarata Estate vis-à-vis the 14-16MT FFB/Ha during the time of acquisition.

During the course of the last 10 years (2012 – 2021), 21,255 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.

UP's Plantation Operations

The 3.6% increase in the Group's overall CPO production of 251,601MT, equal to 8,744MT of CPO was as mentioned earlier, 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 3.0%.

CPO Production in MT	2021	2020	Change
UP Malaysia	207,504	195,542	6.1%
UP Indonesia	44,097	47,315	(6.8%)
Total UP Group	251,601	242,857	3.6%



Inspection of UP's latest planting materials at 24 months from planting on Tanarata Estate.

PK Production in MT	2021	2020	Change
UP Malaysia	41,535	39,233	5.9%
UP Indonesia	8,844	9,678	(8.6%)
Total UP Group	50,379	48,911	3.0%

Yields and extraction rates are summarized in the below table. The average yields for the UP Group increased to 5.99MT CPO/Ha compared to 5.92MT CPO/Ha in 2020 equal to a 1.2% improvement.

In this connection, it was most pleasing that the yields on our Malaysian estates reached 6.29MT CPO/Ha from 6.13MT CPO/Ha in 2020 representing a 2.6% increase amidst a year of chronic labour shortages.

Our Indonesian Production did not live up to our expectations in 2021 as yields fell short of expectations.

This was predominantly due to a sudden and prolonged decline in production experienced during the last half of 2021 where the palms entered into a resting phase.

This is however expected to reverse in 2022 where yields are poised to recover.

Yields & Extraction Rates*	2021	2020	Change
UP Group FFB average yield in MT/ Hectare including Indonesia	27.48	26.65	3.11%
UP Group average Oil Extraction Rates (OER) in %	21.78	22.24	(2.07%)
UP Group average Kernel Extraction Rates (KER) in %	4.36	4.48	(2.68%)
UP Malaysian Average Yield in MT CPO/Hectare	6.29	6.13	2.61%
UP Indonesian Average Yield in MT CPO/Hectare	4.87	5.21	(6.53%)
UP Group Average Yields in MT CPO/Hectare	5.99	5.93	1.01%
Malaysian National yield in MT CPO/ Hectare	3.10	3.33	(6.91%)

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

As of 31 December 2021, our Group's areas planted up with oil palms can be summarised as follows:

Total Oil Palm Area In Hectares	2021	2020	Change
UP Malaysia			
Mature Area	33,787	33,557	0.7%
Total Group Area having come into Maturity	1,812	1,883	(3.8%)
(oil palms between 2 1/2 - 5 years in age)	11.31%	14.41%	(21.5%)
Immature Area	3,732	4,009	(6.9%)
Replanted Area	1,535	1,169	31.3%
Total Area under Oil Palm	37,519	37,566	(0.1%)
UP Indonesia			
Mature Area	9,002	9,079	(0.8%)
Immature Area	-	-	-
Total Area under Oil Palm	9,002*	9,079*	(0.8%)
Grand Total for the Group	46,521	46,645	(0.3%)

* net of areas converted to Plasma.

Coconut Production

Our coconut production reached 87,963,500 nuts in 2021 compared to 81,427,861 nuts in 2020, representing an 8.03% increase in production year on year. Average yields nevertheless declined from 22,827 nuts/Ha in 2020 to 22,247 nuts/Ha in 2021 due to younger areas coming into production, which inherently have a lower yield profile during the ascending phase.

Selling Prices of CPO and Palm Kernels

The average Malaysian selling prices of Crude Palm Oil achieved during the year increased from RM2,613/MT in 2020 to RM3,309/MT in 2021 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 below the MPOB average price for the year due to forward sales executed earlier for a portion of the Group's production volume at lower price levels, which at the time were thought to be excellent. 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.

	Crude Palm Oil			Palm Kernel		
	2021	2020	Change	2021	2020	Change
MPOB Avrg price (RM)	4,407	2,686	64.1%	2,773	1,532	81.0%
UP's Avrg price (RM)	3,309	2,613	26.6%	2,168	1,594	36.0%

The average selling price for PK in Malaysia increased by 36.0% to RM2,168/MT in 2021 compared to RM1,594/MT in 2020.

Cost of Production of Crude Palm Oil

The total cost of production including depreciation and additional remuneration/bonuses for 2021 was RM1,247/MT CPO vs. RM1,225/MT in 2020 which can be deemed as satisfactory especially when taking into account the impacts of inflation on utilities, consumables, agrochemicals and above all energy prices impacting the cost of production notably in the last half of 2021.

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 2021 where labour savings of between 8-9% were achieved bringing the total labour savings to around 20% compared to 1st January 2020 amidst a significant rise in production of our commodities. These initiatives will be further looked into during 2022 in tandem with new innovations.

Labour Shortages

Labour shortages continued to affect the operations within the Malaysian Plantation Sector in 2021 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 we seem to remain in a dark tunnel as the Government has so far failed to react to the genuine pleas of the industry that has experienced the worst crop losses in over 3 decades.

This has caused very considerable disruptions in the plantation and agricultural industries as the acute labour shortages, currently estimated to exceed 80,000 employees within the Malaysian plantation sector alone have severely hampered operations such as harvesting leading to unusually high field losses especially amongst the small holder segment accounting for about 40% of Malaysia's palm oil production today.

This is beyond doubt the main contributing reason as to why the Malaysian national production of palm oil declined from 19.15 million MT in 2019 to 18.10 million MT CPO in 2021 equal to a reduction of approximately 5.0 million MT of Fresh Fruit Bunches.

The impact on Malaysian palm oil producers has indeed been bruising and will exceed a "breaking point" before mid 2022 if the Malaysian Government does not accentuate the importance of enabling the Industry to embark upon a recruitment exercise to bring in new guest workers to replace those who have returned back home for good. Subject to the Malaysian Government's approvals, we are pursuing all means of trying to secure new guest workers to join our Group.

During the year we managed to bring back several stranded workers (workers that have been on leave but prevented to return due to COVID-19 and Malaysian re-entry restrictions) in tandem with the Malaysian Government opening the borders for this category of guest workers.

So far we have been able to bring back 173 guest workers in 2021 all of whom have anxiously been awaiting to resume work as job opportunities in their home countries have been very grim.

Recruitment of local workers

Since March 2020 we have been advertising for vacancies on all our estates however with little or no success.

The total number of local Malaysians recruited to date during 2021 was 75 in spite of potential field employees being able to earn a monthly salary which is 70-85% higher than the minimum wage in Malaysia.

In addition to this, employees will be given free housing, free water, free electricity and free medical coverage.

Yet local Malaysians by and large remain uninterested in joining the plantation sector prioritizing work that is centered around the larger towns and industries requiring less outdoor work.

This is the reality on the ground and summarises the perilous situation that many plantation companies are experiencing.



Mechanical assisted crop evacuation with tractor scissor lift trailers which enable considerably higher productivity vis-à-vis wheel barrow.

Indonesia

Our Plantation Division in Indonesia generated a record Group contribution of RM75.1 million in 2021 against RM42.5 million in 2020, representing an increase of 76.7%. The gratifying result were primarily a function of the higher market prices for CPO and Palm Kernels and costs controls implemented during the year.

Operationally 2021 was not a year of excellent performance on PT SSS as yields fell below the targets set and well below the agricultural benchmark in UP. As explained earlier this was mainly due to the sudden and prolonged decline in production experienced in the second half of 2021 when the palms entered into a biological resting phase with palms producing fewer female bunches and more male bunches. Several discussions have been held with Management whom I am confident will set in motion various agreed steps to stimulate palm vigour and with that a rebound in production during 2022. I shall be following these developments closely.

Whilst operating conditions continue to be challenging it is with much satisfaction that after 16 years of operations since entering Indonesia the efforts and commitment towards the difficult expansion process into Central Kalimantan is 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 was totally paid back in 2020 leaving a valuable and well run asset on prime land in Central Kalimantan that is completely debt free. This would not have been possible without the commendable dedication and commitment of our Directors, Management and Employees. In this connection, we also extend our sincere appreciation for the many valuable insights into the

Indonesian plantation industry and the support provided over the years by our shareholdings partners Dr. Soedjai Kastasasmita and Bapak Suryadi.

UP Indonesia's production accounted for 17.5% of our Group's CPO production in 2021 compared to 19.5% in 2020. All plantings have reached maturity and the company now provides employment for 1,227 employees, many of whom were previously unemployed. All infrastructural additions have now been completed 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 upkeep standards are now similar to those on our Malaysian properties. Continued focus is also being applied on improving our sustainable practices in line with the RSPO Principles & Criteria. To date, 9,002Ha of oil palms and 1,364Ha of Plasma have been planted and more than 7,500 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.



One of UP's housing facility in a neat environment at Lada Estate, Central Kalimantan.



An aerial view of healthy-looking palms on Jendarata Estate, with the unique light rail system.





Unitata Refinery with the newly erected Multistock Deodoriser in the foreground.

Manufacturing Division

In our Group's manufacturing division we are engaged in several downstream activities such as edible oil refining as well as production and packaging of specialty fats. In meeting customer requirements, we are committed to the highest standards of transparency and product traceability starting from our upstream plantations.

The operations of our two state-of-the-art palm oil refineries, Unitata and UniFuji are responsible for value adding our certified sustainable crude palm oil and palm kernel oil into high-quality processed products catering for key customers globally. Our strong emphasis on high quality and food safety standards in combination with our sustainability focus and producing our end products with the lowest possible Green-house-Gas footprint has provided us with a strong position within the segment of customers demanding high quality and responsibly produced products.

Unitata

Our wholly owned subsidiary Unitata, faced tougher market conditions following the COVID-19 pandemic, high raw material prices and increasing competition by especially the Indonesian Refinery Sector.

Total contribution to the Group amounted to RM38.7 million in 2021 vis-à-vis RM44.1 million in 2020 representing a decline of 12%.

The decline in contribution was mainly due to the timing differences of raw material hedging positions, high raw

material prices as well as the very steep inverse in prices between the spot and future month contracts pressuring contribution during the year. This rapid surge in palm oil prices resulted in certain buyers holding back purchases or introducing short term contracts in the hope for prices to soften. Nevertheless, as global economies started to re-open in tandem with the successful vaccine rollout companies started to replenish depleted stocks creating a sudden surge in demand pushing prices further up.

These developments also brought about unprecedented logistical issues in the supply chain resulting in delivery delays. Our packed product segment has taken the main brunt of these challenges leading to a year with lower sales and eroding margins. Nevertheless, our continued focus on value addition, quality and sustainability in combination with a diversified portfolio cushioned the impact.

The interest in certified sustainable palm oil remains strong and Unitata is committed to provide 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 our 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 capacity building of capable people that can successfully propel

Unitata forward. In this connection it was pleasing to finally see our new deodoriser being fully commissioned during the year after certain delays due to COVID-19 logistical bottlenecks. These delays also deferred the commissioning of our new palm oil fractionation plant which now is scheduled for the 2nd quarter of 2022.

In 2022, focus will also be channelled towards expanding our sales and marketing department as we explore further opportunities to market our specialty fats directly through business to business arrangements with customers globally.

UniFuji

For our refinery and solvent fractionation plant, UniFuji, which is a 50:50 JV between UP and Fuji Oil, remains an excellent example of what the circular economy can look like by running without the use of fossil fuels. It is a most pleasing 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.

During 2021 UniFuji faced commercial challenges due to high raw material prices as well as the very steep inverse in prices between the spot and future month contracts pressuring contribution during the year. A weaker RM vs USD as well as timing differences of raw material hedging positions also impacted the results negatively which declined to RM 0.65 million in 2021 from RM 22 million in 2020. Whilst the results are disappointing, both the Executive Director Finance & Marketing and I am confident that 2022 will be a much better year as the underlying business operations and customer commitment remains strong.

I would particularly like to thank Mr. Taniguchi Atsushi who was instrumental in the commissioning and early stages of UniFuji's production and who returned to Japan in 2021 to undertake new responsibilities within the Fuji Oil Group. We wish him all the best in his future endeavours. In this connection we are pleased to welcome Mr Kanai Nobuaki who has joined UniFuji from the Fuji Oil Group and whom we look forward to working closely with.

Sustainability and Human Rights

Palm oil continues to be scrutinized especially in the area of environmental, social and governance (ESG). In the past year, there was an increased focus around particularly forced labour concerns, exemplified by the EU's proposed new legislation on mandatory human rights and environmental supply chain due diligence. In addition, the Withhold Release Orders (WRO) imposed by the US Customs and Border Protection (CBP) agency on several glove manufacturers and palm oil producers in Malaysia, on grounds of alleged use of forced labour, have also dominated the media landscape.

In UP, we have been focusing on economic development combined with social and environmental care since our foundation in 1906. 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. We must therefore all appreciate that transparency is the new normal and that everything is now discoverable.

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.

To that end, 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 all stakeholders in 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 operationalising 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 as well as robust and effective standards within human rights.

During 2021, we have taken further proactive steps to address human rights risks in our supply chain and specifically risks related to forced labour and migrant workers. In this connection, we have achieved much progress on our ethical recruitment implementation plan, which was initiated together with Verité, Fuji Oil and Mars in 2020.

An important part of this journey has been to understand standards and requirements related to recruitment and conduct an internal risk assessment in order to further develop and strengthen our commitments and policies. To that end, the support and commitment by the Board of Directors, EXCOM and Management has been an important foundation for the progress made. The details of this journey are described further in our sustainability report on pages 34 to 89.



A panoramic view of newly replanted oil palm fields on Changkat Mentrri Estate with lush cover crop establishment, which till today remains a company policy in order to enhance soil fertility and palm vigour.





Due diligence COVID-19 screening of temperature, hand sanitising, and face mask are made compulsory at all UP checkpoints.

Prospects and Outlook

Based on the current operating environment, UP is respectful of the challenges which 2022 may bring especially amidst the uncertainties of the COVID-19 pandemic. Nevertheless, with the limited but encouraging evidence of the seemingly milder health effects of the omicron variant and new medical breakthroughs there is hope that the pandemic will morph into an endemic phase in 2022. Until then, we will continue to place the highest priority on the health and safety of our employees and their families through enforcement of our SOPs and other risk mitigating initiatives and do our level best to ensure a stable and undisrupted supply of high-quality products to our customers.

Looking ahead, global supply chain challenges and shortfalls are likely to continue well into 2022, thereby prolonging the perilous and unsustainable high raw material price levels. Indeed, over the last six months we have seen how the cost of energy, fertilizers, chemicals, building materials and spare parts have skyrocketed resulting in our cost base increasing to its highest levels ever. Concerted efforts are therefore underway to help alleviate this by identifying areas that can improve our cost efficiencies without compromising on quality.

In addition, special attention will continue to be given towards addressing the present acute labour shortages and increasing yields and productivity. We will pursue this relentlessly through continued mechanisation efforts and replanting of the older and less productive oil palm stands in order to take full advantage of our latest superior planting materials from our research department as a vital part of sustaining our positive development. Whilst labour shortages have reached a critical level, it is positive to note that the Malaysian Government is proactively engaging with neighbouring countries to facilitate the re-opening of borders and recruitment avenues for migrant workers without which crop losses will increase materially throughout Malaysia as well as in UP. In 2022, we shall also continue to enhance

our awareness within the important field of safety and to take ownership of the challenges and risks related to ESG, particularly in the areas of human rights and migrant workers. 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.

To further improve on weaknesses identified, more attention will therefore be given to operationalise and mainstream the principles of our sustainability commitments, so these are “built in” not just “bolted on”. Nothing in life is permanent – nor commodity markets – a notion that is as true on the way up as on the way down. We are therefore preparing for the time when prices again will head south.

The number of uncertainties our markets have to cope with is currently somewhat bigger than usual. 2022 has started with a sharp increase in palm oil prices due to excessive rainfall and flooding that occurred in many parts of Malaysia in late December. The price increase is further compounded by unexpected weather-related problems in South America reducing supply expectations significantly of the coming soybean crop. In addition, farmers are holding back selling of grains and soybeans with expectations of reduced production, thereby exacerbating the supply squeeze in the global vegetable oil market. This may sustain the current high price level in the short term. Nevertheless, there are 4 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. Firstly, the current unprecedented labour shortages in Malaysia are unsustainable and production will not recover unless new recruitment of migrant workers from particularly Indonesia, India and Bangladesh is made possible. Given the latest developments and signals by the Malaysian Government implying that recruitment may resume soon, we are hopeful the Plantation Industry will again be allowed to bring in guest workers by the 2nd quarter of 2022, although this will hinge on the development of the COVID-19 pandemic.



UP's cambering system and zero burn policy is applied on all our replants as seen above.

Secondly, the world production of biodiesel including HVO is estimated to increase by close to 3% and reach an all-time high of 49 million MT during 2022 mainly propelled by fiscal incentives in the US as well as rising decarbonisation targets in the EU transport sector. Such growing demand expectations amidst record high vegetable oil prices and production shortages does not leave much room for stock replenishments and therefore seems unrealistic.

Thirdly, the massive inflationary wave caused by the enormous fiscal and monetary stimulus packages globally in combination with major supply-chain disruptions has resulted in unrealistically high commodity prices, which has now started to dampen demand for vegetable oils from key buying nations. This has been further exacerbated by higher interest rates and rallying energy prices, thereby causing headwinds for the global economic momentum.

Finally, weather developments will play an important role in production and price developments as usual and must be closely monitored. Particularly, the impact of the La-Nina, which has brought dry weather to South America and damaged soy crops in key growing regions, as well as the weather patterns in Malaysia and Indonesia from May to September when dry weather would normally take place. It is at this moment far too premature to make predictions about the exact developments in 2022. However, 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 especially in view of the difficult situation associated with the numerous obstacles of the COVID-19 pandemic combined with the acute labour shortages experienced on our estates in 2021.

On this notion, I am grateful for how well our employees have navigated through the complex challenges, as we continue to adjust to this new normal. There is no doubt that adopting such strict SOPs has come at the expense of personal sacrifices to keep COVID-19 at bay, and I am deeply impressed with our Group's ability to adapt, come what may. This dedication and loyalty displayed by our officers, staff and employees alike, and which is equaled only by a few organisations in today's world, continue to win my respect and admiration. For this, I would like to extend my warmest thanks and appreciation to all employees

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".

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

Biodiesel World production by Country in mill. MT.

	January / December				
	2022F	2021	2020	2019	2018
EU-27	15.30*	14.80*	15.29	14.97	14.18
U.K .....	.33*	.33*	.31	.44	.42
U.S.A	9.50*	8.60*	7.85	7.35	7.20
Canada .....	.64*	.62*	.64	.57	.55
Argentina ...	1.74*	1.69*	1.16	2.15	2.43
Brazil	5.53*	5.83*	5.62	5.16	4.68
China	1.80*	1.80*	1.50	1.00	.94
Colombia ....	.61*	.58*	.51	.58	.57
Singapore	1.83*	1.80*	1.80	1.75	1.35
Indonesia ...	7.50*	7.47*	7.35	7.48	5.37
Malaysia .....	.98*	.93*	1.10	1.42	1.09
Thailand	1.62*	1.60*	1.65	1.65	1.32
Oth. cties ...	1.63*	1.63*	1.67	1.85	1.73
Total	49.01*	47.68	46.45	46.37	41.83
Change in (Mn T)	+1.33*	+1.23	+.08	+4.54	+5.12

Source: Oil World 2022

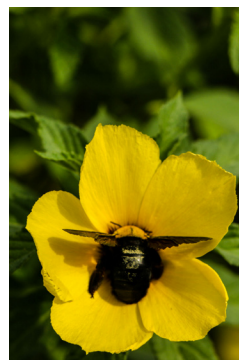
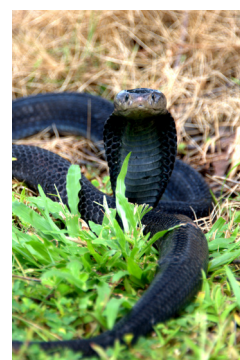
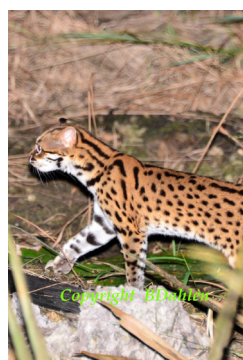


A pair of Oriental Pied Hornbill in close collaboration preparing a nest in the trunk of a tree to secure the future offspring.

Sustainability Report 2021

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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 2021 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), 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 2021, with comparable prior year statistics, where available and relevant.

The Sustainability Report for 2021 will remain as part of our Annual Report. There is no structural change in our Annual Report 2021. 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 23 material sustainability matters at various significant levels. These are reflected in the materiality matrix included in this report.

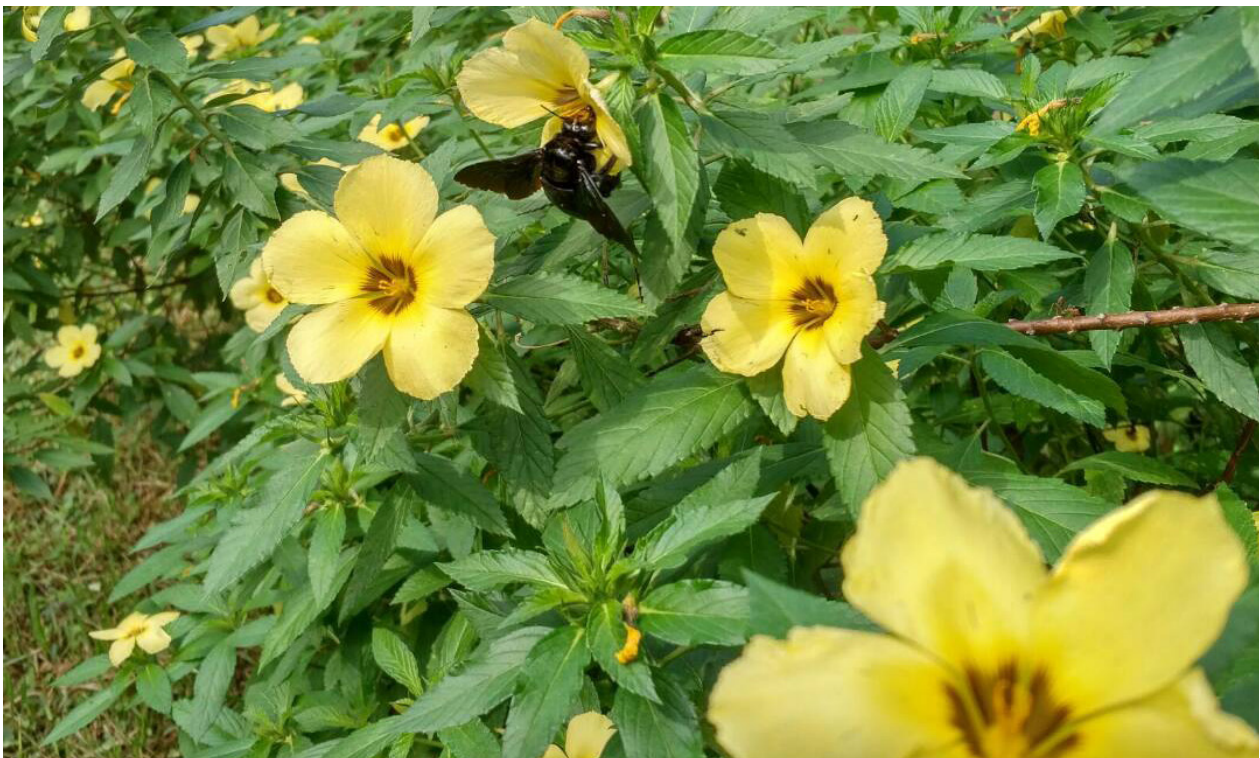
As part of our sustainability processes and activities we will continue to strengthen our performance and disclosures to various stakeholders by monitoring our specific targets and key performance indicators, fostering close relationship with our stakeholders as well as harmonising material sustainability 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 2021 Sustainability Report thereby bringing additional value and credibility to our disclosure. Their assurance report is available on pages 102 to 103.



An avenue of Tunera Subulate, one of the beneficial plants being established in our fields to enhance our commitment to Integrated Pest Management.

Message From The CED



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

I am pleased to present UP's 2021 Sustainability Report, in which we describe our Group's sustainability policies and how we are pursuing these in practice. UP continues to view sustainability as a key pillar of our Group's Strategy and we recognise its importance to our long-term success and well-being.

For generations, UP has intertwined Environmental Responsibility, Social Awareness, Sustainability Governance, and Economic Viability into the way we conduct our business. Nonetheless, we must not forget that our commitment to sustainability is ongoing, with no finishing line. We will therefore continue to align our business values, purpose, and strategy with sustainability principles divided into four main areas, namely Environment, Social, Sustainability Governance, and Marketplace.

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. This message was further reinforced at the recent COP26 climate conference, which took place in Glasgow, Scotland, from 31 October to 12 November, 2021, and was labelled as "the world's best last chance to get runaway climate change under control". After two weeks of lengthy discussions, world leaders reached a consensus to accelerate action on climate change this decade. This included initiatives such as pledging to end deforestation, and for the first time, deliberations and wide support to "phase out" coal, which nevertheless ended with a "phase down" compromise. Indeed, in spite of the noble and good intentions of the previous COP meetings including COP26 in Glasgow the reality unfortunately is that the UN climate process has been running for almost 30 years and during that time CO₂ emissions have only gone one way – up.

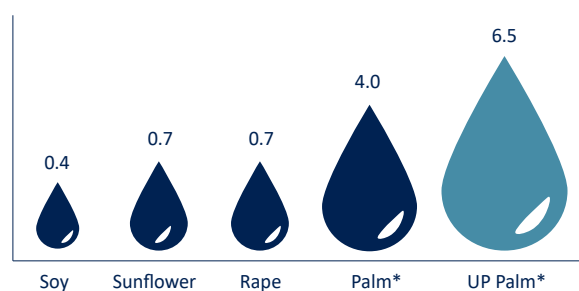
The agreement reached at COP26 may therefore seem surprising, especially considering that 70% of global CO₂ (-eq) emissions continue to come from the burning of fossil fuels. Palm oil on the other hand, accounts for 0.6% of global CO₂ (-eq) emissions, (22 times less than the livestock sector), yet continues to be singled out as the lightning rod for the public's growing anger on issues concerning deforestation and climate change. This past year has been no exception with criticism and accusations of the palm oil industry causing habitat destruction,

the endangerment of protected species, indiscriminate burning, as well as social conflicts and climate change continuously highlighted by the media and NGOs alike.

Whilst palm oil production has and still contributes 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 painting the entire industry with the same brush. In this connection it must be everyone's duty to be better at deciphering the data from the narrative failing which we risk being blinded by the narrative, which is just not the same as data. Herein it is important to reiterate that the palm oil industry today accounts for less than 0.5% of the world's total agricultural area, yet accounts for 37% of the global oils and fats production cementing the oil palm's unequalled efficiency in terms of the small land area required to produce a large quantity of edible oils and fats. Indeed leading conservationist and NGOs have on several accounts acknowledged that alternate crops will require up to 8-10 times more land compared to the oil palm to produce the same quantity of oils and fats.

The Oil Palm - A Highly Efficient Crop

MT Oil/Ha



Source: UN Food and Agriculture Organization (FAO)

* Includes Crude Palm Oil and Palm Kernel Oil

It is nevertheless true that forests have been cleared. Indeed, 5.85 million hectares of oil palm have been planted in Malaysia over the last 110 years, compared to more than 15 million hectares of soy planted in Brazil and Argentina over the last 10 years, and 2.7 million hectares of forest cleared every year for cattle farming. Less nuanced accusations keep tarnishing the image of the industry without offering solutions or taking ownership of problems relating to deforestation. I firmly believe that 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.

The palm oil industry is complex and far too often it is subject to sweeping statement, failing to recognise the positive and proactive measures taken by many different stakeholders, to promote the responsible production and consumption of sustainable palm oil.

In UP we recognise that we are not fault free and that we must take ownership and do our part towards facilitating the journey towards a more sustainable society. In doing so we believe that committing ourselves towards producing palm oil sustainably is the best and only way forward. In this context it



UP's light railway network stretching over 597km remains a vital importance in terms of facilitating an efficient and fragile transportation of its fresh fruit bunches from the fields to the mills.

is important that all stakeholders support multi-stakeholder certification standards like the RSPO, or other credible initiatives, in order to make sustainable palm oil the aspiration if not the ultimate goal. This above all else should be our shared objective within the industry, be this in South East Asia, Africa or Latin America in order to make a positive difference.

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

Reducing our Carbon Footprint



In line with our Group's commitment to environmental leadership, the mitigation of our carbon footprint and Greenhouse Gas (GHG) emissions remain a top priority, to which new initiatives and investments continue to be made.

Since 2005, our company has been 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 2022 building on top of five 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 61% reduction in its GHG emissions per kg of palm oil produced from 2004 to 2021 when including indirect land use change (iLUC) and nature conservation.

We have thereby already reached our goal of a 60% reduction (including iLUC and nature conservation) of the GHG emissions by 2025.

In line with the spirit of the recent pledges made at COP26, namely to accelerate the action in mitigating GHG emissions, the Board of UP has recently set a new target of reaching a 66% reduction in GHG emissions per kg of palm oil by 2030.

This shall relentlessly be pursued through new innovations inspired by our strong collaboration and network in Scandinavia.

Please refer to page 60 for more information on our carbon reducing initiatives.

To that end, new investments were made during 2021 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 597km as of 31 December 2021, thereby contributing significantly to reducing the use of fossil fuels and with that GHG emissions.

Collaboration with Copenhagen Zoo



Conservation of jungle reserves and promoting biodiversity remain of vital importance to the UP Group. 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 that will help ensure that positive changes take 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 fascinating studies undertaken to date.

The commitment and skills introduced by Copenhagen Zoo have been extremely valuable, not least 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, through our Biodiversity team, to manage conservation and nurture the more than 8,029Ha of jungle reserves under our Groups' landbank.

Today, the team's responsibility extends beyond the establishment of wildlife sanctuaries, green corridors, and many other initiatives, as they play a pivotal role in operationalising conservation into sustainable agricultural practices implemented throughout our Group. Nevertheless, more can be done and there are still areas in need of greater attention, which will be a primary focus in 2022.

Social Responsibility & Human Rights

In the current landscape of sustainable palm oil, the conversation and media headlines are no longer only centred around the environment and deforestation alone. Amidst the COVID-19 pandemic, growing concerns and risks pertaining to especially migrant labour and human rights have rocked several industries in Malaysia, most notably the rubber glove industry, but also the palm oil sector. In this storm, several companies have been hit by accusations from NGOs and Human Rights activists and been issued with a Withhold Release Order ("WRO") by the US Customs and Borders Protection ("CBP") for allegedly being in violation with several of the 11 Forced Labour Indicators published by the International Labour Organization ("ILO").

This is indeed a serious issue for Malaysia, as well as the many industries relying on migrant workers from neighbouring countries. In light of this issue, which has evolved exponentially over the last 18 months, evidence suggests that past practices specifically related to the recruitment process were not sufficient enough in safeguarding and mitigating the risk of deception and abuse of vulnerability taking place during migrant workers journey from the village in the source country to the employer in the host country and thereby increasing risks of exploitation and migrant workers becoming victims of debt bondage, a serious indicator of Forced labour.

In this context, UP have since 2020 been working closely with Verité, a human and social rights NGO together with Fuji Oil and Mars, to further strengthen our recruitment and other human rights practices. These initiatives have also been discussed and worked on together with all our key customers, in the spirit of shared responsibility, to create awareness and minimise risks of forced labour in our supply chain. Indeed, we are far from perfect, but we have noble aspirations and are prepared to do what it takes to tighten up where necessary. As a founding principle of the UP Group we are committed to continuous improvement which includes setting even higher social standards for our workforce within all areas of our operations.

We also acknowledge other emerging initiatives such as the European Union's proposal to minimise the risk of deforestation and forest degradation associated with commodities and products entering the EU market, as well as enhanced Human Rights protection and due diligence, across global supply chains. We welcome such initiatives that aim to tackle the global challenge of deforestation and improved social standards, whilst also ensuring small-scale farmers are not excluded from global supply chains, and that all agriculture related commodities operate on a level playing field.

Safety

With the ongoing COVID-19 pandemic further accelerating in Malaysia throughout 2021, we were faced with new challenges, propelling us to adapt accordingly, in order to prevent a major outbreak within our premises. Unlike my address to you in 2020, where we had no positive COVID-19 cases in our Malaysian-based operations and only very few positive cases in UP Indonesia, this past year has been quite different. Like most other companies, we have had to deal with positive cases on a regular basis and even small clusters at times, in several of our estates and other workplaces. To keep our employees and their families safe during these extraordinary times where lockdowns, movement control orders, face masks, contact tracing, etc., have all become the "new norm" – we have taken our Standard Operating Procedures (SOPs) to new heights. Additionally, all our hospital assistants from our Group Hospitals and clinics throughout our estates have been trained and certified to conduct COVID-19

testing, allowing us to act swiftly, isolate positive cases, therefore keeping COVID-19 mostly at bay, without any major disruptions or forced shutdowns to our operations. These efforts are a tremendous testimony to the Group's determination, resilience, and united resolve, which have enabled us to remain buoyant in very challenging times. With the virus now appearing to move more towards an endemic phase, COVID-19 is becoming something we are learning to live with, not least thanks to our targeted efforts that have led to almost 100% of our employees and their families, including our Guest Workers now being fully vaccinated. Our employees have been and will always be our core assets and a key pillar for the success and continued growth of our Group, and their welfare and rights as well as a safe and healthy workplace are of key importance in every aspect of our operations.

In this connection, I am pleased to report that the affirmative steps we took in 2020 towards this commitment, by creating a Safety Division under the Human Resources, Sustainability and Safety (HRSS) Department are starting to pay off with the total number of accidents having declined by almost 50% during 2021 vis-à-vis 2020. Sadly, however, our Indonesian operations regrettably experienced one fatal accident caused by a harvesting related injury. Such an accident is most unfortunate, and our sincere sympathies go out to the bereaved family for their loss.

Safety leadership and strategies targeting risk reduction continue to be a top priority for the Group, as we value the lives and well-being of our employees and their families, contractors, visitors, and local communities throughout our operations. Whilst it is pleasing to note that the overall accidents have declined significantly, we shall relentlessly continue to pursue new avenues for improvement, in order to reduce the incident rate even further, as our common goal on safety must be, "one accident is one too many".

The Safety Division, now totalling six safety officers, has throughout 2021 been briefing the Company's Executive Committee Members on a quarterly basis providing an unfiltered status on the progress made, as well as any shortcomings encountered, which are addressed punctually.

A higher degree of vigilance, coupled with a more systematic and disciplined approach, continues to be galvanised through training programmes, "Reach and Teach" and "Reach and Remind" sessions and HIRARC programmes. Furthermore impromptu safety audits across our mills, estates, and refineries are an integral part of our ongoing safety procedures.

Community

UP is committed to doing our part for the global community and bringing about positive change to the lives of our employees, their families, and the surrounding communities, which have given so much to our company over the last 116 years.

Amongst our initiatives, we engage and work closely with local communities 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 of local economies. We are committed to taking ownership and striving to remediate any problems that may arise, both in and around the locations in which we operate.

During 2021, our desire to engage with various stakeholders was greatly compromised by the COVID-19 pandemic, where large physical gatherings were forbidden in both Malaysia and Indonesia. We will nevertheless resume our various engagements with the smallholder societies as soon as normalcy returns, conducting smallholder field days, with the overall objective of knowledge sharing, so that the smallholder farmers can improve their yields, enhance sustainable agricultural practices, safety awareness, conservation, and thereby their livelihoods.

In Indonesia, we remain fully committed to the Plasma scheme and continue our positive progress in establishing additional areas that benefit farmers, families and the 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.

Improvements to maintain the highest possible welfare standards for our workforce and to ensure high standards of educational facilities provided for their children also continued throughout 2021. This includes the continuous upgrading of our housing facilities provided to our employees, be they guest workers or local employees.

A total revamp of the infrastructure has been underway on our newly acquired Tanarata Estate with all of the earlier employee houses being demolished as it did not live up to the UP housing standards. The construction of new, modern and spacious houses with proper facilities will be completed by June 2022, and along with new sundry shops and other social amenities, Tanarata Estate will thereby also mirror the standards present on our other Estates.

Governance & Certification

At UP, we believe in the core principle of good corporate citizenship, robust governance, and risk management. All our sustainability commitments are transparently operationalised and monitored through our governance structures and risk management policies, and we continue to strengthen this important focus area based on third party independent assessments, feedback from customers, partnerships and other stakeholders. This commitment is evidenced by the fact that UP became the world's very first Roundtable on Sustainable Palm Oil (RSPO) certified oil palm producer back

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 RSPO, MSPO and ISPO certification standards, which are among the most robust agricultural standards globally, with clear commitments to No Deforestation, No New Planting on Peat (regardless of its depth), and No Exploitation (NDPE).

Furthermore, reinforced protection of human and labour rights, adequate protection to the rights of workers (and their families), gender equity, stronger alignment with the Core International Human Rights Treaties and relevant ILO Conventions are also key criteria in the evolving standards. Nevertheless, we continue to support further advancements that are reasonable, pragmatic, and based on a multi-stakeholder approach, in the spirit of shared responsibility.

It is initiatives like these, reinforced by proper implementation that operationalise sustainability on the ground and enable the industry to meet the ever-increasing consumer requirements, shaping the landscape for tomorrow's demands. We see this as a necessary commitment to ensure the industry's future remains relevant, credible and accepted 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 116 years will diminish.

In connection with these evolving standards, we are pleased to share that all UP Mills and Estates have been successfully certified against the latest RSPO P&C 2018, except for our newly acquired plantation, Tanarata Estate, which is anticipated to conduct the RSPO Scope Extension Assessment within the first six months of 2022, in line with RSPO's timeline for certification.

At this juncture and on behalf of Management I want to nevertheless acknowledge that much more can and must be done. We therefore intend to continue working hard at further integrating and operationalising sustainability into our DNA, so that it remains "built-in" and not "bolted-on".

To achieve this, the materiality assessment has once again been carried out in 2021, in close collaboration with our stakeholders, to gauge their views and expectations on various topics, thereby enabling us to identify and map the most relevant issues pertaining to our economic, environmental, and social risks and opportunities.

This rewarding exercise is fundamental to ensuring that expectations throughout the supply chain are aligned, thereby pushing in the same direction, as we continue on this shared sustainability journey.

Marketplace

In UP, we are committed to the world's highest standards of sustainability, quality, food safety, and product traceability. This is key to open up market opportunities amongst reputable brand manufacturers and retailers globally who more than ever demand full traceability to ensure that the supply of palm oil they receive is safe as well as produced ethically. 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 greenwashing or glossy brochures. Ultimately, our Group's behaviour is our brand and our license to operate therefore depends on behaving well.

With UP being one of the most sustainable, efficient and integrated medium sized plantation companies in the world, our two refineries, Unitata Bhd and UniFuji Sdn Bhd, are uniquely positioned to live up to this. By controlling all areas of the production, we are able to offer certified sustainable high-quality products with the lowest GHG footprints and contaminant levels in the world based on full transparency and traceability and in the principle of responsible sourcing.

For our downstream operations, we can trace all our palm oil back to the various palm oil mills and plantations, whereas the main portion of the palm kernel oil used can 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 a process that will be further improved in the coming years.

Whilst we believe that we have come a long way on our sustainability journey, we also acknowledge the many challenges ahead which we will have to meet as we continue our strive towards building long-term relationships with our customers, suppliers, business partners and other stakeholders in the global marketplace, in the spirit of shared responsibility.

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 91 to 98). Furthermore, I would recommend that you seek additional information under the sustainability section on our website, <https://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)



The Unifuji refinery encompassing an example of the “circular economy” in full operation, which runs without the use of fossil fuels.



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 23 key sustainability issues under four main headers, namely Environment, Social (Employees, Community), Sustainability Governance and Marketplace, which we have assessed as being of high concern to stakeholders and of high significance for our Group in 2021.

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.

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/.



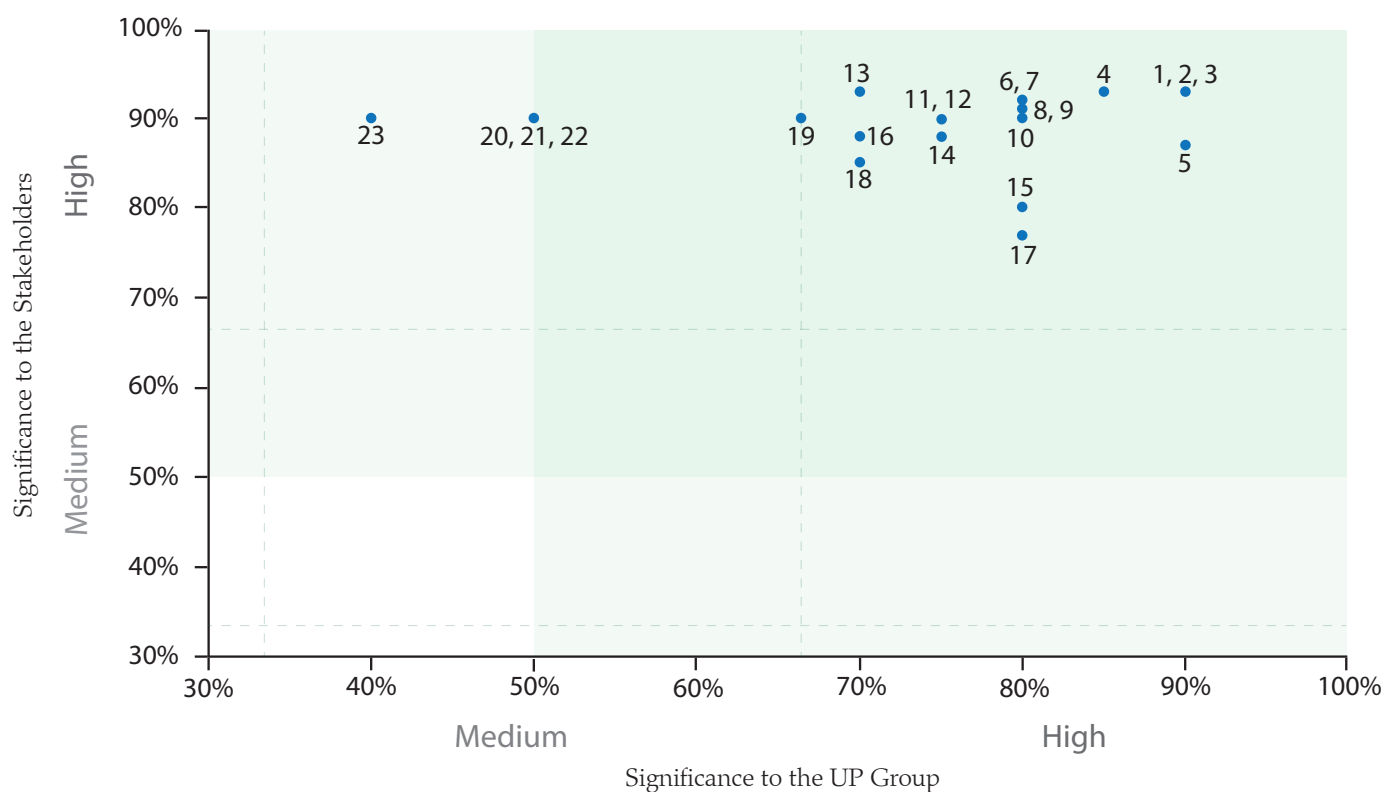
H.E Kirsten Geelan, the Danish Ambassador to Malaysia visiting the Optimill turbine station before the closure of the Danish Embassy. The Director of Engineering Upstream, CED, EDFM, as seen from left to right.

Summary of Materiality Matters

23 Key Sustainability Issues	Relevant UN SDGs*	UP supports the UNSGDs Goals
1. Human rights protection, child labour and fair & decent wages	1,8	  
2. Precautionary measures on COVID-19	3,9	
3. Product Quality	12	
4. Occupational Safety & Health	3,9	
5. Commodity Prices	12	  
6. Social commitments and Amenities	2,4,8	
7. Certifications for Food Safety, Sustainability and Others	12	  
8. Biodiversity & Conservation	14,15,16,17	
9. Deforestation/ High Carbon Stock	13	  
10. No Exploitation-Free, Prior and Informed Consent	16	
11. Climate Change, GHG emissions, Discharges & Waste Management	7,9,13,16,17	  
12. Fire and Haze	13	
13. Code of Conduct, Governance and Anti-Corruption	8,16	  
14. Community Development and Welfare	3,4,8	
15. Business Ethics and Compliance	16	
16. Smallholder and Plasma Development	2,12	
17. Talent retention, Development and Training	4,5,8	
18. Currency Fluctuation	-	
19. Grievance Resolution	16	
20. Peat Development	13	
21. Water Impacts	6,9	
22. UP's Evaluation of Suppliers/ Contractors' Sustainability Commitment	12	
23. Pesticides and Chemical usage	12	

*Stakeholder groups consist of shareholders, employees, customers/consumers, local communities/smallholders, government agencies/regulators, non-governmental organisations (NGO), palm oil industry group and suppliers/contractors.

Materiality Matrix



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

Short, Medium and Long-term Business Resources (Input)

FINANCIAL RESOURCES	HUMAN RESOURCES	INTELLECTUAL RESOURCES	SOCIAL RESOURCES	MANUFACTURED RESOURCES	NATURAL RESOURCES
<p>Strong and stable financial position enabling investments</p> <p>Access to financial institutions</p>	<p>Dedicated and competent employees</p> <p>Succession planning and training</p> <p>Sustainability focus</p>	<p>Vast experience and knowledge</p> <p>Innovation and R&D capabilities</p> <p>Good agricultural practices and policies</p>	<p>Key stakeholders including suppliers and international customers</p> <p>Good collaboration with local government institutions and surrounding communities</p>	<p>Well-functioning palm oil mills and refineries integrated with estates</p> <p>Quality control and R&D investment in place</p>	<p>Fertile and strategically located land bank</p> <p>Biomass availability</p> <p>Water availability through adjacent rivers</p>
<p>MARKET CAP</p> <p>RM5.78 billion</p> <p>CASH AND SHORT TERM FUNDS</p> <p>RM478 million</p> <p>DEBT/EQUITY RATIO</p> <p>0.17</p>	<p>EMPLOYEES</p> <p>5,735</p>	<p>SINCE</p> <p>1906</p> <p>R&D ESTABLISHED</p> <p>1951</p>	<p>PLASMA</p> <p>1,364 Ha</p> <p>COPENHAGEN ZOO COLLABORATION</p> <p>Since 2010</p> <p>SOCIAL COMMITMENTS</p> <p>RM22 million</p>	<p>REFINERIES</p> <p>2</p> <p>PALM OIL MILLS</p> <p>5</p> <p>BIOGAS PLANTS</p> <p>5</p>	<p>LAND BANK</p> <p>62,980 Ha</p> <p>PLANTED AREA</p> <p>51,163 Ha</p> <p>CONSERVATION</p> <p>8,029 Ha</p>

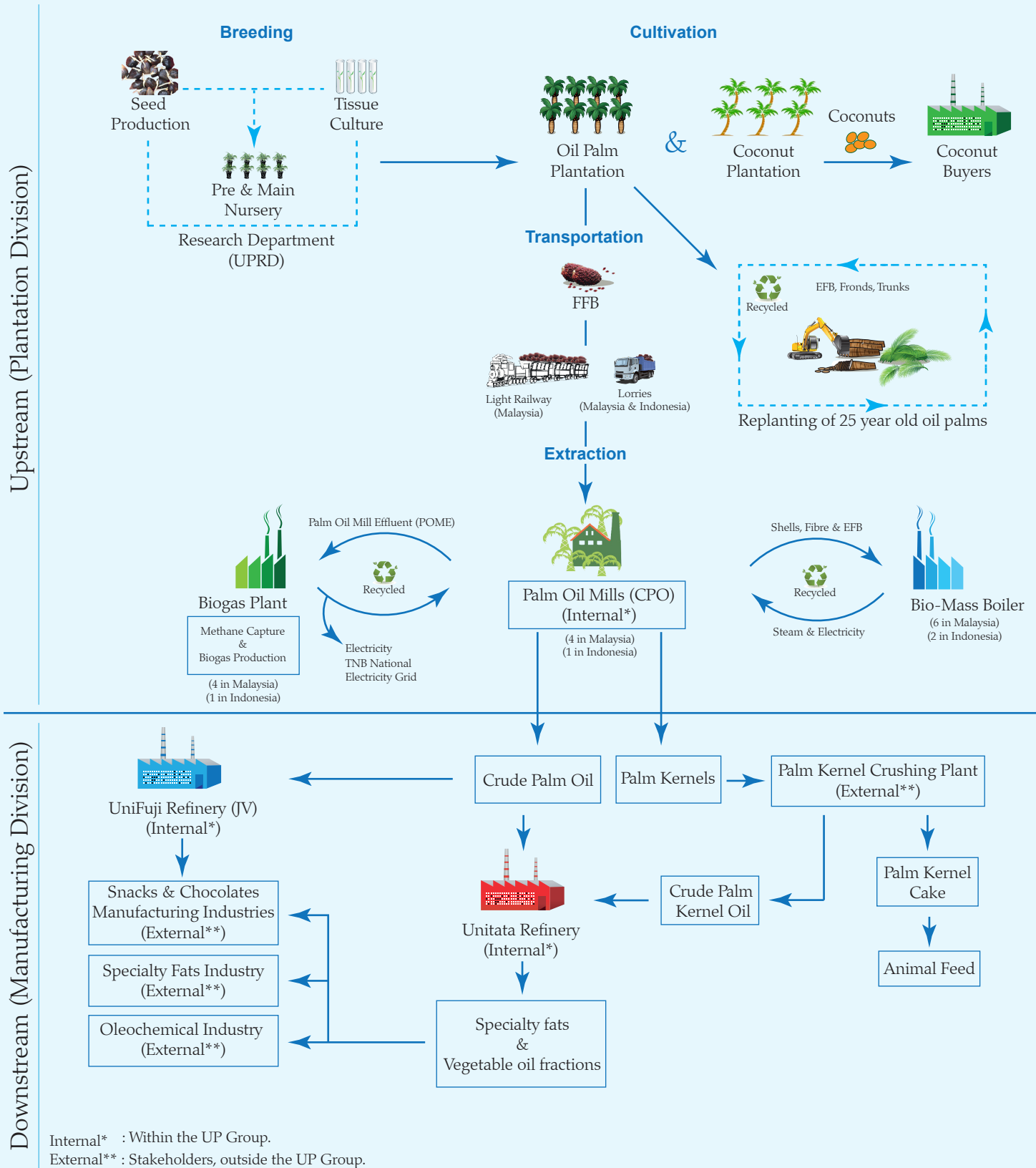
Our Integrated Business



Short, Medium and Long-term Business Resources (Output)

SHAREHOLDER VALUE	EMPLOYEE SATISFACTION AND SHARED VALUE	CERTIFIED SUSTAINABLE PALM OIL	BALANCE BETWEEN ECONOMY AND ECOLOGY	QUALITY PRODUCTS	GREEN HOUSE GAS EMISSIONS AND WASTE
<p>Value created through good performance</p> <p>Capital appreciation and sustainable dividends over time.</p>	<p>Safe and respectful work environment</p> <p>Good housing, medical & education facilities</p> <p>Advancing the economic and social condition in the surrounding communities</p>	<p>Sustainability practices operationalised</p> <p>Increasing sales of certified sustainable products of high quality</p>	<p>Focus on R&D and efficiency to optimise yields</p> <p>Preserving the environment through conservation efforts</p>	<p>Delivering premium quality products and services that are safe and based on a high level of responsibility</p>	<p>Key focus and investments in the circular economy where waste is converted to renewable energy.</p>
<p>PROFIT AFTER TAX</p> <p>522 million</p> <p>EARNING PER SHARE</p> <p>125 sen</p> <p>DIVIDEND YIELD</p> <p>8.29%</p>	<p>SAFETY PERFORMANCE</p> <p>UP MALAYSIA : LTIFR - 5.02</p> <p>UP INDONESIA : LTIFR - 87.41</p> <p>PLASMA FARMERS</p> <p>845</p>	<p>RSPO CERTIFIED PALM OIL</p> <p>227,000 MT</p> <p>RSPO CERTIFIED PALM KERNEL</p> <p>45,500 MT</p> <p>RSPO CERTIFIED AREA</p> <p>77%</p>	<p>FFB YIELD/Ha</p> <p>27.48 MT</p> <p>OER</p> <p>21.78%</p> <p>CPO YIELD/Ha</p> <p>5.99 MT</p> <p>TOTAL ANIMAL SPECIES</p> <p>492</p>	<p>CERTIFICATION</p> <p>ISO 9001, HACCP, HALAL, KOSHER, BRC, GMP, MeSTI, FDA, GMP +B2, MPCA, SEDEX, RSPO SCCS, MSPO SCS</p> <p>LOW CONTAMINANTS</p> <p>3-MCPD < 0.5 ppm</p> <p>GLYCIDYL < 1.0 ppm</p>	<p>REDUCTION OF GHG EMISSIONS SINCE 2004 (INCLUDING ILUC & NATURE CONSERVATION)</p> <p>61%</p> <p>GROUP BIOMASS UTILISATION RATE</p> <p>99.6%</p>

Creating Value Through UP's Integrated Business Activities



Segmental Contribution 2021

UPSTREAM	DOWNSTREAM	OTHERS
92.7%	7.5%	(0.2)%
RM484 million	RM39 million	(RM1) million

Environmental, Social and Sustainability Governance

The prominence of the Environmental, Social and Governance (ESG) methodology to identify industry leaders and laggards according to their exposure to risks is fast gaining support, requiring companies to provide a clear and concise position on how they demonstrate stewardship and create value for their stakeholders at all levels, both now and in the future.

At the same time, there is a growing demand for international businesses to move from a profit maximisation lens to a value optimisation lens, and from a short-term profit focus to a longer-term consideration of profits and impact to customers, employees, communities and the environment.

At United Plantations, we welcome these developments and believe they align well with our philosophy of “striving towards being recognised 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”.

To achieve this goal, mitigating ESG risks through dedicated sustainability governance is an integrated part of our pursuit of long term value creation and is of utmost importance to ensure we remain relevant in sustainable global supply chains and thereby continue to catalyse positive developments.

In this respect, whilst we have always sought to lead by example and set the highest standards within the conditions of the day, we recognise that we can deliver even greater impact by partnering with subject matter experts and like-minded customers on this sustainability journey, in the spirit of shared responsibility.

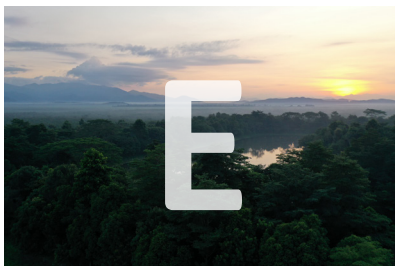
In the following sections, we first highlight our ongoing commitment to mitigating environmental risk through sustainable agricultural practices focused on responsible growth, reduced carbon footprints, and striking the right balance between conservation and development.

Secondly, we delve into the social and human rights aspects concerning our employees, communities, and the implementation of sustainable labour practices – a topic that has taken up much space in Malaysia as well as international news over the last year.

Lastly, we gauge the relative importance of various sustainability issues for our stakeholder groups through our materiality assessment and discuss other matters pertaining to governance, such as governance structure, certifications, targets and initiatives, as well as internal and external reporting standards.

Off the back of the ESG framework, we then look towards the marketplace as the closing piece of our Sustainability Report, where we highlight our commitment to quality, traceability, food safety, and certification across our downstream refinery operations.

Environmental, Social & Governance factors are an integrated part of UP’s pursuit of sustainable value creation



ENVIRONMENT



- No Deforestation, No New Peat Development & No Exploitation
- Integrated biodiversity department and 8,029 Ha. jungle conservation
- GHG carbon footprints reduced by 61% per kg. palm oil since 2004



SOCIAL



- Setting the highest standards for employees and their families
- Free housing, utilities and schools
- Partnering for human rights leadership and strong labour practices in line with emerging global standards



GOVERNANCE



- Strong governance structures and robust risk management policies
- The World’s First RSPO certified palm oil producer in 2008
- Independent external verification of targets and achievements

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.

No Deforestation and No New Planting on Peat

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.

In addition to our focus on continuous improvement to minimise 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.

Key points of our Environment and Biodiversity Policy are summarised 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.

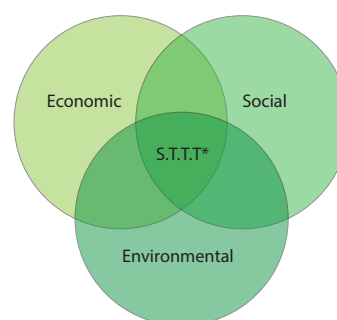
We conduct our operations under the best principles of agriculture and are committed through our more than 8,029Ha of conservation areas to promote biodiversity and protection of the natural environment within our group.

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.

Sustainable Development



*Sustainability through Transparency, Traceability & Trust

Environmental Commitments of the Group

	2021 RM	2020 RM	2019 RM	Grand Total
Environmentally Friendly Operational Activities	6,144,925	5,817,120	6,416,803	18,378,849
Environmentally Friendly Projects (Biogas, Biomass, others)	429,207	443,185	328,883	1,201,274
Biodiversity & Conservation (Forest reserve, Endangered Tree Species Projects, Collaboration with Copenhagen Zoo)	917,143	923,167	1,021,791	2,862,102
Total	7,491,275	7,183,472	7,767,477	22,442,225



Found in our plantation at PT SSS, this delightful medium-sized bird, the Brown Boobook (*Ninox scutulata*) with its large unsettling yellow eyes, gives a series of rising hoots “woo-wuh! woo-wuh! woo-wuh!” and often hunts from an exposed perch.



An Oriental Pied Hornbill (*Anthracoceros Albirostris*).



An adult Bornean Orang Utan (*Pongo pygmaeus*).

Deforestation and EU Legislation

In November 2021, the European Commission proposed a new legislation to minimise deforestation and conversion of ecosystems by preventing import of commodities linked to deforestation through mandatory due diligence of global supply chains. We welcome this development, which if fully supported by the EU Council and EU Parliament, is expected to help curb deforestation and create a more level playing field based on facts for sustainably produced commodities such as beef, leather, palm oil, soy, wood, cocoa, and coffee.

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 8,029 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.

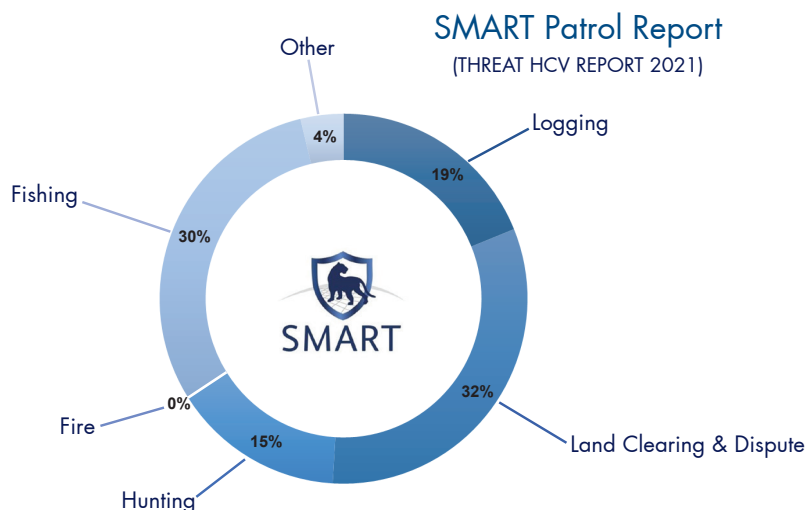
Patrolling of the conservation areas need to be conducted to protect these areas from intruders and fires so that the biodiversity is truly conserved. Our BioD Division utilises the SMART system which is the world's preferred, most comprehensive and user-friendly conservation monitoring system. The added advantage of using SMART is its statistical power that allows the BioD to compile and develop trendlines and other forms of analyses pertaining to managing and protecting conservation areas and species.

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

Peat Developments

The Group has strictly adhered to the NO new development on peatland regardless of depth policy since 2010. However, management plans are in place and being implemented on existing plantations on peat. The total land bank of United Plantations Berhad as of 31 December 2021 is 62,980 Ha. The total planted area under oil palm is 46,521 Ha of which Malaysia has 37,519 Ha and 9,002 Ha in Indonesia.

In Malaysia the total peat area is 4,129.93 Ha and in Indonesia it is 784 Ha, i.e total peat is approximately 4,913.93 Ha equal to approximately 10.56% of our total oil palm planted area. Our Research Team has re-assessed the peat area at one of our Estates, Jendarata Estate as significant hectareage of peat has subsided over the years. This is in line with the latest peat inventory which has been submitted to RSPO Secretariat.



Threat	Activities
Logging	10
Land Clearing	17
Hunting	8
Fire	0
Fishing	16
Others	2
n=53	



A spectacular view of one of our many jungle sanctuaries, which stands as a testimony of UP's commitment towards conservation. Conservation means development as much as it does protection of our environment.

Partnership, Biodiversity and 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 8,029 Ha of land for conservation purposes representing approximately 13% of our total planted area in order to encourage biodiversity and wildlife on our estates. In Indonesia, UP has set approximately 41% 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.

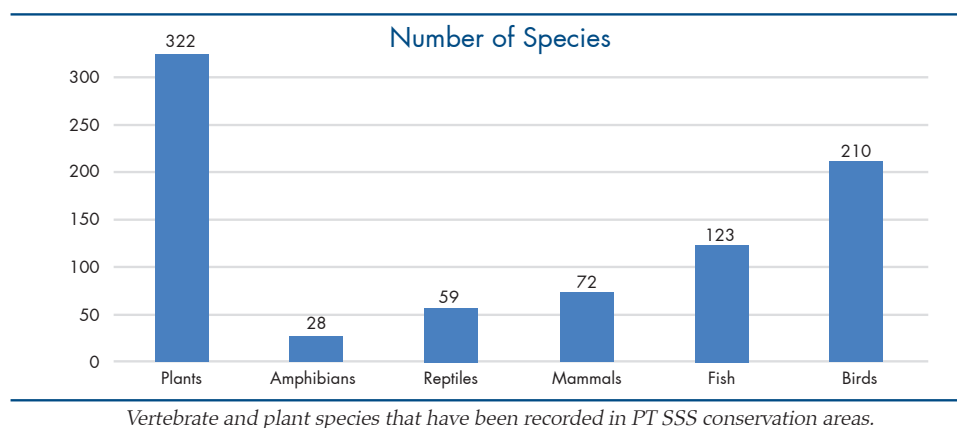
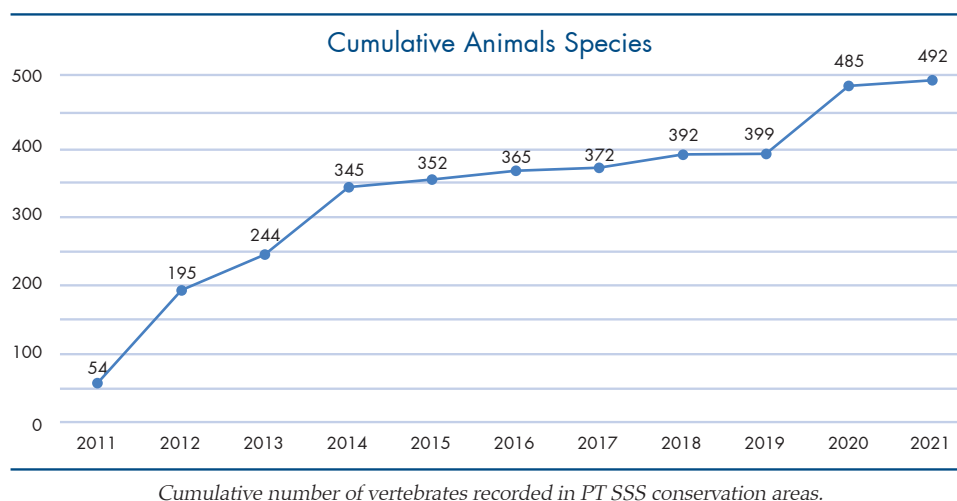
Biodiversity activities during 2021 in PT SSS

In 2021, the emergence of and rapid spread of COVID-19 continued. New variants affected almost every country on earth. Domestic and international travels were put on hold, and countries went in lockdown again across the world causing delays in trade, services and manufacturing output. Despite the challenging times, the BioD Division continued work at near normal capacity throughout 2021.

The Division continued to focus wildlife conservation and management within the UP/PT SSS landbank to fulfil RSPO criteria as well as 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 people present.

During surveys, the team encountered very few other 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. In 2021, the team recorded seven new species to PT SSS species list, consisting of 1 reptile, 1 mammal, 3 amphibians and 2 birds. To date, the BioD has recorded a total 492 different vertebrate species of which 72 are mammal species, 210 bird species, 59 reptile species, 28 amphibian species and 123 fish species.

In addition, to date 322 tree species have been recorded in PT SSS' conservation areas. The total number of species is expected to increase significantly in the future when more surveys are completed and rehabilitation areas mature.





The orangutan survey team from UP-PT SSS, BKSDA (Nature Resources and Ecosystem Conservation) and OFIUK (Orangutan Foundation International United Kingdom) at Kumai Estate.

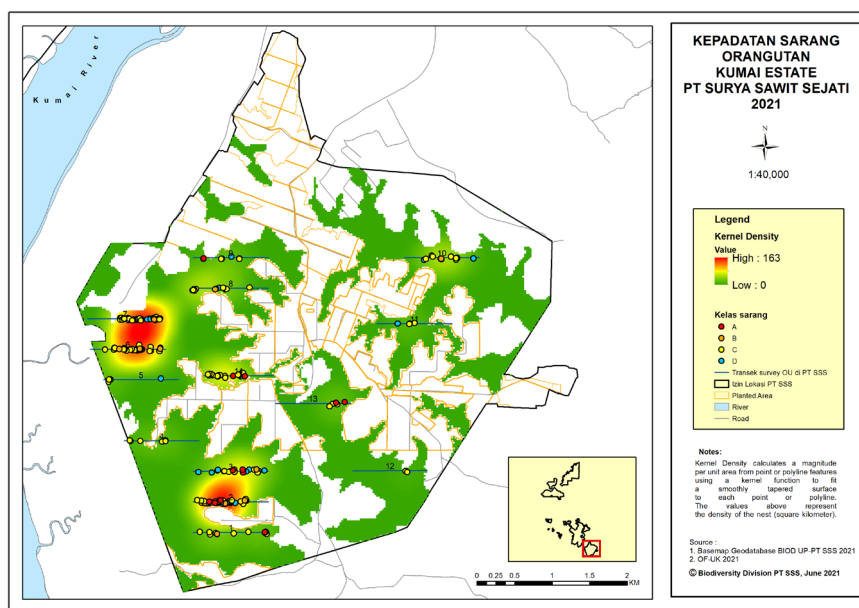
Orangutan population survey In Kumai Estate

From 28 May – 6 June, 2021 the BioD Team collaborated with the Nature Resources and Ecosystem Conservation agency (BKSDA - Ministry of Environment and Forestry) and Orangutan Foundation International (OFI), United Kingdom to undertake an orangutan population survey in Kumai using nest counts.

This survey marked a milestone for the BioD (PT SSS), because it constituted the first time that the BioD Team officially worked together with BKSDA and OFI whose concern were on protecting orangutans.

The survey team consisted for three researchers from BKSDA, one officer from OFI and seven officers from BioD PT SSS. The results revealed a significant orangutan presence of 15-40 individuals in the entire area with a density of approximately 2 individuals/Km².

This is an exceptional high number that, if based on the BioD Team's camera trap monitoring efforts, seemed surprisingly high. The nest account approach is associated with a number of uncertainties and biases that may appear from surveys in "small patches of forest". For example, in a small forest fragment, orangutan may be forced to build many nests in the same area, since they



Distribution map of orangutan in Kumai Estate. It illustrates a high number of records in the red coloured areas. The results are based on nest counts along line transects.



Mangrove conservation area at Lada Estate with fishermen that earns part of the livelihood from these mangroves. This river is also feeding ground for the rare Irrawaddy Dolphin (*Orcaella brevirostris*), listed as “Endangered” on the IUCN Red List.

are confined to a very small roaming habitat. In addition to nest counting, the BioD Team will continue to monitor orangutan using camera traps and drones fitted with thermal camera that may increase the accuracy and documentation of orangutan in a specific area.

An expansion of the wildlife surveys and management into sites adjacent to PT SSS’ estates will be executed under RaCP programme.

The successful collaboration and results from the joint population survey offers real positive opportunities for future collaboration concerning orangutan management outside public protected areas.



Observing orangutan nest in the PT SSS conservation area.

Protecting Mangrove Forest

Mangrove is a special habitat type that is common along coastal zones and river deltas where the water is either saline or brackish. The vegetation consists of species that are specialised to live in saline and/or brackish water.

Mangroves occur worldwide in the tropics and subtropics and even some temperate coastal areas, mainly between latitudes 30° N and 30° S, with the greatest mangrove area within 5° of the equator.

This unique ecosystem plays an important role in maintaining the natural ecosystem processes and therefore essential to keep. Since 2006, UP/PT SSS has maintained and managed approximately 1,200 Ha mangrove forest as part of its estate concession area, or approximately equal to 16% of total conservation areas in PT SSS.

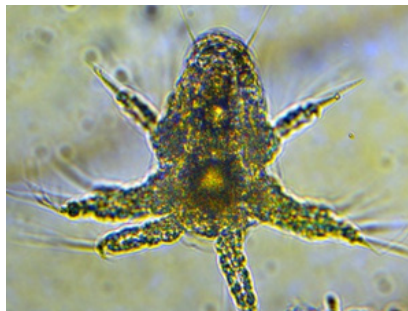
This commitment to protect mangrove forest is in line with the 26th UN Climate Change Conference of the Parties (COP26), Glasgow 2021 target, to reach net zero emissions by 2050.

In his remark at the Glasgow meeting, President Jokowi of Indonesia committed to protecting forests (including mangrove) will form part of Indonesia’s climate action.

Regarding the forest management, Indonesia has also changed its paradigm from forest product management to forest landscape management for a more comprehensive forest management. Indonesia, with support from World Bank and the Danish Foreign Aid has also initiated a mangrove ecosystems restoration programme.



Surirella linearis



Nauplius



Hyalosphenia elegans

The plankton diversity forms an important part of the food web in river ecosystems. The three species illustrated above are collected from a stream in Kumai Estate.

Indonesia is home to more than 20% of the world's mangrove forests. With more than 3.3 million hectares of mangrove forests, Indonesia has the most extensive mangroves in the world.

Mangroves acts as important spawning grounds for many commercial fish and prawn species and supports the livelihoods of fishermen and other local communities. UP/PT SSS is proud to be able to maintain and manage extensive mangrove areas as part of its landbank that benefit wildlife, local communities as well as act as a proactive contribution to the national and global climate change action.

Conservation not solely about Orangutan

While much of the public connect rainforest conservation in Southeast Asia to orangutan, there is much more important biodiversity to consider as well.

The risk of undervaluing small and less charismatic species often results in devaluing a forest habitat without orangutan to legitimize the eradication of such areas for industrial agricultural development. Therefore UP/PT SSS' BioD team works to ensure the conservation management for all plant and wildlife species as part of a complete ecosystem.

This begins with protecting the standing forest itself. Ensuring the forest standing by deterring illegal logging and clearing activities, combined with managed water table in peat areas form important priorities. Intact

remaining forest forms a strong foundation for many important species of, for example, lizards, birds, snakes, insects and primates.

"Every little space has biodiversity, irrespective of its protection status. Oil palm company should be encouraged to, and be responsible for, doing their part in biodiversity conservation, including collaborating with communities, Government and partner organisation to manage biodiversity in its landbank and mitigate human wildlife-conflict"

-Silmi and Carl, Biodiversity Division, UP – PT SSS

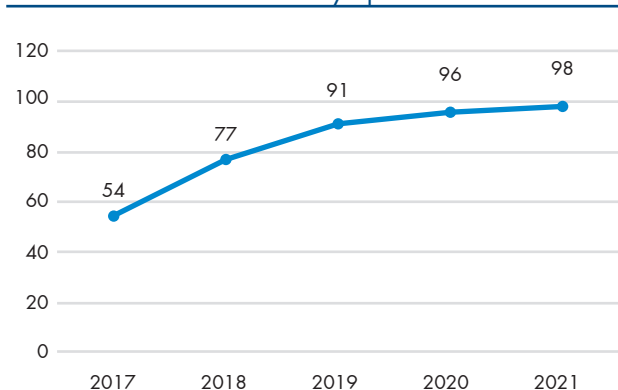
Water Quality Monitoring and the Diversity Of Plankton

Water is likely the most important natural resource on earth that all known living organisms are dependent on. Therefore, it is of highest priority that the BioD Team focuses on protecting watersheds and maintain good water quality to support aquatic life as well as provide clean water to communities.

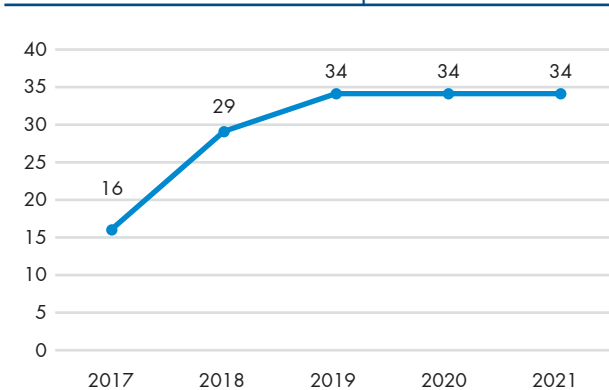
The BioD Team has continuously monitored the water quality in PT SSS' property to ensure actual water conditions in the water bodies across the estates remain as pristine as possible. For this, the BioD Team uses biodiversity of biotic organism in the water as an indicator of water quality.

Aquatic invertebrate samples have been taken from streams and ponds located inside the estate and

Cumulative Phytoplankton



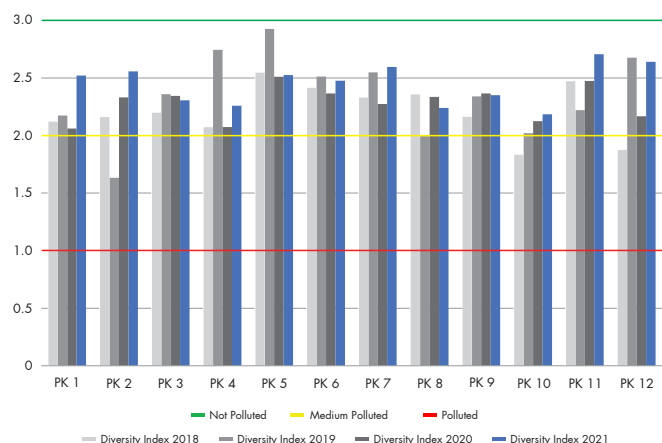
Cumulative Zooplankton



Base line data of plankton diversity in stream/river in Kumai, Lada and Runtu estate concession.

Diversity Index in Kumai Estate

Plankton diversity index used to evaluate the quality of water bodies.



conservation areas in the Lada, Runtu, and Kumai estates. Sampling sites are fixed points and to date the BioD Team has recorded 98 Phytoplankton and 34 Zooplankton species. Data analysis of diversity plankton in Kumai, Lada and Runtu estate indicated that the water condition in the rivers surround the estate fall into the “medium condition” category. This means that the water slightly polluted albeit still above average.

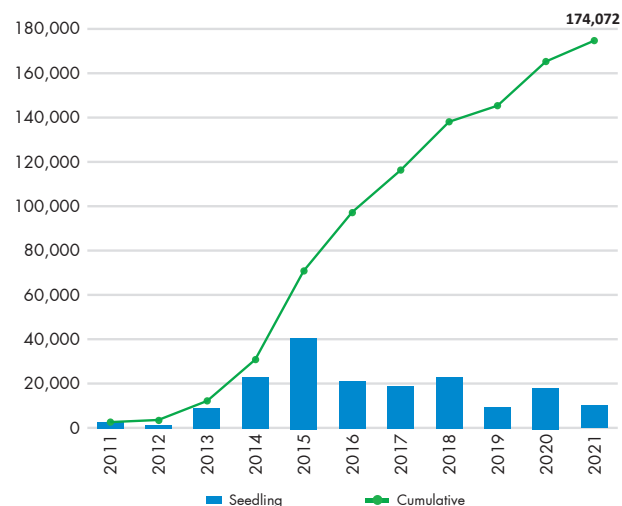
What is more important is the knowing that the rehabilitation of riparian forest along the streams in PT SSS is showing positive effects by minimising organic and inorganic pollution washout in all three estates.

Bird Diversity in Rehabilitation Area

Rehabilitation activities has been undertaken since 2011 in several areas in PT SSS. The first phase of habitat rehabilitation was to plant as many native trees in degraded areas as possible to recreate a thicker canopy cover. A good tree diversity with extensive canopy cover attracts many wildlife species, since it provides shelter and foraging areas for, particularly, understory birds and microbats.

To date, approximately 300 Ha have undergone rehabilitation activities during which the BioD Team has

Cumulative Planted Trees Seedling in Rehabilitation Area



planted ±174,000 native tree seedlings from 125 tree species. Despite difficult conditions, an estimated 65% seedlings have survived and grow well today.

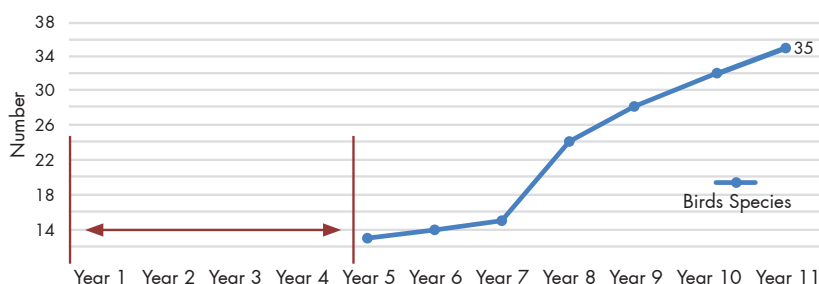
In connection with rehabilitation activities, the BioD Team conducts monitoring of bird diversity in the rehabilitation area Field 86 Lada Estate Div 2.

The understory bird diversity is a good indicator of habitat condition that also reflects the condition of the forest canopy. They prefer habitat with dense canopy cover and are often cryptic and difficult to see, even when using binoculars. Therefore, mist-netting was used to capture birds in the area, in addition to direct observation.

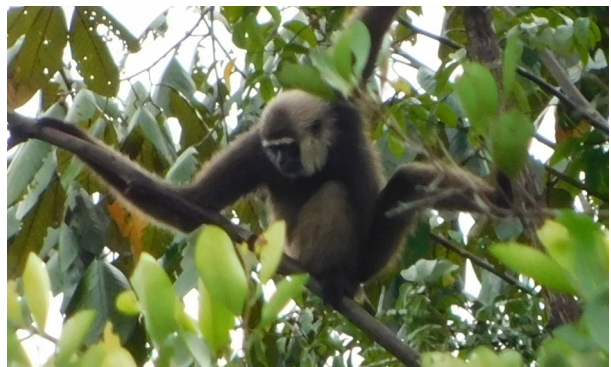
The bird monitoring began four years into the rehabilitation process, when the first planting activities were initiated. Subsequent monitoring reveals an increasing number of bird species throughout the years. Eight years after rehabilitation began, 35 bird species have been observed in the area compared to 13 at the start of the monitoring process in 2015.

The BioD Team is proud of the results emerging from the efforts PTSSS has put into the rehabilitation process. It is expected that the bird diversity will continue to increase in tune with the increasing canopy height of Field 86.

Cumulative Curve of Birds Species Recorded in Rehab Areas Period 2011-2021



The number of bird species has increased every year in the rehabilitation area Field 86. This is clear evidence of the rehabilitation process showing positive recovery trends.



Various types of wildlife photographed by our BioD Department.



Three leopard cats playing in Lada Estate, UP/PT SSS.

Leopard Cat in the Plantation Landscape; Conservation And Biological Pest Control

In 2021, the research work on the leopard cat in oil palm landscape reached the publication stage. Although still ongoing, the paper "*Activity and Ranging Behavior of Leopard Cats (*Prionailurus bengalensis*) in an Oil Palm Landscape*", was published in the known international journal *Frontiers in Environmental Science* Journal in March 2021.

This is only one of several manuscripts that are being prepared by the BioD Team for publication in 2022 and

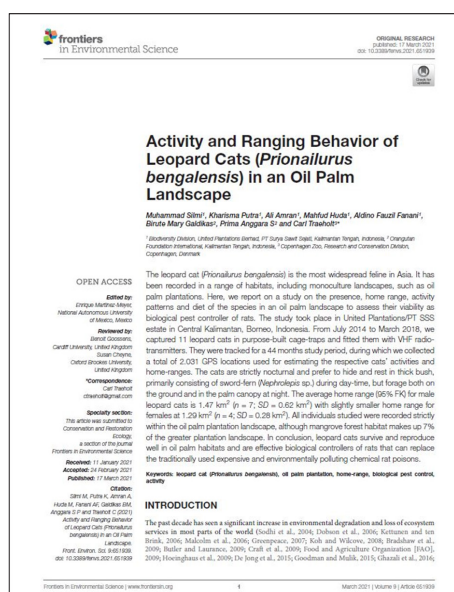
2023. This forms a very important milestone for the BioD Team, as these are the ultimate acknowledgement of the relevance of the work being undertaken on site.

The BioD Team chose to publish it in an open access journal in the hope that more people with interest in the subject gain access to the information and experience obtained in the study.

At the same time, we hope the paper will encourage more plantation companies to explore the advantages and effects of using wild cat and other vertebrates as biological pest control in oil palm plantations.



During the COVID-19 outbreak, all team members and collaborators followed standard COVID-19 safety procedures for dealing with wildlife. (Ministry of forestry, Nature Conservation Agency guidelines).



Paper about leopard cat research in UP/PT SSS that can be accessed for free at: www.frontiersin.org/articles/10.3389/fenvs.2021.651939/full



Some practices in safe snake handling (king cobra) using a snake bag with a hollow pipe. This imitates an entry into a dark “hideaway” for a snake and is an effective method to safely bring a wild snake into a bag.

Socialisation and Awareness Programme

At the end of 2021, UP/PT SSS and BKSDA (Nature Resources and Ecosystem Conservation) Kalimantan Tengah province conducted a joint socialization programme with a focus on mitigating human wildlife conflict, particularly concerning possible accidents with venomous snakes in which safety handling technique were demonstrated.

This initiative was setup after recording an increase in human-venomous snake encounter rate (e.g. sumatran cobra and king cobra) in PT SSS. In it, the UP/PT SSS and BKSDA team has successfully increased awareness, knowledge and capacity on safety and safe handling of venomous snake, especially concerning Sumatran Cobra and King Cobra).

The BioD Team is proud to represent UP/PT SSS as part of this initiative to fund this initiative and build capacity amongst local communities. It is evident that

communities and government institutions are keen to know more about snake ecology, behavior and handling technique to minimise the risk of snake bites.

The BioD Team has also recorded increasing numbers of several snake species, mainly due to the abundance of food for these predators (e.g. rats) in the oil palm estates. While accidents have yet to be recorded, the growing snake populations will inevitably increase the probability of accidents happening too.

Along with monitoring population sizes, the BioD Team conducts ecological research on the Sumatran cobra and king cobra, with all results shared with both the local authorities and communities in Pangkalan Bun.

Dr. Carl Traeholt

*UP Group Chief Environmental Advisor
and*

Mr. Muhd Silmi

Manager Biodiversity Division



Interested participants at a safe snake handling and snake ecology event.



UP/PT SSS has donated snake tongs and snake hooks to BKSDA, Kalimantan Tengah in support of their work in handling snakes in the region.



An aerial view of UIE's Kingham-Cooper tree reserve, an oasis of flowering trees and fruits, shelter and food supply for birds and mammals.

Tree Reserves

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

UIE estates have since 2008 become an indigenous tree seed-garden pioneer which holds one of Malaysia's finest and diverse collections of Native Jungle tree species.

The Kingham-Cooper Lagoon Tree Reserve established in 2008 is the flagship reserve holding over 250 species and 12,500 indigenous trees thereby being the main gene bank for mother trees used for seed collection and further propagation and distribution of saplings to other estates within our group.

This evolving sanctuary which surrounds the lagoon is stocked with varieties of fish thereby attracting fish eagles, the Malayan Otter, Monitor Lizards, King Fishers, bee-eaters as well as a wide variety of smaller mammals. It has also become colonized by two species of monkey namely the short and long tailed Macaques.

UIE Main-Office Tree Parks.

Additional extended areas of 13 hectares, surrounding the Lagoon had been further enriched and planted out with a wide variety of rare and endangered jungle tree species, which has added to diversity with the likes, amongst others, of rare species such as *Shorea M'crophylla*, a *Dipterocarp* species of Meranti known locally as Enkabang by the native Ibans of Sarawak for deriving shea butter.

The Sungei Anak Macang Riverbank Reserve.

This 5.85-kilometre strip of land along the narrow boundary river covering an area of 11 hectares. It was planted up in 2020 and has been established with a wide variety of rare and endangered jungle trees sourced from the Kingham-Cooper Lagoon Tree Reserve.

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

UIE Tree Nursery

Our successful establishment of the various reserves, which are our precious gene bank of mother trees, have enabled us to collect a wide variety of seeds for further propagation at our UIE tree nursery.

During 2021, UIE was able to deliver 2,350 diverse tree species seedlings to several Estates in the Group (Jendarata, Tanarata, Ulu Bernam, and Alpha Bernam) for planting into their own landscapes, Riparian Reserves and parks.



Native jungle trees seedlings successfully raised at our jungle tree nursery in UIE.

Carbon Footprint Initiatives and Climate Action

In UP, we respect and recognise 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 70% of all CO₂ (-eq) emissions continue to come from the burning of fossil fuels.

Palm oil on the other hand, accounts for 0.6% of the global CO₂ (-eq) emissions, which is much less than for instance the production of milk, pigs, and poultry, and about 22 times less than the livestock sector overall. 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 minimise the impact of deforestation and greenhouse 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 a main driver of the global GHG emissions. In this connection, ongoing initiatives must be intensified to minimise 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, UP finalised the world's first comprehensive LCA in accordance with ISO 14040 and 14044 International Standards on palm oil in 2008, which subsequently underwent a critical panel review.

Further annual updates to this LCA were carried out by 2.0-LCA Consultants involving Professor Jannick Schmidt from Aalborg, Denmark including the latest update undertaken for year 2021. The updated 2021 LCA model is based on 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. At this juncture, 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.

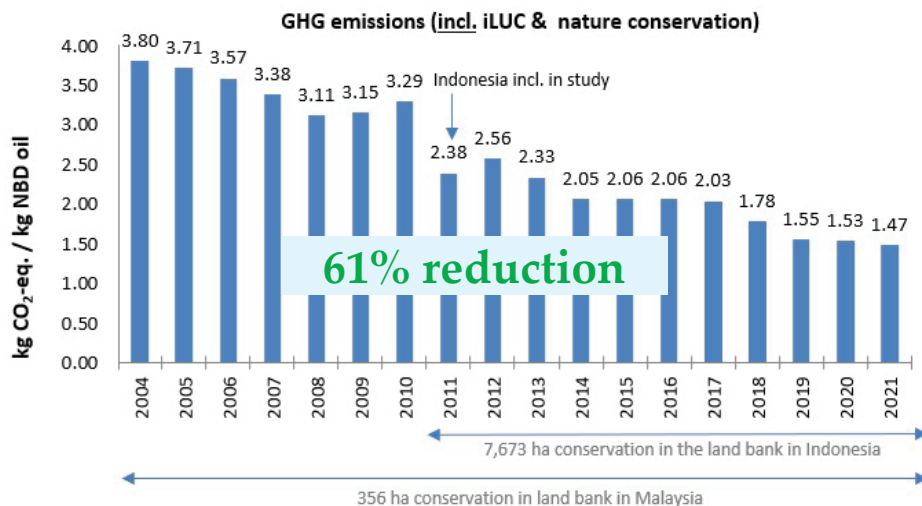
This effectively means that GHG emissions calculated in the LCA study are systematically higher compared to a similar calculation using the PalmGHG calculator, which adopts a different approach to deal with land use changes, nature conservation and the modelling of by-products. The PalmGHG calculator also ignores the emissions from the production of pesticides, and results are presented per kg crude oil, whereas the LCA results are presented per kg refined palm oil.

Significant reduction in UP's GHG emissions since 2004

Looking at the below time series of GHG emissions from palm oil at UP, it is most pleasing that we have again managed to reduce our footprint from 1.53 kg CO₂-eq emissions per kg. NBD oil in 2020 to 1.47 kg CO₂-eq emissions per kg. NBD oil in 2021 including indirect land use change (iLUC) and nature conservation. This is equivalent to a reduction of 4%, which can mainly be attributed to a reduction in the emissions from our field activities, and peat emission in particular. Moreover, this represents a substantial reduction in our GHG emissions of 61% vis-à-vis 2004, galvanising the fact that UP's palm oil has a significantly lower carbon footprint 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.

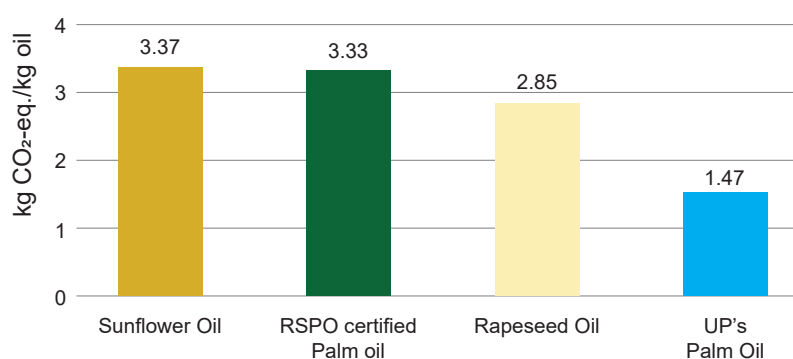
Target 2025 completed

With this, we have achieved our internal goal of reaching a 60% GHG emissions reduction per MT of refined palm oil produced by 2025 when compared to 2004 levels (with iLUC and nature conservation), four years ahead of time. However, in line with our Group's commitment to environmental leadership, we acknowledge that even more can be done and we have therefore set a new target of reaching a 66% reduction by 2030 when compared to 2004 levels (with iLUC and nature conservation). We shall relentlessly pursue to reach and exceed this through more initiatives and further investments over the next 9 years.



Time-series for NBD palm oil at United Plantations Berhad (with iLUC and nature conservation) for 2004 - 2021.

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



The 2021 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 CO₂ by 70% and CH₄ 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

The UIE biogas plant began operations in 2010 where biogas generated from the palm oil mill effluent is sold as electricity to the grid or used as a substitute fuel in the mill boiler. In 2021 a total of 6,678 MWh of electricity was generated from the biogas plant and sold to the grid which is a 7% 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. A total of 200 MWh of renewable electricity was generated in 2021.

Biomass Reciprocating Boiler

The first Biomass Reciprocating Boiler (BRB1) 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 minimising 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 2021. 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/Nm³ set by the Department of Environment as per the Environment Quality Act (Clean Air Regulations) 2014 and the Lada mill emissions is well within the 0.3g/Nm³ 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(M) mill in 2019 all of UP's palm oil mills are now fitted with the VORSEP dust collector system.

Palm Oil Mill		Average Dust Concentration (g/Nm ³)
Jendarata	- BRB 1 & 2	0.115
Ulu Bernam	- Boiler 1 & 2	0.068
Ulu Basir	- Boiler 4	0.124
UIE	- Stack 3 & 4	0.054
Lada	- Boiler 1 & 2	0.021

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 0.150g/Nm³
- 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. The quality of effluent in 2021 is monitored monthly and reported to the respective Government authorities. The summary of effluent's quality for all processing facilities of UP in 2021 is shown below. With the implementation of Biogas plant and other initiatives to reduce the BOD and COD of effluent, we aim to reduce the BOD and COD by 10% from the average of 550 and 2200 mg/L respectively by 2025. During 2022, we will also embark on initiatives to install a full scaled commercial plant to treat POME from the Optimill with the objective of reaching a BOD of <30ppm.

Parameters (mg/L)	Biochemical Oxygen Demand (BOD)	Chemical Oxygen Demand (COD)
Malaysian Operations	594	2615
Indonesian Operations	478	2025

**The analysis results showed BOD and COD are far below the permissible level set by the Department of Environment of Malaysia and Indonesia.*

Biomass utilisation and economic value

In 2021, a total of 767,361MT 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 764,804 MT were effectively utilised as organic matter back to the fields.

These were applied as organic mulch in the nursery or as fuel source, thereby enriching our soils and displacing the use of fossil fuels whilst enhancing the value the biomass generated.

Our Indonesian operations generated a total of 154,286MT of biomass dry matter in 2021. Even though the quantum is lesser than what is generated in Malaysia, a very high proportion of these biomass (152,797 MT or 99.0%) was utilised through recycling in the field or as a green energy source with all the added benefits to the environment. The slightly lower rate of biomass utilisation in Indonesia was due to requests of biomass from the surrounding community.

We encourage the biomass utilization as part of our nutrient recycling programme. This is in line with our Environment and Biodiversity Policy which demonstrate our commitments to minimize the chemical use, pesticides as well as fertilizers in our operations.

The similar commitments apply to our FFB suppliers where we educate our suppliers on the Best Management Practices in managing oil palm plantations during our annual Smallholders' Field Day.

Production and Level of Utilisation of Oil Palm Biomass Residues in UP in 2021

Malaysian Operations (Dry Matter Basis)	Quantity Produced (MT)	Quantity Utilised (MT)	% Utilisation	Method of Utilisation
Trunks and fronds at replanting	126,396	126,396	100	Mulch
Pruned fronds	352,346	352,346	100	Mulch
Spent male flowers	33,879	33,879	100	Organic matter recycled on land
Fibre	78,043	78,043	100	Fuel & mulch in nursery
Shell	46,603	46,603	100	Fuel & mulch for polybag seedlings
POME	34,095	31,538	93	Biogas generation, nutrient source, field irrigation and base for organic fertiliser production
EFB	95,999	95,999	100	Mulch and Fuel
Total	767,361	764,804	-	-
Level of utilisation = 99.7%				
Indonesian Operations (Dry Matter Basis)	Quantity Produced (MT)	Quantity Utilised (MT)	% Utilisation	Method of Utilisation
Trunks and fronds at replanting	-	-	-	-
Pruned fronds	88,348	88,348	100	Mulch
Spent male flowers	8,495	8,495	100	Organic matter recycled on land
Fibre	18,177	18,115	100	Fuel & mulch in nursery
Shell	11,186	10,603	95	Fuel & mulch for polybag seedlings
POME	6,058	5,604	93	Biogas generation, nutrient source, field irrigation
EFB	22,022	21,632	99	Mulch and Fuel
Total	154,286	152,797	-	-
Level of utilisation = 99.0%				

Fertilizer Equivalent and Monetary Value of Oil Palm Biomass Residues Recycled on Land in UP in 2021

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	126,396	1,580	531	2,033	969
Pruned fronds	mulch	352,346	7,943	2,584	6,718	4,398
Spent male flowers	organic matter	33,879	1,090	722	2,005	1,040
EFB	mulch	42,185	734	309	2,039	469
Digested POME	biogas generation & irrigation	31,538	1,097	694	1,724	1,262
Total (MT)		586,344	12,444	4,840	14,519	8,138
Monetary value (RM)			15,720,901	1,500,262	16,115,493	5,167,183
Total monetary value RM37,503,839						

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	88,348	1,992	648	1,685	1,103
Spent male flowers	organic matter	8,495	273	181	503	261
EFB	mulch	21,632	376	159	1,046	240
Digested POME	biogas generation & irrigation	5,604	195	123	306	224
Total (MT)		124,079	2,836	1,111	3,540	1,828
Monetary value (RM)			4,212,651	592,728	4,950,376	1,476,276
Total monetary value RM11,232,031						

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's practices. These measures have been shown to maintain and even improve soil fertility in the long term and enhance palm growth and yield.

In 2021, the total organic matter recycled on land in UP amounted to 586,344MT of dry matter which is equivalent to 340,080MT of carbon. The annual rate of recycling organic matter is close to 16MT or close to 9MT of carbon to each hectare of land, an important contributor to replenish the soil carbon stock which is a vital 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 39,941MT of NPKMg fertiliser which in itself has a monetary worth of RM37.50 million at the prevailing 2021 fertiliser prices.

For our Indonesian operations, a total of 124,079MT of biomass was recycled back onto our plantation land. This is equivalent to adding 71,966MT of organic carbon to enrich the land which on a hectare basis is akin to returning 15MT of organic matter or over 8MT 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 as the soil carbon status improve over the years. The nutrient content in these recycled biomass is equivalent to 9,315MT of inorganic NPKMg fertilisers, with a value equivalent to RM11.2 million at 2021 prices.

Triple rinsed plastic pesticide containers (MT)

	2021	2020	2019
Malaysian operations	12.9	14	17
Indonesian operations	1.0	1.4	1.4

Spent lubricants (lit)

	2021	2020	2019
Malaysian operations	38,712	51,167	41,661
Indonesian operations	5,060	4,677	3,760

Used batteries (pieces)

	2021	2020	2019
Malaysian operations	68	107	159
Indonesian operations	0	11	18

Spent fuel filters (pieces)

	2021	2020	2019
Malaysian operations	3,934	4,936	4,888
Indonesian operations	204	195	267

Waste Management

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.

Climate Risk Assessment

In UP, we recognise the threat of climate change and its effect on the planet and livelihoods. Unpredictable and extreme weather patterns directly impact agriculture operations and are a risk to food production. We continue doing our part to mitigate climate change, while identifying risks and opportunities to build resilience for our business.

In this respect, the climate-related transition and physical risks analysed are in alignment with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. Some of the climate-related risks identified as per the table below may have substantial financial or strategic impacts on our business.

Transition Risk

Types of transition risks	Risks	Opportunities	Challenges
Current and emerging regulations <ul style="list-style-type: none"> Adhering to existing and new rules and regulations on emissions or climate change mitigations. 	<p>Higher compliance costs (additional costs associated to carbon pricing, taxes imposed on fossil fuels, etc)</p> <p>Failure to comply with new regulations which restrict emissions or promote climate-change adaptation.</p>	<p>Low carbon footprint operations will significantly reduce the operational costs arising from increasing carbon prices and the dependence on non-renewable fuels.</p>	<p>Significant investments needed to meet new requirements.</p>
Technology <ul style="list-style-type: none"> Innovative technology to optimise efficiency of production. 	<p>New processing methods and technology lead to different waste output and environmental impact.</p> <p>Increasing costs associated with conventional systems that are energy inefficient.</p>	<p>New innovative technology and circular economy solutions could bring about efficiency in energy usage and resilience in the use of natural resources.</p>	<p>High costs associated with the advancement of new technology to reduce carbon footprint.</p> <p>Availability of new proven technology to continuously reduce carbon footprints.</p>
Market <ul style="list-style-type: none"> Increasing consumer awareness on climate change and expectations to manage climate-related impacts. 	<p>Failure to comply with increasing customer expectations and requirements insofar as low carbon products is concerned.</p>	<p>Benign low footprint products could give access to markets and customers with strict carbon emissions regulation and requirements.</p>	<p>Reduced pool of compliant suppliers.</p> <p>Reduced demand for commodities that fail to meet market expectations.</p>
Reputational <ul style="list-style-type: none"> Increased scrutiny from non-governmental organisations (NGOs) and consumers. 	<p>Reputational risks as stakeholders are increasingly focusing on the companies' carbon footprint and plan to manage climate risks.</p>	<p>Improved environmental score and reputation could lead to new opportunities with conscious customers.</p>	<p>The industry as a whole must raise the bar or all companies risk being painted with the same brush regardless of individual efforts.</p>

Physical Risks

Types of physical risks	Risks	Opportunities	Challenges
Acute <ul style="list-style-type: none"> Temperature change and increase frequency of extreme weather events such as floods and droughts. 	<p>All our properties are in areas with relatively low acute weather risks, meaning that operational disruption due to such event taking place is relatively low.</p>	<p>Safeguard operations by ensuring that emergency response teams are prepared to deal with fire and flood during drought and flood seasons.</p>	<p>Peat areas possess high risk of fire outbreaks during drought seasons and maintaining adequate water levels is therefore crucial.</p>
Chronic <ul style="list-style-type: none"> Rising sea levels. 	<p>None of our properties are located close to the coast and therefore the risk of rising sea levels is deemed relatively low.</p>	<p>Develop mitigation plans to address the risk of rising sea level, and identify alternative water sources and water retention facilities to increase operational resilience.</p>	<p>Significant cost associated with establishing additional water retention facilities.</p>



A water storage pond on Jendarata Estate, where we amongst others, harvest every rain water for storage and use.

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 oxidising 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 minimising 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.

Water Impacts

Relates to UP's measure 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 maximise 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 optimise the usage of rain water.

In addition, leguminous cover crops are established in all our immature plantings to conserve moisture in the relatively open environment of immature plantings. 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. In addition, by having various awareness programme on water and energy saving programmes, we aim to reduce our domestic water consumption by 10% from the average of 80 gallons per capita per day in 2025. The increase in the water consumption in 2021 is mainly due to more dependents staying at home during the enforcement of Movement Control Order (MCO) by the Governments of Malaysia and Indonesia to mitigate the Covid-19 outbreak.

Domestic Water Consumption (gallons per capita per day)	2021	2020	2019
Malaysian operations	77	73	69
Indonesian operations	84	77	71

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. We aim to reduce our mill water consumption by 10% from the average of 1.6 MT water/MT FFB processed by 2025.

Mill water consumption (MT water/MT FFB processed)	2021	2020	2019
Malaysia operations	1.5	1.7	1.7
Indonesia operations	1.2	1.1	1.4

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)

According to FAO, 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.

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

A total of 288,868 broadleaf flowering plants have been planted in our Malaysian and Indonesian plantations encouraging parasite and predator activities which is a vital part of our IPM programme.

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

	Malaysia	Indonesia
<i>Cassia cobanensis</i>	- 42,302 planted	- 16,352 planted
<i>Tunera subulata/ulmifolia</i>	- 115,037 planted	- 82,216 planted
<i>Antigonon leptopus</i>	- 14,894 planted	- 113 planted
<i>Carambola sp</i>	- 3,554 planted	- 10 planted
<i>Others</i>	- 5,756 planted	- 8,634 planted
Total	181,543 planted	107,325 planted

Surveillance and Monitoring of Pest Outbreaks

The key to minimising 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 minimise 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*).

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 Agrosiences (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 15th November 2013. It is an offence under the Plant Quarantine Act 1976 if this

United Plantations Palm Oil (Malaysian Operations*)				Soybean**	Sunflower**	Rapeseed**
	2021	2020	2019			
Pesticides / Herbicides (kg per MT oil)	0.76	0.76	0.70	3.95	28	3.73

*Includes palm oil+palm kernel oil (UP, 2019-2021 - 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**
	2021	2020	2019			
Pesticides / Herbicides (kg per MT oil)	0.26	0.15	0.10	3.95	28	3.73

*Includes palm oil+palm kernel oil (UP, 2019-2021 - 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. A total of 288,868 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.

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 below, 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 utilisation efficiency of the oil palm crop.

Pesticide usage in 2021 was similar to 2020 level in the absence of extreme weather patterns. Direct fossil fuel energy consumption was similar in 2021 in comparison to 2020 where the dilution effect of the higher crop was countered by enhanced replanting in the newly acquired property.

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 2021 more older palms were infested which is less amendable to spraying with biological insecticides.

Quantity (kg) of <i>Bacillus thuringiensis</i>	2021	2020	2019
Malaysia operations	0	0	90
Indonesia operations	0	0	0

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

Input	Per tonne oil basis					
	Oil Palm*			Soybean**	Sunflower**	Rapeseed**
	2021	2020	2019			
Fertiliser nutrients						
Nitrogen (N-kg)	15	19	21	315	96	99
Phosphate (P ₂ O ₅ -kg)	9	8	10	77	72	42
Potash (K ₂ O-kg)	43	43	47	NA	NA	NA
Magnesium (MgO-kg)	6	7	8	NA	NA	NA
Pesticides/Herbicides (kg)	0.76	0.76	0.70	3.95	28	3.73
Energy (GJ)	0.56	0.55	0.59	2.90	0.20	0.70

* includes palm oil + palm kernel oil (UP, 2019-2021 - Malaysian Operations)

** Data from FAO, 1996- Pesticide data for soybean and rapeseed updated in 2007/9 and 2010 respectively



Safe handling is a priority when using pesticides.

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.

Whilst the introduction of Indaziflam has enabled us to reduce the number of herbicide rounds by 50%, our overall usage per hectare has gone up over the last three years due to an increase in the percentage of mature oil palm fields requiring more herbicide spraying vis-à-vis immature fields.

Herbicide usage (kg a.i./ha)	2021	2020	2019
Malaysia operations	4.13	3.84	3.30
Indonesia operations	1.33	0.81	0.54

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.

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 predares 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 et al., 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)

Barn Owl Data	2021	2020	2019
Total Boxes	2,707	2,717	2,489
Total Area Under Owl (Ha)	32,624	32,603	31,500
Box to land ratio in Scheme	12.05	12.00	12.66
% Occupancy in Scheme	45.33	48.58	52.35
Total Planted Area (Ha)	33,033	34,158	34,226
Box to land ratio over Total Planted Area	12.20	12.57	13.75
Rodenticide ai/planted Ha (kg/Ha)	0.006	0.0006	0.0011

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/km² 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/km². Leopard cat population in the study area declined in 2019 and 2020 and studies are continuing to determine the cause of decline in these two years.

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 km² (n = 5; SD = 1.40 km²) and a mean home range of female cats smaller at 1.26 km² (n = 4; SD = 0.36 km²). 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 13.2 Ha at the outer ring adjacent to our concession. However, the fire was immediately extinguished by our ERT in PTSSS.

Hectares Burnt in Fires

	2021	2020	2019
Non Planted	0	0	13.28
Planted	0.05	1.06	3.22
Total	0.05	1.06	16.50

Outer Ring Range of ≤500 m

	2021	2020	2019
Outer ring ≤500 m (Ha)	0.004 *Community oil palm area neighbouring Lada	13.2 *Grassland in outer ring of Kumai	96.75 *95Ha in the outer ring of Arut



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



Harvesting of tall oil palms remains a manual task requiring much skill and dexterity.

Social

UP's founder, Aage Westenholz, who established our company in 1906, was known for setting the highest standards for the workforce, within the conditions of the day. This legacy remains a hallmark of the UP Group to this day, where we are as committed as ever towards providing the best social amenities for our employees and their families, as well as advancing the economic and social conditions in the surrounding communities.

Our 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".

In this connection, it is most pleasing that UP was recognized for our sustainable development solution initiatives being undertaken in Malaysia during the launch of The Malaysia Chapter of the UN Sustainable Development Solutions Network (UN-SDSN) in 2015. 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. 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.

Employees – Year 2018 to 2021

	2021	2020	2019
UP Bhd	4,217	4,550	5,169
Unitata Bhd. and UniFuji Sdn. Bhd.	291	291	304
Butterworth Bulking Installation Sdn. Bhd.	-	14	16
PT SSS1, Indonesia	1,227	1,243	1,355
Total	5,735	6,098	6,844

Summary of our Group's employees gender mix

	UP Indonesia (PT SSS)	UP Malaysia	UP Group
Percentage Female Employees	22.71%	11.04%	13.53%
Percentage Male Employees	77.29%	88.96%	86.47%

Category of Employees (Malaysian) as at 31 December 2021

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	14	82	35	26	24	79	2	131
Staff	184	138	68	148	106	82	6	229	5	322
Workers	505	319	188	369	267	205	-	614	5	824
Total	800	478	270	599	409	313	31	922	12	1,278

Category of Employees (Other Nationalities) as at 31 December 2021

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	17	3	3	13	4	2*	18	-	-	-	20
Staff	41	12	12	40	1	-	52	-	-	1	53
Workers - PTSSS	888	263	315	745	91	-	1,151	-	-	-	1,151
Guest Workers - Malaysia	3,211	20	977	2,174	80	4	473	10	680	2,064	3,231
Total	4,159	298	1,307	2,974	176	8	1,694	10	680	2,065	4,457

* Danish & British

Grand Total = 5,735



Demonstration on sustainable practices and integrated pest management to the Ambassador and Head of the EU Delegation to Malaysia, His Excellency, Michalis Rokas.

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 the 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.

Human Rights

As the world develops, 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 the 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 in accordance with our striving toward being recognized as second to none within the plantation industry.

Social care and strong emphasis on human rights for employees are increasingly seen as non-negotiable principles by global consumers worldwide. In line with our founding principle of setting the highest welfare standards, UP is fully committed to continuous human rights advancements, and we engage closely with our customers and other stakeholders on new emerging standards and other requirements, in the spirit of shared responsibility.

Human Rights Policy

Our Human Rights Policy provides the over-arching principles which we embed into our standard operating procedures and systems to ensure that our human rights commitments are upheld and operationalised throughout all business functions.



One of our dedicated guest worker from India who have served UP for 7 years. In UP, we currently employ 3,231 guest workers from Bangladesh, India and Indonesia.

To that end, we adhere to the fundamental elements of the International Labour Organization (ILO) Convention and the United Nations Declaration on Human Rights, the Rights of Indigenous Peoples and other core values as ratified by the countries in which we operate. We are also committed to the protection and advancement of human rights including prohibiting retaliation, intimidation and harassment against Human Rights Defenders (HRD), whistleblowers, complainants and community spokespersons, and we acknowledge and respect all universal human rights including prohibiting the use of child or forced labour in our operations.

In line with our continuous improvement approach, we are focusing on minimising risks of any human rights violations within our supply chain. Not least risk associated to forced labour, which is a critical yet complex area that is evolving rapidly and gaining significant international and local attention. During the year, a key part of this journey has been to understand the ILO's 11 forced labour indicators highlighted in the flywheel below, which are important to help companies evaluate whether forced labour is taking place within their supply chains.

We recognise that it is of utmost importance to identify and address any such risks that may be present within our operations and that it is our responsibility to mitigate the potential adverse impacts of these risks on our workers by ensuring that proper checks and balances are in place. This requires a strong implementation culture, systems as well as structures to assure that the risk mitigation initiatives are "built in" and not just "bolted on".



Whilst UP is far from perfect, we dedicate a significant amount of management's and the EXCOM's time to keep ourselves abreast with the latest developments within this important field of forced labour. In combination with a solid understanding of all our working environments and production processes this enables us to spot and thereby react on any warning signals before they materialise into systemic problems on the ground.

At a country level, it is pleasing to note that further steps have been taken by Malaysia to eradicate forced labour by agreeing to ratify the ILO's Forced Labour Protocol (P29) in November 2021. P29 tackles issues that are relevant to Malaysia and emphasizes prevention and suppression of trafficking and forced labour, protection of victims, and improving their access to legal remedies. On top of this, the Ministry of Human Resources (MOHR) with the support of the ILO, have developed a National Action Plan on Forced Labour 2021-2025, which outlines the next 5 years' course of action focusing on awareness, enforcement, labour migration as well as access to remedy and support services with the aim to eliminate forced labour in Malaysia by 2030. This is a testament to the government's commitment to accelerate the efforts to eliminate forced labour, which we applaud and fully support in UP.

Nevertheless, more can be done and there are still areas in need of greater attention, which shall continue to be given our unwavering commitment and focus in 2022. This includes the three forced labour indicators that are directly related to the process of recruiting migrant workers, i.e. deception and abuse of vulnerability leading to debt bondage, which will be covered in more details in the next section on guest workers. Strengthening human rights standards is a journey with no finishing line, and we remain totally committed to our partnership with Verité – a human and social rights NGO – which began

in 2020, and with whom we work closely to transparently address and improve human rights and safety gaps within our supply chain, in line with new emerging practices. With partnerships and collaborations such as this, and through our "Reach and Teach, Reach and Remind" sessions which are carried out meticulously, we want to ensure a workplace that respects and promotes human rights for all regardless of religion, race, age, gender, nationality or physical disability.

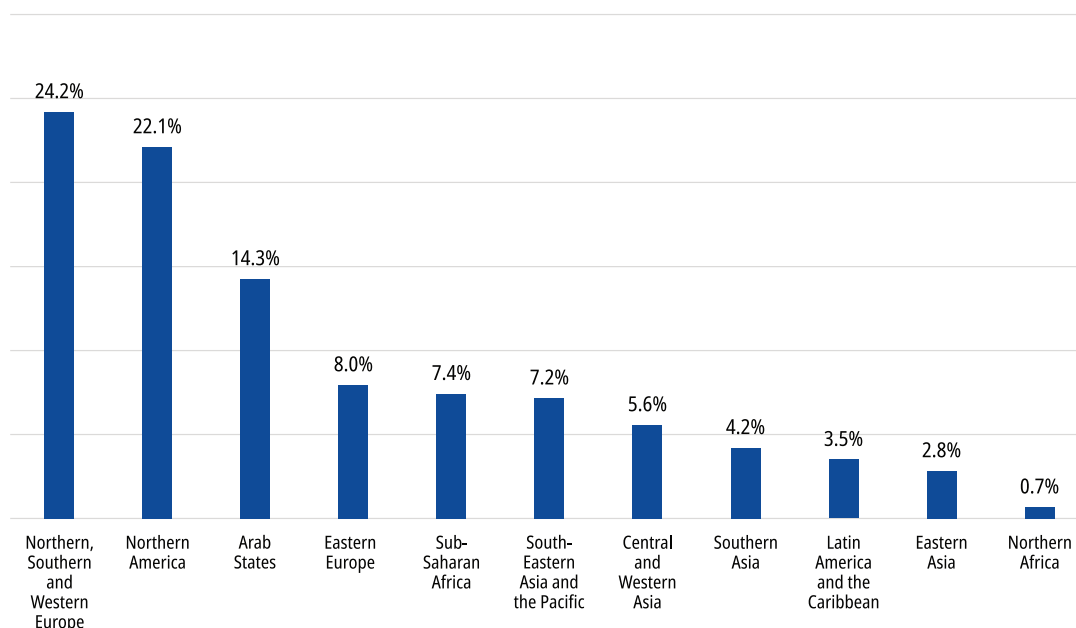
Please refer to our website, www.unitedplantations.com/policies/ for more detailed information on our human rights policy.

Guest Workers Policy

According to a recent study by the ILO, international migrant workers constitute an estimated 169 million people and are an integral part of the world economy. 66% of these are employed in service sectors, 27% in industry and 7% in agriculture, including many Western agricultural sectors, e.g. in Germany, France and the USA who are heavily dependent on migrant workers and cannot function without these hard-working individuals. For origin countries, remittances received, however, also increase national savings, promoting investment and general economic well-being, and "on an individual level, migration allows workers to achieve a higher standard of living and increase the well-being of their families left behind through income transfers", in the words of the ILO.

The Malaysian Plantation sector too remains reliant on foreign labour taking up about 70-75% of the industry's labour requirements today. This is not at the expense of taking jobs away from local Malaysians as they prefer to work in urban cities and are just not interested in being employed as harvesters or to work with other field activities.

Distribution of international migrant workers by broad subregion, 2019



Source: ILO Global Estimates on International Migrant Workers – Results and Methodology – 2021.



One of our Bangladeshi guest workers harvesting an Elite oil palm produced at UPRD demonstrating a good number of bunches even in the low cropping month.

In UP we have 3,231 guest workers – mainly from Bangladesh, India and Indonesia - who we consider as guests, and they are vital partners in our business along with our local workers. In some of these countries, there are risks of systemic human rights abuses, which has become a hot topic that has escalated exponentially in 2021 through numerous reports and media articles on particularly the corrupt practices of undisclosed middlemen as part of the migrant workers' recruitment process.

Ethical Recruitment Practices

In light of this, it has become evident that the fees migrant workers pay to unscrupulous middlemen to secure a job abroad can be way in excess of the statutory- and legally permissible recruitment fees. In combination with today's improved understanding of forced labour risks and indicators, we agree to the growing consensus that more needs to be done to safeguard migrant workers from potentially becoming victims of debt bondage.

In this connection, we have conducted an internal assessment and interviews of our guest workers, and extensively deliberated on various guidelines and studies on migrant worker recruitment and risks related to forced labour by the ILO, The United Nations, The International Organization for Migration (IOM), The Responsible Business Alliance and other relevant organizations. We have also engaged and held discussions with numerous stakeholders and experts from all over the world. This investigation was completed in early January, 2022, and has indeed been a learning experience.

In the absence of a widely accepted multi-stakeholder framework to address the new findings and risks, through close collaboration with Verité and key customers, we

have therefore decided to proactively incorporate ethical recruitment and employer pay principles in our updated Guest Worker Policy, effective 31st December 2021.

With this, we commit to minimize risks of exploitation and debt bondage thereby ensuring that our guest workers are recruited fairly and ethically, and that all reasonable and legitimate costs incurred by the worker during our recruitment processes are covered by UP.

We are also in the midst of finalising a remediation and compensation plan in acknowledgement of the findings from our recently finalised investigation, suggesting that past practices were not sufficient given what we know today. This will help provide remediation to our guest workers for the unscrupulous procedures many of them have been exposed to in their respective home countries during the recruitment process.

With this in mind, we have tried to identify a repayment plan that is reasonable, fair and practical, and with this we acknowledge that appropriate repayment of past recruitment practices plays an important role towards establishing sound policies going forward.

On top of this, we continue to work with Verité to diligently strengthen our recruitment procedures and protocols even further, which includes taking immediate action against any actors in our supply chain who are found to be in violation of our policies.

Finally, whilst waiting for the Malaysian Government to re-open the recruitment avenues for guest workers and release their updated recruitment procedures and MOUs with respective source countries, we have established an in-house toll-free call centre to act as a bridge between the workers from villages to the main

accredited recruiting agents. This is to address the fact that a big part of the problem often lies here, with unknown middlemen in the rural villages trying to charge exorbitant fees to migrant workers in exchange for a job.

The call centre, which is manned by people who speak the local languages, will clarify the overall recruitment process, do's and don'ts for the interested workers, as well as the job scope at the plantation.

Although it is still early days, we are already hearing positive feedback from prospective guest workers who are made aware of their rights, entitlements and watch-outs upfront, through clear communication and expectation setting.

Something which also fosters the development of in-house learning and potentially could improve the public knowledge base on international labour migration and thereby help promote effective and efficient recruitment policies.

At the end of the day, addressing forced labour and recruitment risks is also about recognising and tackling the systemic issues that enable abuses, and appropriate government legislation and effective enforcement is a vital part of this common objective of reducing the risk of labour exploitation.

In the spirit of shared responsibility, we have proactively approached and updated our key customers on all the above and held several meetings to discuss our views and commitments, and to highlight the importance of participating in minimizing risks of forced labour.

The forced labour issue is a challenge that demands action by actors across the supply chain, and it is our firm belief that ethical recruitment and investments in risk mitigating tools is the only right way forward, which most importantly will benefit our guest workers, but also UP and our customers all over the world.

For more information on our Guest Workers Policy, please refer to our website as follows: <https://unitedplantations.com/policies/>

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.

Paying Fair Wages and Employees' Benefits

The average monthly earnings of our workers in Malaysia amounts to RM2,204 which includes productivity incentives and overtime. The minimum wage set by the Malaysian Government in 2021 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 IDR3,459,936 which includes productivity incentives and overtime.

The minimum wage set by the Indonesian Government in 2021 was IDR3,047,533. The average earnings per workers per month are reflected in the table below.

Earnings	2021	2020	2019
Total Average Earnings per worker per month - UP Group Plantations (Malaysia)	RM2,204	RM1,894	RM 1,625
Total Average Earnings per worker per month - UP Group (Indonesia) - Permanent Workers	IDR3,459,936	IDR3,423,246	IDR 3,561,489
Total Average Earnings per worker per month - UP Group (Indonesia) - Temporary Workers	IDR3,205,956	IDR3,279,475	IDR 2,968,447

Decent Living Wage (DLW)

The RSPO Secretariat is in the process of commissioning benchmarks for Malaysia and Indonesia for the palm oil sector and will develop methods to calculate and/or define DLW applicability for all palm oil producing countries in which RSPO members operate.

Meanwhile we are adhering to the national Minimum Wage Order however we are also conducting the prevailing wage assessment as per the RSPO Prevailing Wage Calculation Guidance.

Furthermore UP has proactively worked with several large growers in the industry to engage Monash University for a fair and decent wage assessment and we will strive to commit our suppliers to live up to the payment of DLW to their workers too.

Guest Workers Repatriation and Leave

With 85% of our workforce being guest workers, there is a frequent turnover of employees within our Group. In this respect, we strongly promote freedom of movement, which can be seen in the table below.

Repatriation and Leave during the year	2021	Total number of guest workers (%)
Total number of guest workers	3835	100.00
Repatriation	638	16.64
Gone on leave	266	6.94
Gone on leave and returned	166	4.33
Gone on leave and didn't/ couldn't return	100	2.61

During 2021, 638 guest workers were repatriated upon completion of their employment tenure. Another 266 guest workers went back on leave to their respective home countries but only 166 managed to return.

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 to promote this option, we conduct regular briefings on our Human Rights Policy for all employees to raise awareness on this important Right.

UP Group (Malaysia)	2021	2020	2019
% of staff as members of All Malayan Estates Staff Union (AMESU)	74	74	74
% of workers as members of National Union of Plantations Workers (NUPW)	17	15	15
% of workers as members of Food Industry Employees' Union	52	56	39
UP Group (Indonesia)	2021	2020	2019
% of workers as members of Union*	5	6	6

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

Grievance Redressal Procedure

UP commits to the highest level of transparency while dealing with grievances from our stakeholders, especially our employees. All requests, complaints, grievances, consultations for internal stakeholders are lodged in a standard template called Stakeholders Logbook.

For more information on the grievance redressal procedure for internal stakeholders, please refer to <https://unitedplantations.com/employees/#Grievance-Redressal-Procedure>.

We have also established an in-house toll-free helpline to deal with grievances such as but not limited to housing repair, request for leave/repatriation, human rights related matters, land dispute and any other request or complaints.

Request and Grievances	Malaysian Operations	Indonesian Operations
Housing repair	426	113
Request for leave/repatriation	904	Not applicable for local Indonesian workers in PTSSS
Human rights related matter	0	0
Land dispute	0	0
Others	3*	0

* Pricing of groceries at our Estates' sundry shops.

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 continuous improvements were made during 2021 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 child care 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 ages of 5 to 12 years. Bus subsidies for school children above the age of 12 years old are also provided for.

Social Commitments of the Group	2021 RM	2020 RM	2019 RM	Grand Total RM
Hospital & Medicine for Employees, Dependents & Nearby Communities	2,828,114	2,464,774	2,443,905	7,736,793
Retirement Benevolent Fund *	486,202	692,500	460,656	1,639,358
Education, Welfare, Scholarships & Other	314,887	247,273	323,408	885,568
Bus Subsidy for School Children	88,312	132,354	169,244	389,910
External Donations	307,835	539,806	119,735	967,376
New Infrastructure-Road, TNB and Water-Supply for domestic use	197,401	1,138,072	1,510,388	2,845,861
Employee Housing	10,149,666	6,828,433	4,510,135	21,488,234
Infrastructure Projects, Buildings, Community Halls, Places of Worship	1,963,058	584,829	1,678,719	4,226,606
Provision of Social Amenities	6,109,270	5,416,182	5,975,262	17,500,714
Total	22,444,745	18,044,223	17,191,452	57,680,420

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



One of our Medical Assistants, Mr. Soor Narayanan, on his daily rounds at the Group Hospital in Jendarata. We ensure good hygiene and sanitation in accordance with public health regulations under the supervision of the company's Visiting Medical Officer and his staff.

Places of worship, Group Hospitals & Clinics and an Old Folks' Home to care for the aged and the homeless as well as a fully operational Danish Bakery as part of our care and commitment towards the wellbeing of our employees.

In addition, 17 scholarships were granted to children of our employees during 2021 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 training modules are being carried out on a regular basis throughout the year.

This is monitored and verified by the HRSS team and also through external auditors during RSPO/ MSPO/ ISPO annual audits. As for Staff and Executive levels, training is generally conducted on a group basis.

These trainings modules 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 our Group's employees are the main contributors to our Operational Success.

This training 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 and strive to maintain a safe and healthy working environment for our employees, contractors, visitors and local communities throughout our operations.

This is of paramount importance for all our employees and our respective Managers/Heads of Departments are responsible for 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/.



A tanker of processed and refined oils is safely and carefully inspected before leaving Unitata.

During 2021, we are pleased to inform that there were no occupational related fatal accident within our Malaysian operations. However, our Indonesian operations regrettably experienced one fatal accident due to a harvesting related injury. Such an accident is most unfortunate and our hearts go out to their bereaved family for their loss.

The Group is determined to continue to mitigate all safety risks through robust safety programmes and preventive intervention.

In this connection we will further improve and continue our 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 also continuously

conduct HIRARC on all our operations to raise the level of awareness on safety.

Since 2020, the Company has established a dedicated Safety Division with 6 Safety Officers under the Human Resources, Sustainability and Safety (HRSS) Department to strengthen our commitment.

Our common goal on safety must be “one accident is one too many”, whilst we are still far from that goal, it is indeed pleasing to see that our investment in heightened safety standards is starting to pay off as illustrated by the significant drop in LTIFR during 2021 as seen below.

In 2021, more than 50% of accidents involved harvesting operations (thorn pricks, debris falling into eyes, cutting stalk, fronds falling on body) while the balance were commuting accidents, workshop, fall from height, factory operations, tractor and lorry related, slipped and fall and general works related.

Fatal Accident Rate (FAR per 1000 employees)

	2021	2020	2019
Malaysian operations	0	0.39	0.56
Indonesian operations	0.75	1.41	0

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

	2021	2020	2019
Malaysian operations	5.02	8.31	8.27
Indonesian operations*	87.41	117.20	148.63

*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 Communities

Our business provides livelihood to families, small businesses and organisations 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 and we are committed to promoting socio-economic policies and progress in the 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 they receive financial, social support enabling them to develop by creating jobs, paying taxes and doing business with local enterprises.

Continuous Stakeholder Engagement

UP has engages -both formal and informal with various stakeholders in and around our areas of operation. This is a key aspect of sustainable development and all enquiries by stakeholders are recorded and monitored in order to resolve any ongoing issues.

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 systems 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, any system must therefore 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 misunderstandings/ conflicts and or grievances or raising any issues with UP, the following procedure is adopted in an effective, timely and appropriate manner that is open and transparent to all affected parties.

Procedure for Handling External Stakeholders' Issues

All request, complaints, grievance and consultations for external stakeholders are lodged in the standard template called the Stakeholders Logbook. External stakeholders are considered to be Statutory Bodies, NGOs, Local Communities, Smallholders, Contractors, Third Party FFB Suppliers and Services Providers, whereas internal stakeholders are all employees of UP and their respective trade unions.

Alternatively, these enquiries/grievances can be submitted anonymously to the respective Estate Manager or Head of Department or directly to the Company Secretary, in order to ensure the complainant does not face the risk of reprisal or intimidation. The complainant is free to appoint any independent legal and technical advisor as well as any individuals or groups to support them and/or act as observers, including a third-party mediator.

The Company Secretary of United Plantations Berhad is responsible for the handling of all external enquires and grievances against the Company. The Company Secretary's address is as follows:

Social Commitments



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 2021 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.

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 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 minimise land issues, 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. In this connection, we are pleased to inform that the pending dispute case in our Indonesian operations since 2014 (Pak Jaka Suherman) has been finally resolved amicably and there is no pending land dispute case as of to-date.

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

Landscape Approach

A landscape approach is all about having communities 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.

A Stakeholder meeting is held annually for all of the business units within our operations to discuss and collate their feedback on the Social and Environment Impact Assessment (SEIA). Our SEIA which is reviewed annually with the participation of stakeholders.

On a broader note of partnership, we are collaborating with Copenhagen Zoo on biodiversity conservation, Verité on human rights strengthening programme as well as engaging Professor Jannick from Denmark on the Life Cycle Analysis (GHG).

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

Plasma Schemes and Smallholders

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 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 also hope to steer them away from illegal logging, as well as slash-and-burn activities that can have a huge negative impact on the 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.

Here, they typically work as employees on our plantations, while at the same time getting 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 further, we also provide vital training on plantations management practices and financial arrangements.

As of December 2021, 1,364 Ha of Plasma have been developed for 845 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 2022.



The Jendarata Junior Football players in the making, joyfully enjoying a game of soccer.

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 2021 was deferred until the situation of COVID-19 is normalised.

At the last Smallholder's Field Day which 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.

134 smallholders attended the Smallholders Field Day and they 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) and mechanised harvesting in order to assist them with their agricultural interests.

Demonstration on fire combat procedures were also carried out to further enhance the awareness of neighbouring smallholders in case of fire incidence and were informed to contact UP for emergency assistance in the case of such incidences. We also invited Malaysian Palm Oil Board (MPOB) to provide briefing on the Good Agricultural Practices (GAP) as per their GAP Manual and MSPO certification for smallholders.

Food Security

According to Food and Agriculture Organization of the United Nations, food security is a situation that exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life.

In UP, we ensure all of our Estates' sundry shops provide adequate supply of healthy food to our workers at a reasonable price.

Night markets are held in the Estate on a monthly basis where the workers have access to more varieties of sundry goods. In addition, rice and cooking oil are offered to our workers at a subsidized rate.

All workers are also provided with some land at the back of their houses to plant vegetables and a dedicated area within the housing complex to be planted with fruit trees.

As far as local businesses are concerned, it is crucial for us to understand the impact of our operations on their livelihood.

In this connection, we conduct social and environment impact assessments with the participation of local communities and regular consultations regarding matters that affect both workers and local business owners.



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

Sustainability Governance

Robust governance and risk management are key to our core principles of being a good corporate citizen, doing business responsibly and committing to a long-term perspective. Having received the world's first RSPO certificate in 2008, we continue to raise the bar for RSPO certified palm oil, which is recognised for the highest agricultural standards internationally.

Governance Structure

Strong risk management policies and procedures operationalised through effective sustainability governance in line 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, Human Resources, Sustainability and Safety, Share Registrar and Marketing Departments.

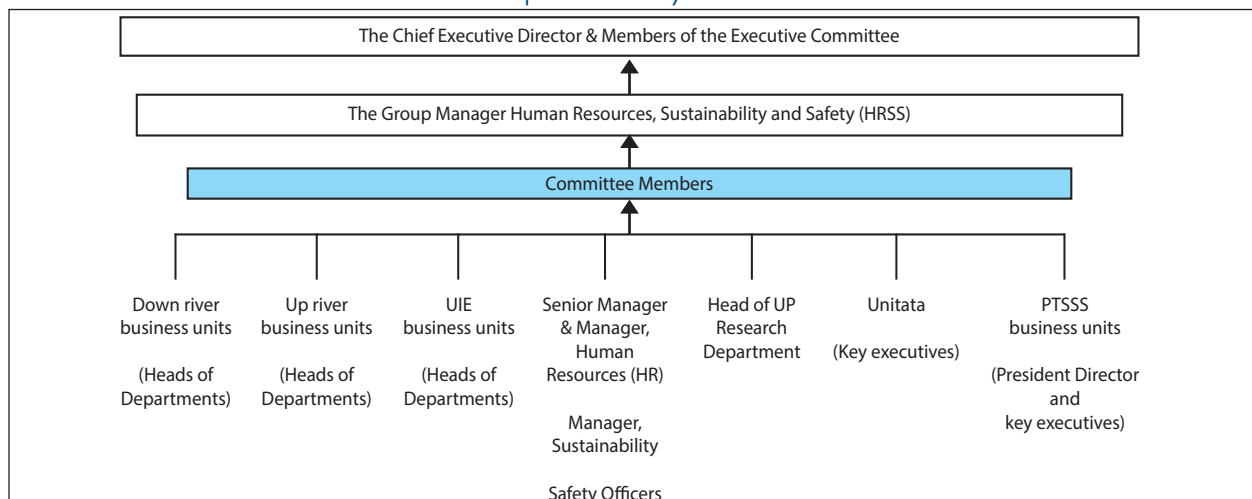
The GSRT collates all the information from the GSC, stakeholders' responses and prepares the Sustainability Report. Sustainability matters have been a subject close to the heart of UP. Officially established in 2003, the GSC provides policy direction on strategic leadership on UP's Sustainability agenda, 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.

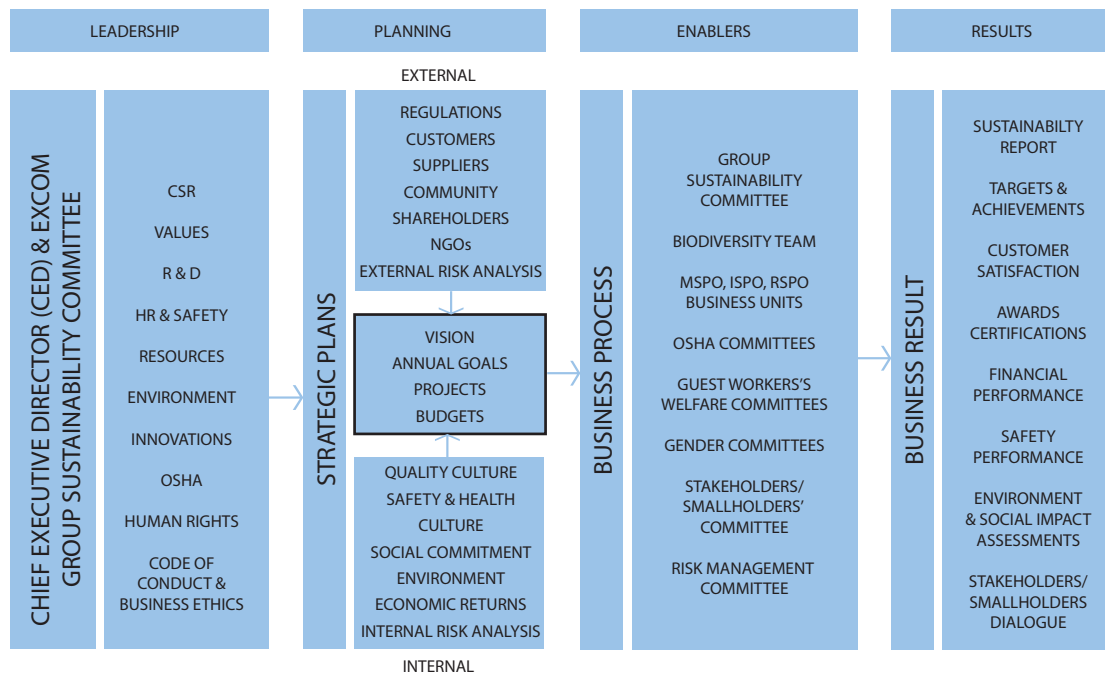
Sustainability Governance Management Structure



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 formalised. 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 SOP's:

- 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.

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 and achievement, we had earlier aimed 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 61% between 2004 and 2021, thereby reaching our original target of 60% reduction four years early. Our new target for 2030 is to reduce carbon footprint per metric tonnes of NBDPO produced by 66%.

Another example is, individual passport lockers have been constructed in all Estates for the voluntary safekeeping of our guest worker's passports and personal documents with 24 hours access.

We have also established an in-house toll-free call centre to facilitate communication with potential guest workers via the “workers recommend workers programme”. Our dedicated call center officer contacts potential guest workers to minimise risks of excessive recruitment fees being charged to workers by to sub-agents or other third party intermediaries in the beginning of their recruitment journey. The proactive step of establishing contact with the potential guest workers prior to their recruitment journey is important to minimise the exploitation taking place from the villages in the source countries.

Awards and Recognitions

In 2021, we were ranked 1st out of 186 companies under the Plantations Sectoral award based on two financial performance indicators by the Edge Billion Ringgit Club:

- Highest Return on Equity over three years
- Highest Growth in profit after tax over three years

We are pleased to inform that UP also received the following awards:

- Significant Achievement in Land Use and Biodiversity from the Sustainable Business Award 2020/2021
- Best Mills in Perak in terms of Overall Environment Standards - Ulu Bernam Optimill from the Department of Environment (DOE), Perak.
- Best Practice on Management of Clean Air in Perak - UIE Palm Oil Mill from the Department of Environment (DOE), Perak.

Sustainability Certifications

Whilst UP has focused on responsible agricultural production for generations, our formal journey towards being recognised 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 26 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.



Awards received from the Edge Billion Ringgit Club for the Highest Return on Equity over three years and the Highest Growth in profit after tax in three years.

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 227,000MT of palm oil and 45,500MT of palm kernels in 2021 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 2021, 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 8,713,872MT or 64.6% of the supply volume of 13,489,144MT in 2021, thereby outpacing demand.

The RSPO certified oil not purchased will still end up in the supply chain without being sold as certified sustainable palm oil. The oil will be downgraded to conventional palm oil which send a negative message to responsible growers worldwide regarding the effort they put into producing the sustainable palm oil.

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 2021.

More attention needs to be given to further raising the uptake of certified sustainable RSPO Palm oil by the CGMs and retailers by demonstrating greater level of ownership which so far is still not up to mark.

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 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 first six months of 2022.

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 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 2021 is 86.2% resulting in UP being ranked as number 6 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/.



The newly commissioned MSD3 at Unitata Refinery

Marketplace

United Plantations is committed to the world's highest standards of sustainability, quality, and product traceability, right from the agricultural source in our upstream plantation operations to the final products from our downstream refining activities. We aim for continuous improvements and work towards building long-term relationships through proactive discussions about sustainability, global trends, health and nutrition with customers, suppliers, business partners and other stakeholders in the global marketplace, in the spirit of shared responsibility

The strive for the highest possible global food safety, sustainability, and quality standards starts from the very beginning of the UP Group's integrated business activities. By controlling all areas of the production, we are able to comply with the strictest international requirements, offering high-quality sustainable products with the lowest carbon footprints and contaminant levels in the world.

Today, we operate two state-of-the-art palm oil refineries, Unitata Berhad and UniFuji Berhad, that are responsible for value-adding UP's certified sustainable crude palm oil and crude palm kernel oil into high-quality processed products, which are shipped to our customers worldwide.

Unitata became the first integrated inland refinery in Malaysia in 1974 and over the last 50 years has become a well-recognised international supplier of specialty fats and vegetable oil fractions, not least due to our close collaboration with AAK, a world leader in specialty oils and fats.

UniFuji, our joint venture with Fuji Oil, was inaugurated in late 2018 and is the first refinery in the world to run completely fossil fuel-free by using renewable energy produced from biomass waste, and provide full traceability from seed to finished fractions, based on supply from UP. A perfect example of the circular economy.

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.

Commitment to Quality



Our commitment to quality is an integral part of UP's corporate culture, and it is our strong objective to deliver premium quality products that are safe and based on the highest standards and level of responsibility.

As part of this commitment, and to uphold Unitata and UniFuji as premium oil quality producers, much emphasis is therefore placed on quality assurance throughout the various stages in both refineries, to meet the statutory and legal requirements for the total satisfaction of our valued customers worldwide.

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 as well as high product quality and food safety.

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

This is in line with our philosophy of:

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

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

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

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

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

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

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. This has 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, in which 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 ($\mu\text{g}/\text{kg bw per day}$.)

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 enables 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.

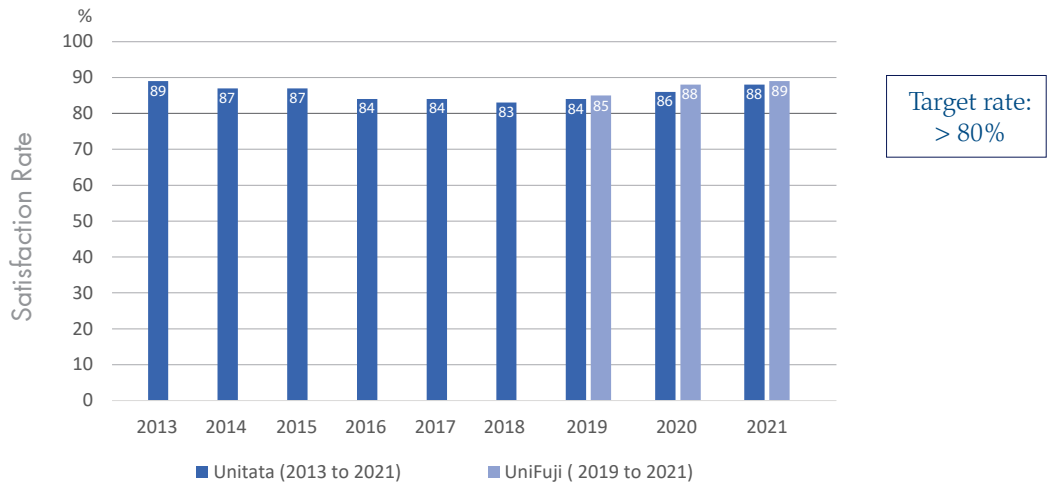
MOSH is believed to accumulate in human tissue and cause adverse effects to the liver while MOAH, the greater menace of the two, is reported to be genotoxic carcinogens and may cause damage to the DNA leading to cancer. Hitherto, there has been no binding threshold limits set by the EU legislature save 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 Chief Executive Director 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 successfully throughout the plantations, mills and the refineries. As a result of the goal-directed quality controls and assessments, UP, Unitata and UniFuji are today able to meet the very stringent customer demand for oils used in a variety of food products, especially in the production of infant formula. Overall, we aspire to be a wellspring of adaptive-competence when faced with new challenges, and hence, we are committed to further reducing the levels of novel contaminants that are detrimental to the human health.



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

Customer Satisfaction Survey



Customer Satisfaction

At Unitata and UniFuji, the annual customer satisfaction survey is used to measure how our finished products meet our customers' expectations. This 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.

By interactions with customers and other stakeholders, a deep understanding of this responsibility has been developed and provides a healthy avenue for continuous improvements 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.

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 continuous customer satisfaction, which cannot be taken for granted in the competitive business of refining.



Bottling of Final Touch - high-quality cooking oil - at Unitata Berhad.

Food Safety and Certifications

Our commitment to food safety for sustainable and consistent high-quality products is endorsed by relevant international certification bodies, and 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 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 encompasses four pillars of responsible practices, i.e. Labour, Health and Safety, Environment and Business Ethics.

In March 2020, UniFuji was also 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.

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.

MSPO and RSPO Supply Chain Certifications

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

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

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

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 the 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 that 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 its first verification audit by one of our key customers for supply of RSPO certified palm kernel oil materials. The audit, which was a full traceability audit on the origin of materials supplied by Unitata Bhd, was conducted independently by a third party auditor appointed by the customer, who concluded that the material sourced by the customer is 100% traceable throughout the supply chain.

In addition to the RSPO certifications, Unitata and UniFuji successfully achieved the MSPO supply chain certification in 2019.

Traceability

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.

This entails our commitment to ensure that the certified sustainable palm oil and palm kernel oil used in the production of finished goods actually come from sustainable sources.

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.

This is in line with the increasing interest for certified sustainable and segregated palm oil as many global brand manufacturers have now committed to only use RSPO certified and segregated palm oil solutions.

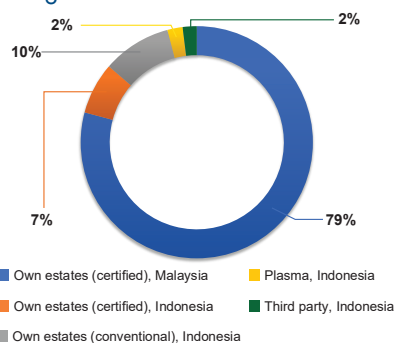
Upstream Traceability

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 in Indonesia is RSPO certified under the Mass Balance Supply Chain model (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
Koperasi Tani Bahagia	600918	9678406
Koperasi Karya Tunggal Jaya	589868	9728251
CV Inti Sawit Perkasa/Bapak Iswanto	591276	9708506

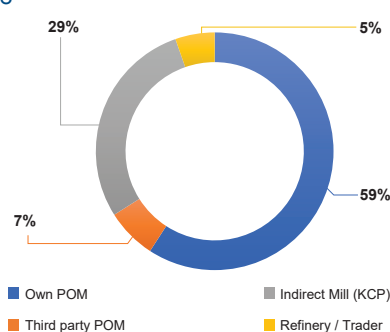
As at 31 December 2021.

Downstream Traceability - 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 2021 is summarized in the below chart:

Origin of raw material sourced at Unitata Bhd.



Origin of raw material sourced at Unitata Bhd. (%)			
Own POM (Certified)	Third party POM (Certified)	Indirect Mill (KCP) (Conventional)	Refinery / Trader (Conventional)
59.15%	6.88%	28.61%	5.36%

From this, it can be seen that the RSPO-certified percentage of all palm oil products handled/traded/ processed (tonnes) is 66.03% (59.15% + 6.88%).

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 Kernels (PK) can be traced back to the plantations, however, as our use of CPKO exceeds the volume of CPKO derived from our own PK production, we source significant volumes of CPKO from external Kernel Crushing Plants (KCP) of which the main portion can only 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 of 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 (3)	100%	third party mills (3)	100%
PK	own mills (4)	100%	own mills (4)	100%
	third party mills (4)	100%	third party mills (4)	100%

As at 31 December 2021, total CPO and PK supplying mills is 9, consisting of 4 owns mills and 5 third party mills. The breakdown of these 5 third-party mills is as per below:

- 1 mill supplying CPO only
- 2 mills supplying PK only
- 2 mills supplying both CPO and PK

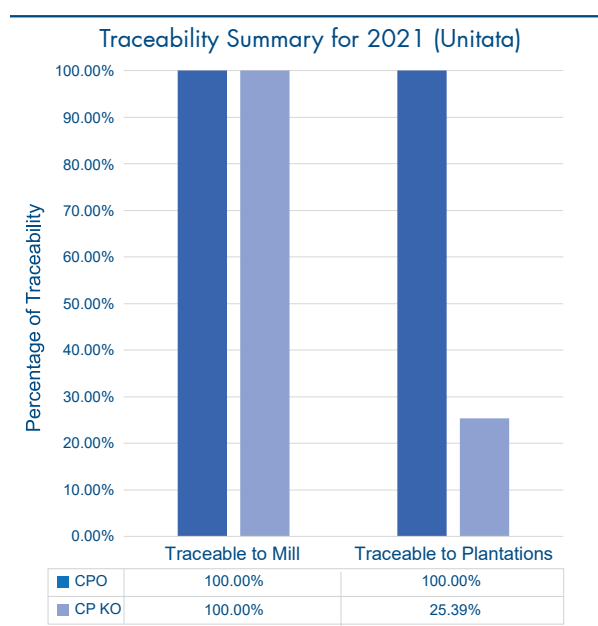
All of the above own and third-party supplying mills 100% source from their own plantations.

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	100	100

For further details of our direct and indirect supplier mills please refer to www.unitedplantations.com/wp-content/uploads/2022/02/Thirdpartyindirectsuppliermills2021.pdf

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



The traceability for the overall combined volume sourced at Unitata for CPO, CPKO and refined products (from external refineries) as at 31 December 2021 is as tabulated per below:

Summary of the Traceability - Unitata	
Traceable to Plantations	66.03%
Traceable to Mill	100.00%

The percentage of derivatives sourced from intermediary traders/refiners as at 31 December 2021 is as follows:

	Refinery / Trader
Percentage	5.65%

Downstream Traceability – 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 our customers. The origin of the raw material sourced in the year 2021 can be summarized as per the table below.

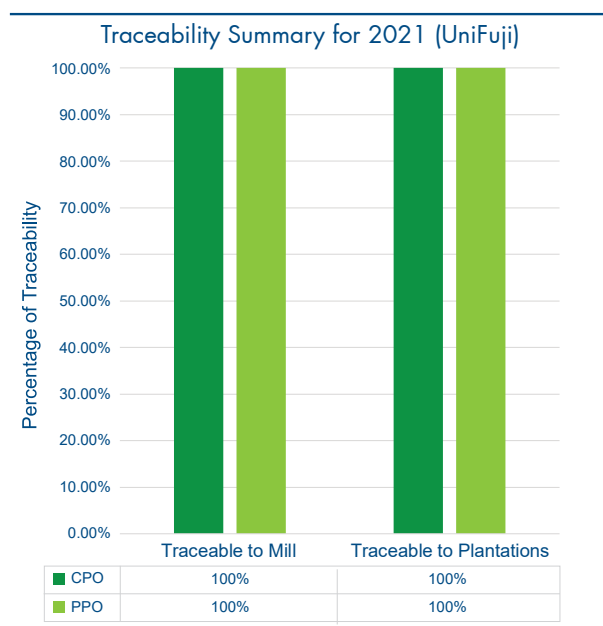
Direct Mill Supplier:

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 (2)	100%	own mills (2)	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%

This can be further summarized and illustrated as follows:



Suppliers

Evaluation of Suppliers' 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, thereby ensuring positive developments insofar as sustainable palm oil production is concerned. As an important step towards improving our sustainability credentials within the economic, environmental and social areas of our business, we have invited our suppliers to join us on this journey.

With this we aim 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 questionnaires (SAQ), supplier audits, on-site verifications and follow-ups related to food safety as well as MSPO and RSPO certifications. At the same time, we also assist our suppliers in improving the scores of their SAQ to meet the commitment in our Responsible Palm Oil Sourcing Policy and Code of Conduct.

Upstream Suppliers Evaluation

In UP we have developed a Self-Assessment Questionnaire (SAQ) to evaluate our third party FFB suppliers within the upstream business area. Based on this, we discuss findings and explain and promote on an annual basis, our policies on health and safety, workers' rights as well as our expectations on their adherence to our Suppliers' Code of Conduct and Responsible Sourcing Policy. Furthermore, we conduct site visits and trainings to improve good agricultural practices and promote sustainable palm oil policies and its

implementation on the ground. The training sessions include emergency response to accidents (first aid), safe handling of pesticides with appropriate Personal Protective Equipment (PPE), effective use of pre-emergent herbicides to reduce chemical usage, and integrated pest management (IPM) and mechanized harvesting in order to assist them with their agricultural interests.

In addition, demonstration of fire combat procedures was carried out to further enhance the awareness of neighbouring smallholders in case of a fire incidence and were they 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, since the COVID-19 outbreak in 2020, we have been unable to conduct any site visits nor trainings for our third party FFB suppliers as per our annual training programme. This is nevertheless expected to resume during 2022 barring any new wave of Covid-19 outbreak.

Downstream Suppliers Evaluation Operations

At Unitata and UniFuji, we have also 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 our Responsible Palm Oil Sourcing Policy. Through this engagement, we categorize them as high risk, medium risk or 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 Responsible 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, and to obtain their certificates to ascertain food safety and quality standards, as well as evaluate their hygiene and sanitation compliance.

In the event that any suppliers are found to be in violation or breach of the above policies or our Supplier Code of Conduct and thereby perceived 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 cooperation, encourage, and coach the supplier to implement the action plan by providing necessary support to see how challenges can be overcome and implemented. 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 the commercial relationship with the supplier. The overview of suppliers (FFB, CPO, CPKO and processed palm oil) that have been self-assessed on the key elements of Responsible Sourcing are as follows:

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 2021.*



An aerial picture of the Jendarata palm oil, housing facilities and the Unitata refinery, showing our integrated sustainable value chain. In the background one can see the Bernam River sneaking its way into the Straits of Malacca.

Our Integrated Sustainable Value Chain

The UP Group's commitment to the world's highest standards of sustainability, quality, and product traceability is built into our DNA and forms the basis of our integrated value chain, from early R&D activities and seed production, to the final product. It is this commitment towards excellence across every aspect of the value chain that sets UP apart and enables us to produce the world's finest palm oil with the world's lowest footprint for our customers.

R&D

Through our Research Department established in the early 1950s, much focus is directed towards improving yields of future generation oil palms and coconut palms to increase our land productivity

1. Breeding



In our seed gardens, pollen from premium Pisifera palms are used to pollinate Deli Dura mother palms with high yield traits

2. High yielding seeds



High yielding Tenera seeds are produced from carefully selected mother palms under stringent quality requirements

3. Tissue culture



To increase our land productivity, we also complement traditional breeding with tissue culture & molecular technologies

GROWTH

After 12 months in the nursery, the young seedlings are planted in the fields. The oil palm is then considered immature until fruit bunches are produced after about 30 months

4. Seeds planted in pre-nursery



Germinated seeds hand-planted in poly-bags & gently nurtured in the pre-nursery for 3 months. Seedlings emerge after 1-2 weeks

5. Main nursery growth spurt



Seedlings are transplanted into larger 20 kg. polybags at the main nursery, where they receive 9 months of meticulous care

6. Immaculate field planting



Transfer of nursery seedlings to field, and manual planting in orderly and well-lined rows of about 150 oil palms per hectare

7. Establishing cover crop



Leguminous cover crop is established in newly replanted fields to fixate nitrogen suppress weeds, conserve moisture and reduce erosion

POLLINATION

Oil palms have both male and female flowers and are pollinated through wind and insects. Each palm can produce about 12-14 fresh fruit bunches per year, each containing over thousand fruitlets

8. Insect pollination



Oil palms are both wind & insect pollinated, the latter being efficiently handled by the pollinating weevil *Elaeidobius Kamerunicus*

9. Harvesting of fruit bunches



Efficiency is key to maintain low harvesting rounds, high yields, and to keep the fields healthy and productive for generations

10. Tall palm harvesting



Harvesting (and pruning) of tall oil palms sometimes exceeding 15 metres is a manual task requiring skilled workers

HARVEST

The oil palm is a perennial crop, which must be attended to approximately every two weeks all year round. Timely harvesting intervals and fruit evacuation is crucial in order to achieve high yields and quality

11. Fruit bunch loading



Quick evacuation of fresh fruit bunches after harvesting ensures the highest quality for further processing at the palm oil mills

12. Gentle transport, low GHG footprints



UP's unique light Railway System facilitates an efficient, timely and gentle transport of fresh fruit bunches to the palm oil mill

13. Receiving fresh fruit bunches



Fresh fruit bunches are quality checked & railway wagons are weighted at the mill's weighbridge before further processing

MILLING

The milling process and operations are targeted at extracting as much crude palm oil and palm kernels as possible from the incoming fruit bunches, which ideally are no more than a day old upon processing

14. Sterilisation



Quick processing ensures high oil quality. Cages enter directly into the sterilisers, where fruits are cooked under pressure

15. Digestion & screw pressing



At the screw press station, crude palm oil from cooked fruitlets is extracted and separated from shells, nuts and fibre

PRODUCE

Whilst the extraction of crude palm oil and palm kernels often receives the most attention, it is also of great economical and environmental value to utilise all by-products

16. Palm fruit fractions



Crude palm oil (CPO) and palm kernels are extracted from the mill, and fibres, shells & empty bunches sent for further processing

17. Renewable energy



Fibres and shells sent to the biomass boiler for production of green steam & electricity, which is used at the oil mills & refineries

18. Renewable energy from effluent



Under anaerobic conditions in the biogas plant, microorganisms convert mill effluent into renewable energy thus reducing GHGs

REFINING

Crude palm oil and other oils and fats are processed into value-added products by removing contaminants and other undesired traits, and undergoes processes like blending, fractionation and interesterification

19. Consistent incoming supply



High quality crude oils are checked on arrival and pumped into designated and secured storage tanks for further processing

20. Refining



As a first step towards meeting customer requirements, most of the free fatty acids are removed by refining the crude oil

21. Bleaching & deodorisation



Automated bleaching and deodorisation remove remaining free fatty acids, colour, odour and other undesired impurities

22. Quality control



Quality control is carried out throughout all stages to ensure the highest product quality and food safety for our customers

PRODUCTS

Whether shipped in bulk or blended into packed specialty fat formulations, all products must strictly comply with the highest food safety and quality requirements before being shipped to customers worldwide

23. Product filling



Processed and refined oils are blended into specialty fats, and filled in automated filling lines under strict hygienic conditions

24. Delivery to customers



Bulk products are delivered in road tankers, ISO tanks or flexi-tanks, whereas packed goods are delivered in trucks or containers



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Independent Limited Assurance Report to United Plantations Berhad and its subsidiaries (“the Group”) on the Selected Sustainability Information for the year ended 31 December 2021 as published in the Annual Report 2021

We, KPMG PLT (“KPMG”), were engaged by the Group to provide limited assurance on the Selected Sustainability Information, the (“Subject Matter”), listed below, for the year ended 31 December 2021 as published in the Annual Report 2021 (“the Report”), in the form of an independent limited assurance conclusion as to whether the Subject Matter is in all material respects 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, the (“Applicable Criteria”).

Subject Matter

Selected Sustainability Information includes the following data for the year ended 31 December 2021:

1	Total average earnings per worker per month	6	Local and international certifications, and Roundtable on Sustainable Palm Oil (“RSPO”) certifications
2	Lost time injury frequency rate	7	Usage of pesticides/ herbicides
3	Fatal accident rate	8	Area planted on peat (hectareage as per the peat soil map from United Plantations Research Department (“UPRD”))
4	Mill water consumption in processing Fresh Fruit Bunches (“FFB”)	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
5	Domestic water consumption	10	UP’s Suppliers’ engagement and assessment/programme to support suppliers (FFB, CPO, CPKO and processed palm oil)

The boundary of the limited assurance engagement by KPMG represents the Group’s operations in Malaysia and Indonesia.

Board of Directors and Management’s Responsibilities

The Board of Directors and Management of the Group are responsible for the preparation and presentation of the Subject Matter in accordance with the Applicable Criteria, and the information and assertions contained within it; for determining the objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived. The Board of Directors and Management of the Group are responsible for the prevention and detection of fraud and error mainly through the implementation and continued operation of an adequate system of internal control. The Board of Directors and Management of the Group are also responsible for ensuring that staff involved with the preparation and presentation of the description of the Subject Matter and the Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units. The Board of Directors and Management of the Group are responsible for disclosing to us their knowledge of: (i) known, actual or possible non-compliance with laws or regulations that have or may have a material effect on the Subject Matter and the Report; and (ii) allegations of or suspected fraud or dishonesty committed against the Group. The Board of Directors and Management of the Group are responsible to make available to us draft the Subject Matter and the Report and any other information timely to facilitate the completion of the engagement within the required time frame. The Board of Directors and Management of the Group are responsible for disclosing to us facts that may affect the Subject Matter and the Report, of which they may become aware during the period from the date of the assurance report to the date the Subject Matter and the Report are issued.

Our Responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a limited assurance opinion based on the work performed and evidence obtained. 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* as adopted by the Malaysian Institute of Accountants (“MIA”). ISAE 3000 (Revised) requires that we comply with the requirements of the By-Laws (On Professional Ethics, Conduct and Practice) of the MIA including independence, and implement quality control procedures that are applicable to the individual engagement in accordance with the requirements of International Standard on Quality Control (“ISQC”) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* as adopted by the MIA and plan and perform our engagement to obtain limited assurance that nothing has come to our attention that causes us to believe that the Subject Matter, in all material respects, is not prepared in accordance with the Applicable Criteria. We have complied with the independence and other relevant ethical requirements of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (*including International Independence Standards*) (“IESBA Code”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Those standards require that we comply with ethical requirements. We exercise professional judgement and maintain professional scepticism throughout the audit.



Procedures Performed

Our limited assurance engagement on the Subject Matter consists of making enquiries, primarily of persons responsible for the preparation of the Subject Matter presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Enquiries of management to gain an understanding of the processes for determining material issues for key stakeholder groups;
- Interviews with senior management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Interviews with relevant staff at the corporate and business unit level responsible for providing the Subject Matter in the Report;
- Interviews with sites, selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria;
- Identify the risks of material misstatement of the Subject Matter and the Report, whether due to fraud or error, design and perform limited assurance procedures to address those risks, and obtain limited assurance 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;
- Obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Compare the Subject Matter presented in the Report to corresponding information in the relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;
- Evaluate the Subject Matter presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Group;
- Evaluate the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

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.

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.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Based on the limited assurance procedures performed and evidence obtained, as described above, nothing has come to our attention that would lead us to believe that the Subject Matter included in the Report of the Group for the year ended 31 December 2021, in all material respects, is not prepared in accordance with the Applicable Criteria.

Purpose of our report

In accordance with the terms of our engagement, this report on the Subject Matter has been prepared for the Group and for no other purpose or in any other context.

Restriction of use of our report

Our report should also not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than United Plantations Berhad, for any purpose or in any other context. Any party other than United Plantations Berhad who obtains access to our report or a copy thereof and chooses to rely on our 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 Berhad for our work, for this report, or for the conclusion we have reached.

Our report is released to United Plantations Berhad on the basis that it shall not be copied, referred to or disclosed, in whole (save for United Plantations Berhad own internal purposes) or in part, without our prior written consent.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Petaling Jaya
25 February 2022

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 ₂ eq) 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.

Governance

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Our Audit Committee team holding a regular discussion prior to commencement of the audit of a business unit.

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 2021 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 2021 except for the followings:

Practice 1.4

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

Practice 5.2

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

Practice 5.3

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

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

Practice 5.9

The board comprises at least 30% woman directors.

Practice 6.1

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

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluation.

Practice 12.2

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

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 and Risk 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 119 to 120 of this Corporate Governance Overview Statement 2021.

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. Dato' Mohamad Nasir bin Ab. Latif (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 and Risk 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 2021 to deliberate on the new service contract of one executive director as well as bonuses for the 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		Salary*	Bonus	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 (<i>ret'd 22 April 2021</i>)	50,630	-	-	-	-	100,000	3,000	153,630
Ybhg. Dato' Mohammad Nasir bin Ab. Latif (<i>Chairman, Independent, Non-Executive</i>) (<i>wef 22 April 2021</i>)	145,055	-	-	-	-	8,703	9,000	162,758
Ybhg. Dato' Carl Bek-Nielsen (<i>Chief Executive Director</i>)	100,000	25,000	1,890,000	78,750	64,120	323,722	6,000	2,487,592
Mr. Ho Dua Tiam (<i>Non-Independent, Non-Executive</i>)	100,000	-	-	-	-	-	6,000	106,000
Mr. Ahmad Riza Basir (<i>Independent, Non-Executive</i>)	110,000	-	-	-	-	-	13,500	123,500
Y. Hormat Dato' Jeremy Derek Campbell Diamond (<i>Independent, Non-Executive</i>)	120,000	-	-	-	-	-	16,500	136,500
Mr. Martin Bek-Nielsen (<i>Executive Director</i>)	100,000	20,000	1,770,000	75,250	60,361	303,127	6,000	2,334,738
Mr. Loh Hang Pai (<i>Executive Director</i>)	100,000	-	1,006,500	100,000	38,163	190,935	6,000	1,441,598
Mr. R. Nadarajan (<i>Independent, Non-Executive</i>)	110,000	-	-	-	-	-	16,500	126,500
Madam Rohaya binti Mohammad Yusof (<i>Non-Independent, Non-Executive</i>)	100,000	-	-	-	-	-	6,000	106,000
Mr. Jorgen Balle (<i>Non-Independent, Non-Executive</i>)	100,000	-	-	-	-	-	6,000	106,000
Ms. Belvinder Kaur a/p C Nasib Singh (<i>Independent, Non-Executive</i>) (<i>wef 6 Nov 2021</i>)	15,342	-	-	-	-	-	1,500	16,842
Total	1,151,027	45,000	4,666,500	254,000	162,645	926,488	96,000	7,301,660

* including additional remuneration

B1.3 Audit Committee

The Audit and Risk 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 and Risk Committee are as spelt out under the Terms of Reference. The activities of the Audit and Risk Committee during the financial year 2021 have been described at length in a separate statement in this Annual Report (pages 115 to 118).

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 and Risk 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 2021, 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 2021, 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 20 December 2021, that Dato' Jeremy Derek Campbell Diamond who has each served on the Board for twenty (20) years and Mr. Ahmad Riza Basir who has served on the Board for twenty one (21) 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 and Risk 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 and Risk Committee.

The above independent directors have provided annual confirmation of their independence to the Nomination Committee and the Board.

The Board had recommended the continuation of these two (2) directors as independent directors of the Company at the forthcoming Annual General Meeting as the Board believe 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 had 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.

For the forthcoming Annual General Meeting, the proposal for their retention as Independent Directors has also been considered by the Nomination Committee and the Board. Mr. Ahmad Riza Basir has expressed his intention to retire from the Board and his office will cease at the end of the Annual General Meeting. The filling of the vacancy on the Board upon Mr. Ahmad Riza Basir's retirement will be the priority of the Company to refresh the Board.

In the meantime, with the retirement of Tan Sri Datuk Dr Johari bin Mat on 22 April 2021 and the appointment of Ms Belvinder Kaur as independent director on 6 November 2021, the number of Independent Director remains at five (5) out of the Board size of eleven (11) members. The Board notwithstanding the view that diversity should be in tandem with expertise, experience and skills and not

gender alone acknowledges the importance of the establishment of a gender diversity policy. Hence, the Nomination Committee has been tasked to look for suitably qualified female candidates when there is a vacancy.

The appointments of Puan Rohaya binti Mohammad Yusof on 30 November 2017 and Ms Belvinder Kaur on 6 November 2021 on the Board represents the Board's commitment to consider women directors on the Board. These two (2) female directors represent 18% female participation on the Board.

The Board shall continue to increase woman board representation on the Board.

D. Foster Commitment

The Non-Executive Directors are expected to commit approximately 30 to 45 days in a year of his/her time to the Group.

Time spent include not only formal board meetings but also for 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, ESG, sustainability 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 summarised herebelow:-

Directors	No. of Meetings	
	Attended	Held
Ybhg. Dato' Mohamad Nasir bin Ab. Latif - 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	4	4
Mr. Jorgen Balle	4	4
Ms. Belvinder Kaur a/p C. Nasib Singh*	1	4
Ybhg. Tan Sri Datuk Dr. Johari bin Mat**	2	4

* Appointed on 6 November 2021

** Retired on 22 April 2021

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 2021 were:

- 1) Directors' Training on ESG organized by Yinson Holdings Bhd & PWC on 10 January 2021. (Virtual)
- 2) Governance and ERM and Including MCCG 2021 Consideration organized by Institute of Enterprise Risk Management on 9 February 2021. (Virtual)
- 3) Adapting to the new normal organized by Ernst & Young Advisory on 9 February 2021. (Virtual)
- 4) FIDE Program: Bank Core Module B organized by FIDE on 1 - 10 March 2021. (Virtual)
- 5) Section 17A and Adequate Procedures organized by RHB Bank Berhad & MACC on 2 March 2021. (Virtual)
- 6) Federal Budget 2022 organized by Ernst & Young on 12 March 2021. (Virtual)

- 7) Webinar Series: Audit Committee Conference 2021 organised by MIA on 15 - 16 March 2021. (Virtual)
- 8) Annual Palm & Lauric Oils Conference & Exhibitions: Price Outlook 2021 (POC 2021-23 - 24 March 2021) organised by Bursa Malaysia. (Virtual)
- 9) When Governance Fails - Red Flags, MCCG 2021, Impact of Covid & Emerging Risks and What We Need To Do To Ready Our Organisation, organised by Ernst & Young Advisory on 8 May 2021. (Virtual)
- 10) MFRS17: Insurance Contract organized by Ernst & Young Advisory on 5 June 2021. (Virtual)
- 11) Internal Capital Adequacy Assessment Process (ICAAP) organised by RHB Bank Berhad on 9 June 2021. (Virtual)
- 12) Section 17A MACC Act organized by Yinson Holding Bhd & MACC on 5 July 2021. (Virtual)
- 13) Defending your Company & Keeping up to date with "Key Cybersecurity Risks" organized by FTI Consulting Malaysia on 6 August 2021. (Virtual)
- 14) Digital Transformation in Islamic Finance Towards Shariah Compliance organised by RHB Bank Berhad on 11 August 2021. (Virtual)
- 15) Khazanah Mega Trends organised by Khazanah Nasional Berhad on 4 - 6 October 2021. (Virtual)
- 16) Climate Change: Impact on banks & Role of the Board organised by FIDE on 20 November 2021. (Virtual)
- 17) Bursa Corporate Governance Guide Focus Group organised by KPMG on 26 November 2021. (Virtual)
- 18) Audit Oversight Board Conversation with Audit Committee event Session 2 organised by Securities Commission Malaysia on 6 December 2021. (Virtual)
- 19) The Convergence of ESG & Shariah: FTSE4Good Bursa Malaysia Shariah organised by Employees Provident Fund & Bursa Malaysia on 10 December 2021. (Virtual)

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 recognises its responsibility for the group's system of internal controls. In this connection, the Audit and Risk 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 and Risk 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 and Risk 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 and Risk Committee, at its meetings. The external auditors and representatives of the management are present to answer questions and provide explanations to the Audit and Risk Committee. The activities of the Audit and Risk 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 and Risk 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 and Risk 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 or virtually 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 2021. 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 EXCOM together with the Company Secretary having a Board Meeting with the Chairman and the remaining Board members participating remotely through video conferencing.

Statement On Directors' Responsibility As At 31 December 2021

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 United Plantations Berhad for the financial year ended 31 December 2021 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 below. The Risk Management Framework overlaps with the Sustainability Governance Management Structure.



Risk Management Approach

Because of the limitations that are inherent in any system 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 recognizes 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

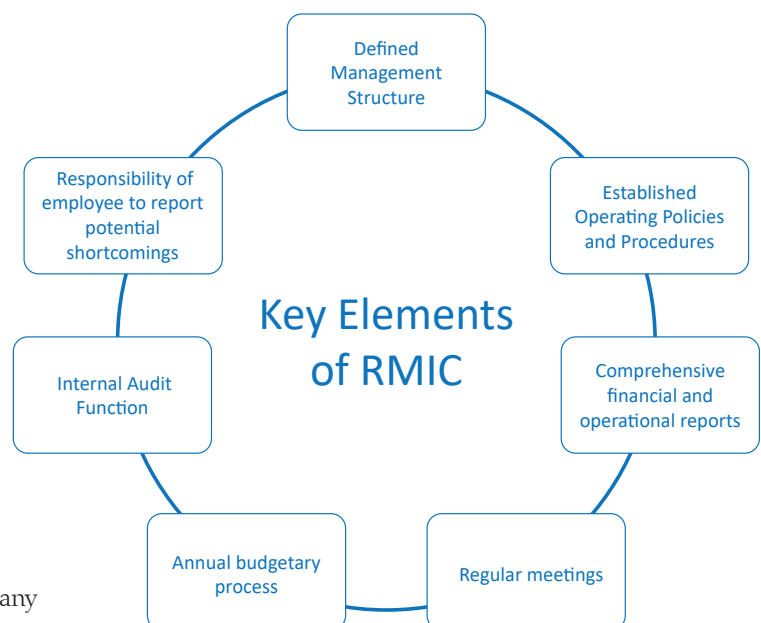
critical areas, assessing the likelihood of material exposures and identifying the measures taken and the time frame to mitigate and minimise these risks.

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 and Risk 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 and Risk Committee is further elaborated in the Audit and Risk Committee Report on pages 115 to 118. 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 recognises 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 2021 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

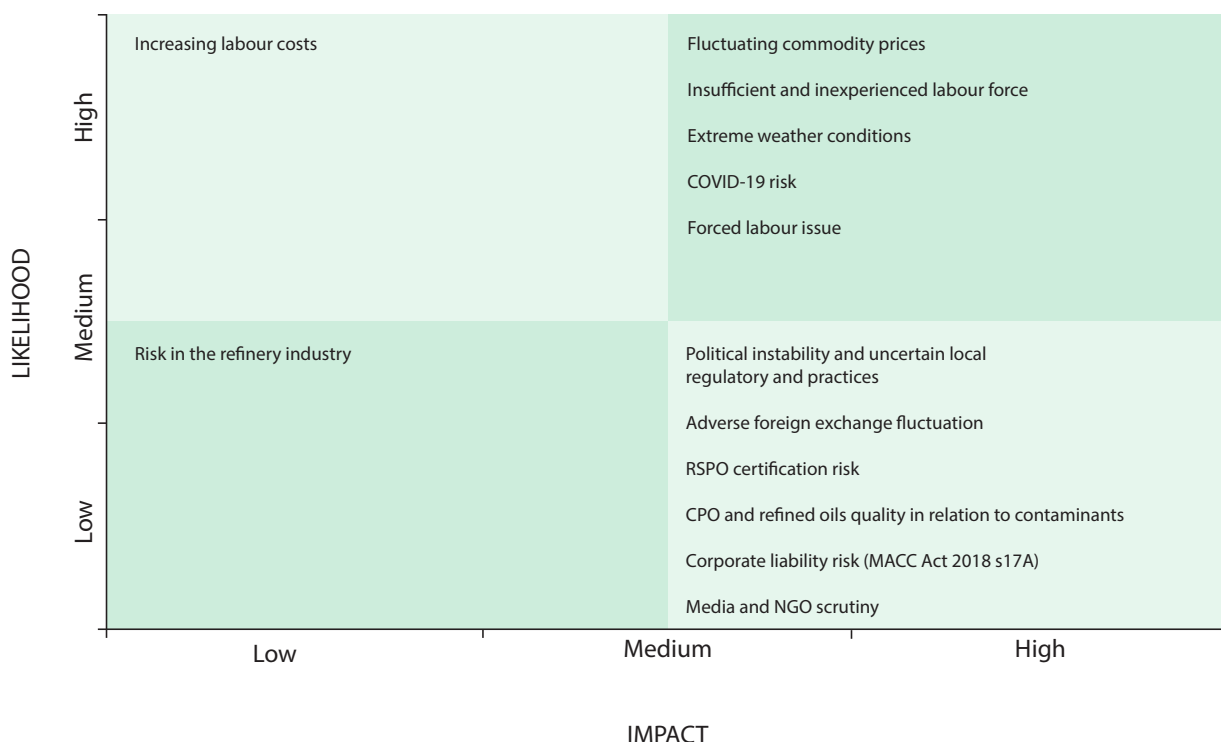
Recommended Practice Guide ("RPG") 5 (Revised), Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Group's Annual Report for the year ended 31 December 2021 and reported to 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 in 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.

2021 Risk Chart



Audit and Risk Committee Report

Members of the Audit and Risk 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 and Risk 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 and Risk 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 and Risk Committee during the year

The Committee held five (5) meetings which include 3 (three) virtual meetings due to Movement Control Order (MCO) in 2021 to conduct and discharge its functions in accordance with the Terms of Reference

mentioned above. Details of Directors' attendances at Audit and Risk 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 and Risk 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 and Risk Committee also had two (2) sessions with the internal 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 2021 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 to date listing with explanation if expenditure to date 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 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 2021 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 and Risk 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 and Risk 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 2021, 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 and Risk 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 and Risk 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 and Risk 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 14 (2020: 15) audit engagements (in-house internal audits) were completed in 2021. The in-house internal audit team visited 2 estates (2020: 5) in 2021 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, 10 special audits (2020: 8) were conducted primarily focusing on COVID-19 SOPs compliance,

checking of harvesters and huskers wages for compliance with regulations, review of SOPs compliance in the research department and refinery, review of budget compliance for capital expenditure items and review of cash handling procedures in estate (2020: foreign workers recruitment costs, harvesting contracts, stock purchases, fuel issuance and surprise coconut counts).

The findings include among others weaknesses in payment and checkroll system, weakness in the stock management system, non-compliance with statutory obligations payment for some workers and misappropriation of minor amount of cash in one of the estates.

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 and Risk Committee, the Internal Audit team will then subsequently prepare and tailor a specialized training session (reach, teach and remind) based on the audit findings.

During the specialised training sessions 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 staff.

Initial feedback are positives and the Chief Executive Director has instructed that this specialized training sessions are to be conducted in all operating units continuously.

However, due to the Malaysian Government's restricted movement control order and Management own SOPs on gathering and training, training sessions were not conducted for the time being until the COVID-19 situation has improved.

For the outsourced internal audits, 6 (2020: 2) audit engagements were completed in 2021, encompassing 5 estate audits and 1 mill audit (2020: 2 mill audits).

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.

These also include determining the extent of adherence to internal controls by personnel

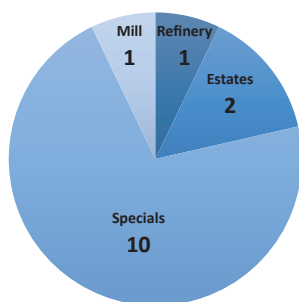
responsible for the function. Material findings include among others weaknesses in the procurement and payment system, non-adherence to the recommended dosage for fertilizer application, lapses in the monitoring of servicing interval for estate vehicles maintenance and lapses in the monitoring of checkroll processing (2020: weakness in the payroll system, inventory management and fixed asset management).

The audit engagements are performed on a rotational basis to ensure that all business units will be audited at least once every 3 years.

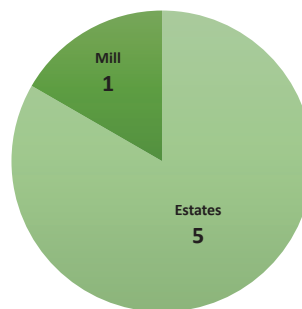
Any control and procedural weaknesses identified were discussed with Management and remedial measures instituted to address the weaknesses identified. The Audit and Risk Committee will review the audit report presented and the Management's responses to ensure that material findings are adequately addressed. Some follow up audit works were done subsequently for material findings to ensure adherence to the audit recommendation if any.

A total of 20 (2020: 17) audit engagements (combined in-house and outsourced internal audits) were completed in 2021, categorized as follows:

Internal Audits completed in 2021 by
In-house Internal Audit Team



Internal Audits completed in 2021 by
Out-sourced Internal Auditors, KPMG



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.

Nomination Committee Report

The members of the Nomination Committee (NC) as at the end of financial year 2021 were as follows:-

Ybhg. Dato' Mohamad Nasir bin Ab. Latif (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. 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.
2. To recommend to the Board, the directors to fill the seats on Board Committees.
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.

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.
5. To assess the board balance by reviewing the size, structure and composition of the Board.
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.
7. To consider directors who are due to retire on rotation at the AGM and recommend their re-election.
8. To develop, review and monitor the policies and approach towards boardroom diversity.
9. To review and assess the effectiveness of the Board's succession plan.
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.
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 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 2021, the NC met once and the attendance of members of the Committee was as follows :-

Name of Directors	No. of Meetings	
	Attended	Held
Ybhg. Dato' Mohamad Nasir bin Ab. Latif (Chairman, Independent, Non-Executive)	2	2
Y. Hormat Dato' Jeremy Derek Campbell Diamond (Independent, Non-Executive)	2	2
Mr. R. Nadarajan (Independent, Non-Executive)	2	2

The Nomination Committee had in 2021 undertaken various activities in the discharge of their duties and these are summarised as follows:-

A) Proposed Candidate for the Board

The Nomination Committee met up with Ms Belvinder Kaur. She is the Deputy Chief Executive of Malaysian Palm Oil Council (MPOC). She is involved in the marketing of palm oil internationally and spearheading global public affairs campaigns to counter anti-palm oil sentiments.

The Nomination Committee after interviewing her found her to have insights of the challenges of the industry and therefore is a suitable candidate to be considered for a board position in UP. The Nomination Committee resolved to propose to the Board to consider appointing her as an independent director.

B) Annual Assessment

- 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 has abstained from the discussions.
- 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.
- Conducted the annual assessment on the effectiveness of the Board and the Board Committees.
- Reviewed the composition of the Board based on the required mix of skills, experience and other qualities considered important for the Board.
- 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 two (2) independent directors who have exceeded the nine (9) years tenure on the Board, namely Dato' Jeremy Derek Campbell Diamond and Mr. Ahmad Riza Basir. 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.

- Each of them fulfills the criteria of an independent director pursuant to the Main Listing Requirement,
- Each of them has wide experience relating to the Company's business operations,
- Each of them has devoted sufficient time and attention in discharging their duties as an independent director of the Company,
- 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 2021. 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 2021 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	RM149,082
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- 3) Cost of Internal Audit

RM684,026 was incurred by the Group in the Financial year for its outsourced internal audit and in-house internal audit department.



Vigorous oil palm seedlings in the pre-nursery.



A new high yielding Malayan Yellow Dwarf x Cameroon Red Dwarf (MYD x CRD) hybrid in Sungei Bernam Estate. Besides being a prolific yielder, this dwarf x dwarf hybrid produces sweet tender drinking nuts.

Financial Statements

For the year ended 31 December 2021

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Report Of The Directors For The Financial Year Ended 31 December 2021

The Directors have pleasure in submitting for your consideration the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

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; and
- (c) 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 financial year.

Financial Results

	Group RM'000	Company RM'000
Profit after taxation	522,243	507,406
Attributable to:		
Equity owners of the parent	518,335	507,406
Non-controlling interests	3,908	-
Total	522,243	507,406

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.

Report Of The Directors For The Year Ended 31 December 2021

Dividends

Dividends paid by the Company since the end of the previous financial year were as follows:

- (a) A final single-tier dividend of 15 sen per share amounting to RM62,217,748 in respect of the previous financial year was declared and paid on 22 February 2021 and 7 May 2021 respectively.
- (b) A final special single-tier dividend of 50 sen per share amounting to RM207,392,492 in respect of the previous financial year was declared and paid on 22 February 2021 and 7 May 2021 respectively.
- (c) An interim single-tier dividend of 30 sen per share amounting to RM124,435,495 in respect of the current financial year was declared and paid on 8 November 2021 and 3 December 2021 respectively.

At the forthcoming Annual General Meeting, a final single-tier dividend of 65 sen per share amounting to RM269,610,240 and a special single-tier dividend of 20 sen per share amounting to RM82,956,996 in respect of the financial year ended 31 December 2021 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 2022.

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 22 April 2021. 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.

As at 31 December 2021, the number of treasury shares held remained at 1,483,548 shares as there were no purchase, resale and/or cancellation of the treasury shares by the Company in the preceeding 12 months. 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.

Report Of The Directors For The Year Ended 31 December 2021

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. Dato' Mohamad Nasir bin Ab. Latif
 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
 Ms. Belvinder Kaur d/o C Nasib Singh
 (appointed on 6 November 2021)
 Ybhg. Tan Sri Datuk Dr. Johari bin Mat
 (retired on 22 April 2021)

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:

* These Directors are also directors of the Company's subsidiaries

	Number of ordinary shares				% of issued share capital*
	1 January 2021	Bought	Sold	31 December 2021	
The Company:					
Ybhg Dato' Mohamad Nasir bin Ab. Latif					
- held directly	8,000	22,000	-	30,000	0.01
Ybhg. Dato' Carl Bek-Nielsen					
- held directly	5,106,000	-	-	5,106,000	1.23
- deemed interested	200,742,858 ^{*1}	-	-	200,742,858 ^{*1}	48.40
Mr. Ho Dua Tiam					
- held directly	1,414,800	-	-	1,414,800	0.34
Mr. Ahmad Riza Basir					
- held directly	186,400	16,100	-	202,500	0.05
- deemed interested	8,000	-	-	8,000	-
Y. Hormat Dato' Jeremy Derek Campbell Diamond					
- held directly	38,000	2,000	34,700	5,300	-
- deemed interested	684,000	64,500	-	748,500	0.18
Mr. Martin Bek-Nielsen					
- held directly	1,420,778	-	-	1,420,778	0.34
- deemed interested	200,672,742 ^{*2}	-	-	200,672,742 ^{*2}	48.38
Mr. Loh Hang Pai					
- held directly	102,000	98,000	-	200,000	0.05
Mr. R. Nadarajan					
- held directly	74,000	27,000	-	101,000	0.02
- deemed interested	22,000	46,000	-	68,000	0.02

Report Of The Directors For The Year Ended 31 December 2021

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 financial 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.

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 RM28,630 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.

Report Of The Directors For The Year Ended 31 December 2021

- (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.

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 2021.

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 RM629,000 and RM350,000 respectively.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 February 2022.

DATO' MOHAMAD NASIR	}	Directors
BIN AB. LATIF		
DATO' CARL BEK-NIELSEN	}	

Significant event during the financial year and subsequent event

Details of significant event during the financial year and subsequent event are disclosed in Note 32 to the financial statements.

Statement By Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, DATO' MOHAMAD NASIR BIN AB. LATIF 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 134 to 195 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 2021 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 26 February 2022.

DATO' MOHAMAD NASIR BIN AB. LATIF

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 134 to 195 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 28 February 2022.

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 2021 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 134 to 195.

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 2021 and of their financial performance and cash flows for the financial 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 RM1,407 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. We have also used data analytics on the audit of revenue recognised by establishing the correlation between Revenue-Receivable-Cash.

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
26 February 2022

Statements Of Comprehensive Income
For The Financial Year Ended 31 December 2021

		Group			Company		
	Note	2021 RM'000	2020 RM'000	Changes (%)	2021 RM'000	2020 RM'000	Changes (%)
Revenue	4	2,033,482	1,340,058	51.7	893,073	663,574	34.6
Other income		22,120	31,395	(29.5)	17,307	16,655	3.9
		2,055,602	1,371,453	49.9	910,380	680,229	33.8
Changes in finished goods		(11,633)	13,181	(188.3)	(4,684)	1,937	(341.8)
Raw materials and consumables used		(834,982)	(472,763)	76.6	-	-	-
Depreciation of property, plant and equipment		(92,450)	(87,435)	5.7	(66,958)	(61,079)	9.6
Depreciation of right-of-use assets		(8,033)	(8,030)	0.0	(6,925)	(6,925)	-
Staff costs	5	(202,271)	(194,173)	4.2	(160,317)	(150,554)	6.5
Other expenses		(229,925)	(143,688)	60.0	(138,349)	(86,682)	59.6
Profit from operations	5	676,308	478,545	41.3	533,147	376,926	41.4
Finance costs	6	(26)	(26)	0.0	(21)	(21)	0.0
Investment and interest income	7	6,813	16,115	(57.7)	103,838	6,001	1630.3
Share of results of joint venture	14	325	11,008	(97.0)	-	-	-
Profit before taxation		683,420	505,642	35.2	636,964	382,906	66.3
Taxation	8	(161,177)	(104,065)	54.9	(129,558)	(83,159)	55.8
Net profit for the financial year		522,243	401,577	30.0	507,406	299,747	69.3
Attributable to:							
Equity owners of the parent		518,335	399,544	29.7	507,406	299,747	69.3
Non-controlling interests		3,908	2,033	92.2	-	-	-
		522,243	401,577	30.0	507,406	299,747	69.3
Earnings per share (sen)	9	125	96	30.2			

The accompanying notes form an integral part of the financial statements.

Statements Of Comprehensive Income
For The Financial Year Ended 31 December 2021

	Group			Company		
	2021 RM'000	2020 RM'000	Changes (%)	2021 RM'000	2020 RM'000	Changes (%)
Net profit for the financial year	522,243	401,577	30.0	507,406	299,747	69.3
Other comprehensive income:						
Items that will be reclassified subsequently to profit or loss:						
Currency translation differences						
- subsidiaries	5,342	(5,861)	191.1	-	-	-
Cash flow hedge						
- changes in fair value	(226,999)	(55,359)	310.0	-	-	-
- transfers to profit or loss	157,650	37,118	324.7	-	-	-
	(64,007)	(24,102)	165.6	-	-	-
Items that will not be reclassified subsequently to profit or loss:						
Actuarial changes on defined retirement benefit obligations	4,141	364	1037.6	-	-	-
Withholding tax effect on dividend	(9,491)	-	-	-	-	-
	(5,350)	364	(1569.8)	-	-	-
Total other comprehensive loss for the financial year	(69,357)	(23,738)	192.2	-	-	-
Total comprehensive income for the financial year	452,886	377,839	19.9	507,406	299,747	69.3
Total comprehensive income attributable to:						
Equity owners of the parent	448,877	376,103	19.3	507,406	299,747	69.3
Non-controlling interests	4,009	1,736	130.9	-	-	-
	452,886	377,839	19.9	507,406	299,747	69.3

The accompanying notes form an integral part of the financial statements.

Statements Of Financial Position

As At 31 December 2021

Group

	Note	2021 RM'000	2020 RM'000
Assets			
Non-Current Assets			
Property, plant and equipment	10 (a)	1,209,944	1,209,385
Right-of-use assets	10 (b)	395,415	382,408
Associated company	13	50	50
Joint venture	14	40,201	39,876
Goodwill	15	356,856	356,856
Other receivables	17	5,196	10,076
Deferred tax assets	21	2,705	3,831
		2,010,367	2,002,482
Current Assets			
Biological assets	11	48,044	38,767
Inventories	16	139,269	134,451
Trade and other receivables	17	437,386	286,473
Prepayments		7,420	847
Tax recoverable		21,989	18,916
Derivatives	30 (g)	10,837	28,093
Cash and bank balances	18 (a)	299,662	128,537
Short term funds	18 (b)	178,170	336,283
		1,142,777	972,367
Total Assets		3,153,144	2,974,849
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	2,303,418	2,248,586
		2,674,804	2,619,972
Non-controlling interests		10,669	10,931
Total Equity		2,685,473	2,630,903
Non-Current Liabilities			
Deferred tax liabilities	21	136,671	149,705
Retirement benefit obligations	22	13,908	17,077
Derivatives	30 (g)	22,898	56
		173,477	166,838
Current Liabilities			
Trade and other payables	23	121,556	94,921
Tax payable		48,476	26,687
Retirement benefit obligations	22	2,341	2,198
Derivatives	30 (g)	121,820	53,202
Bank borrowings	24	1	100
		294,194	177,108
Total Liabilities		467,671	343,946
Total Equity and Liabilities		3,153,144	2,974,849

The accompanying notes form an integral part of the financial statements.

Statements Of Financial Position

As At 31 December 2021

Company

	Note	2021 RM'000	2020 RM'000
Assets			
Non-Current Assets			
Property, plant and equipment	10 (a)	955,292	953,280
Right-of-use assets	10 (b)	358,822	346,080
Subsidiary companies	12	44,002	121,880
Associated company	13	50	50
Joint venture	14	30,000	30,000
Goodwill	15	356,856	356,856
		1,745,022	1,808,146
Current Assets			
Biological assets	11	38,975	33,169
Inventories	16	32,317	31,570
Trade and other receivables	17	255,216	83,198
Prepayments		5,120	745
Cash and bank balances	18 (a)	79,150	61,817
Short term funds	18 (b)	131,731	128,504
		542,509	339,003
Total Assets		2,287,531	2,147,149
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	1,648,815	1,535,454
Total Equity		2,020,201	1,906,840
Non-Current Liabilities			
Deferred tax liabilities	21	162,433	154,842
Retirement benefit obligations	22	6,566	6,033
		168,999	160,875
Current Liabilities			
Trade and other payables	23	57,592	51,838
Tax payable		39,277	26,049
Retirement benefit obligations	22	1,462	1,547
		98,331	79,434
Total Liabilities		267,330	240,309
Total Equity and Liabilities		2,287,531	2,147,149

The accompanying notes form an integral part of the financial statements.

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2021

Group	<div>← Attributable to equity owners of the parent →</div> <div>← Non-distributable → ← Distributable →</div>									
		Share capital	Cash flow hedge reserve	Capital reserve	Foreign currency translation reserve	Treasury shares	Retained profits		Non-controlling interests	Total equity
	Note	(Note 19(a))	(Note 20)	(Note 20)	(Note 20)	(Note 19(b))	(Note 20)	Total		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021		390,054	(40,476)	21,798	(21,176)	(18,668)	2,288,440	2,619,972	10,931	2,630,903
Total comprehensive income for the financial year		-	(69,349)	-	5,241	-	512,985	448,877	4,009	452,886
Dividends, representing total transaction with owners of the parent	25	-	-	-	-	-	(394,045)	(394,045)	-	(394,045)
Dividends to non-controlling shareholders of a subsidiary		-	-	-	-	-	-	-	(4,271)	(4,271)
At 31 December 2021		390,054	(109,825)	21,798	(15,935)	(18,668)	2,407,380	2,674,804	10,669	2,685,473
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, representing total transaction with owners of the parent	25	-	-	-	-	-	(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

The accompanying notes form an integral part of the financial statements.

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2021

Company	Note	Distributable			Total
		Share capital (Note 19(a))	Treasury shares (Note 19(b))	Retained profits (Note 20)	
		RM'000	RM'000	RM'000	RM'000
At 1 January 2021		390,054	(18,668)	1,535,454	1,906,840
Total comprehensive income for the financial year		-	-	507,406	507,406
Dividends, representing total transaction with owners	25	-	-	(394,045)	(394,045)
At 31 December 2021		390,054	(18,668)	1,648,815	2,020,201
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, representing total transaction with owners	25	-	-	(300,719)	(300,719)
At 31 December 2020		390,054	(18,668)	1,535,454	1,906,840

The accompanying notes form an integral part of the financial statements.

Statements Of Cash Flow
For The Financial Year Ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash Flows From Operating Activities					
Receipts from customers		1,995,152	1,296,988	891,821	661,771
Payments to suppliers		(827,035)	(473,516)	-	-
Payments of operating expenses		(411,016)	(365,190)	(273,932)	(251,850)
Payments of deposits in derivatives operations		(114,058)	(6,192)	-	-
Payments of taxes		(133,585)	(92,240)	(108,739)	(71,640)
Other receipts		21,029	26,081	11,501	10,964
Net cash generated from operating activities		530,487	385,931	520,651	349,245
Cash Flows From Investing Activities					
Proceeds from disposal of property, plant and equipment		1,091	1,071	853	662
Interest income		6,921	16,173	5,282	6,059
Net change in deposits with licensed banks with tenure more than 3 months		(93)	(5,746)	-	-
Net change in short term funds		158,113	31,509	(3,227)	23,842
Dividend received from a subsidiary company		-	-	98,700	-
Redemption of RCCPS		-	-	77,600	-
Purchase of property, plant and equipment	(a)	(93,906)	(111,152)	(71,232)	(76,277)
Payment for right-of-use assets		(20,503)	(161)	(19,667)	-
Proceeds from disposal of a subsidiary		1,500	-	-	-
Net cash generated from/(used in) investing activities		53,123	(68,306)	88,309	(45,714)

The accompanying notes form an integral part of the financial statements.

Statements Of Cash Flow

For The Financial Year Ended 31 December 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash Flows From Financing Activities					
Interest paid		(26)	(26)	(21)	(21)
Dividends paid		(394,045)	(300,719)	(394,045)	(300,719)
Dividends paid to non-controlling shareholders of a subsidiary		(4,271)	-	-	-
Inter-company balances		-	-	(180,675)	10,490
Associated company balances		(8)	2	(8)	2
Joint venture balances		(14,129)	14,296	(16,878)	188
Net cash used in financing activities		(412,479)	(286,447)	(591,627)	(290,060)
Net increase in cash and cash equivalents		171,131	31,178	17,333	13,471
Cash and cash equivalents at the beginning of financial year		91,691	60,513	30,817	17,346
Cash and cash equivalents at the end of financial year	(b)	262,822	91,691	48,150	30,817

(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). All purchases of property, plant and equipment in the financial year 2021 were fully paid in cash.

(b) Analysis of cash and cash equivalents:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits with licensed banks	186,200	71,549	39,361	53,549
Cash at banks and in hand	113,462	56,988	39,789	8,268
Bank overdrafts	(1)	(100)	-	-
	299,661	128,437	79,150	61,817
Less: Deposits with licensed banks with tenure more than 3 months	(36,839)	(36,746)	(31,000)	(31,000)
Cash and cash equivalents at the end of financial year	262,822	91,691	48,150	30,817

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 2021 for the Group was 5,735 (2020: 6,098) and for the Company was 4,217 (2020: 4,550).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 26 February 2022.

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 2021, 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 2021.

Description	Effective for annual periods beginning on or after
<ul style="list-style-type: none"> Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139: Interest Rate Benchmark Reform - Phase 2 	1 January 2021
<ul style="list-style-type: none"> Amendment to MFRS 16: Leases (Covid-19-Related Rent Concessions beyond 30 June 2021) 	1 April 2021

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
• Annual Improvement to MFRS Standards 2018 - 2020 Cycle	1 January 2022
• 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
• Amendments to MFRS 101: Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2023
• MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 17: Insurance Contracts	1 January 2023
• Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17 Insurance Contracts)	1 January 2023
• Amendments to MFRS 101: Presentation of Financial Statements (Disclosure of Accounting Policies)	1 January 2023
• Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)	1 January 2023
• Amendments to MFRS 112: Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	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 2021. 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:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Notes To The Financial Statements

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.

Notes To The Financial Statements

(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.

Notes To The Financial Statements

(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.

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.

Notes To The Financial Statements

(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	7.14% - 25%
Aircrafts	5%

Notes To The Financial Statements

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 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%

(g) Biological assets

Biological assets comprised 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.

Notes To The Financial Statements

(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.

Notes To The Financial Statements

(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:

	2021 RM	2020 RM
1 United States Dollar (USD)	4.1650	4.0170
100 Indonesian Rupiah (IDR)	0.0292	0.0286

(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.

Notes To The Financial Statements

(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.

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.

Notes To The Financial Statements

(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.

Notes To The Financial Statements

(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 ("ECL"s) 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.

Notes To The Financial Statements

(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.

Notes To The Financial Statements

(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 30(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 assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Notes To The Financial Statements

(i) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at costs, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Group and Company

Leasehold land - 12 to 99 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The accounting policies for impairment of non-financial assets is as disclosed in Note 2.4 (n).

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

(iii) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group and the Company also apply the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group and the Company do 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 other income in the statements of profit or loss due to its operating nature.

(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.

Notes To The Financial Statements

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.

(z) Government grants

Grants received as incentives by the Group are recognised as income in the periods the incentives are receivable where there is reasonable assurance that the grant will be received.

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) 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.

(b) 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.

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*		Percentage of equity held by non-controlling interest*	Activities (see below)
		2021 %	2020 %	2021 / 2020 %	
Unitata Berhad	Malaysia	100	100	-	(a)
Butterworth Bulking Installation Sdn. Bhd.	Malaysia	-	100	-	(b)
Bernam Advisory Services Sdn. Bhd.	Malaysia	100	100	-	(c)
Berta Services Sdn. Bhd.	Malaysia	100	100	-	(e)
PT. Surya Sawit Sejati ("PT SSS1")	Indonesia	95	95	5	(d)
PT. Sawit Seberang Seberang ("PT SSS2")	Indonesia	-	93	7	(f)
Bernam Agencies Sdn. Bhd.	Malaysia	100	100	-	(e)
United International Enterprises (M) Sdn. Bhd.	Malaysia	100	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) The Group's subsidiary, Bernam Agencies Sdn. Bhd. has disposed its subsidiary, Butterworth Bulking Installation Sdn. Bhd. for a consideration of RM1,500,000 on 30 October 2021. The principle activities of Butterworth Bulking Installation Sdn. Bhd. were the 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 has been liquidated 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*		Principal Activities
		2021 %	2020 %	
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.

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 a private limited company incorporated and domiciled in Malaysia. The registered office is located at Jendarata Estate, 36009 Teluk Intan, Perak and principal place of business is located at Ulu Bernam Estate, 36500 Mukim Hutan Melintang, Teluk Intan, Perak.

Notes To The Financial Statements

The associated company is as follows:

Company	Country of incorporation and principal place of business	Percentage of equity held by the Group*		Principal Activity
		2021 %	2020 %	
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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 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	625,032	488,542	893,073	663,574
Sales proceeds of finished goods	1,407,191	850,210	-	-
Rendering of services	1,259	1,306	-	-
	2,033,482	1,340,058	893,073	663,574
Disaggregation of revenue from contracts with customers				
Upstream (Plantations)				
- Malaysia	428,224	338,028	893,073	663,574
- Indonesia	196,808	150,514	-	-
Downstream (Refinery)				
- Malaysia	1,407,191	850,210	-	-
Other operations	1,259	1,306	-	-
	2,033,482	1,340,058	893,073	663,574

The timing of revenue recognition is at a point in time.

Notes To The Financial Statements

5. Profit From Operations

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit from operations is arrived at, after charging:				
Directors' remuneration				
- fees	1,196	1,248	1,151	1,197
- emoluments	5,847	5,016	5,847	5,016
- others	104	115	96	108
Auditors' remuneration				
- statutory audit: current year	472	479	342	342
- non-audit service	8	8	8	8
- statutory audit fee received by a member firm of EY Global	149	144	-	-
Inventories write-down	-	413	-	413
Loss on disposal of property, plant and equipment	1,083	197	1,081	156
Property, plant and equipment written off	207	1,627	207	1,582
Impairment on investment in a subsidiary	-	-	278	-
Unrealised foreign exchange loss	13,943	-	-	-
Realised foreign exchange loss	-	3,701	-	-
Expenses relating to leases of low-value assets	108	95	59	57
Expenses relating to short-term leases	150	109	-	-
Facility usage fee	2,329	1,838	-	-
Profit from operations is arrived at, after crediting:				
Reversal of impairment on property, plant and equipment	-	4,243	-	-
Rental income	418	377	382	365
Profit on disposal of property, plant and equipment	65	45	-	-
Inventories write-back	83	-	83	-
Fair value gain in biological assets, net	9,159	6,246	5,806	5,691
Reversal on impairment on investment in a subsidiary	-	-	-	733
Unrealised foreign exchange gain	-	11,420	-	-
Realised foreign exchange gain	5,160	-	-	-
Gain on disposal of a subsidiary	1,330	-	-	-

Notes To The Financial Statements

Staff costs of the Group and of the Company incurred during the financial year consist of the following:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages and salaries	166,851	163,671	134,306	128,295
Social security cost	2,979	3,039	1,152	1,146
Retirement benefit costs				
- defined contribution plans	9,794	7,532	8,766	6,389
- defined benefit plans (Note 22)	3,013	2,945	621	330
Other staff related expenses	19,634	16,986	15,472	14,394
	202,271	194,173	160,317	150,554

Included in staff costs of the Group and of the Company are executive directors' emoluments both amounting to RM5,739,000 respectively (2020: RM5,016,000 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Finance costs consist of interest expenses on:				
- bank overdraft/bankers acceptances	26	26	21	21
	26	26	21	21

7. Investment And Interest Income

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Dividend income from subsidiary companies	-	-	98,700	-
Interest income from deposits with licensed banks	6,440	15,329	3,338	5,698
Interest income from advances to a subsidiary	-	-	1,598	18
Interest income from advances to joint venture	373	786	202	285
	6,813	16,115	103,838	6,001

Notes To The Financial Statements

8. Taxation

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current income tax:				
Income tax	153,418	102,158	123,057	86,149
(Over)/under provision in prior financial years	(1,117)	581	(1,090)	316
	152,301	102,739	121,967	86,465
Deferred tax (Note 21):				
Relating to origination and reversal of temporary difference	6,738	12,291	7,322	7,636
Under/(over) provision in prior financial years	2,138	(10,965)	269	(10,942)
	8,876	1,326	7,591	(3,306)
Tax expense for the financial year	161,177	104,065	129,558	83,159

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before taxation	683,420	505,642	636,964	382,906
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	164,021	121,354	152,871	91,897
Effect of different tax rates in other country	(2,503)	(1,085)	-	-
Effect on opening deferred tax due to reduction in income tax rate	-	1,018	-	-
Income not subject to tax	(2,773)	(3,340)	(24,626)	(995)
Expenses not deductible for tax purposes	4,043	3,946	2,134	2,883
Effect of reinvestment allowance	(2,554)	(2,411)	-	-
Deferred tax asset recognised	-	(2,391)	-	-
Under/(over) provision of deferred tax in prior financial years	2,138	(10,965)	269	(10,942)
(Over)/under provision of income tax in prior financial years	(1,117)	581	(1,090)	316
Tax effects on share of results of joint venture	(78)	(2,642)	-	-
Tax expense for the financial year	161,177	104,065	129,558	83,159

The deferred tax asset recognised in the current financial year relates to unutilised reinvestment allowance of RM NIL (2020 : RM9,961,000).

Notes To The Financial Statements

9. Earnings Per Share

a) Basic

	Group	
	2021	2020
Net profit attributable to owners of the parent (RM'000)	518,335	399,544
Number of shares in issue as of 1 January ('000)	414,784	207,392
Bonus issue ('000)	-	207,392
Effect of treasury shares held ('000)	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	414,784	414,784
Basic earnings per share (sen)		
- before issuance of bonus shares (sen)	125	193
- after issuance of bonus shares (sen)	125	96

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.

b) Diluted

The diluted earnings per ordinary share of the Group for the financial year ended 31 December 2021 and 31 December 2020 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	Bearer plants	Buildings	Plant and machinery	Capital work-in- progress*	Spare parts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
At 1 January 2021	204,413	991,491	356,937	894,871	16,546	1,545	2,465,803
Additions	-	29,801	16,799	26,327	20,979	-	93,906
Disposals	-	-	-	(7,246)	-	-	(7,246)
Disposal of a subsidiary	-	-	(7,313)	-	-	-	(7,313)
Transfer to plasma at cost	-	(1,117)	-	-	-	-	(1,117)
Written off	-	(207)	-	-	-	-	(207)
Reclassifications	-	-	-	3,270	(3,270)	-	-
Exchange differences	-	3,069	1,376	1,904	-	5	6,354
Net movement for the financial year	-	-	-	-	-	(18)	(18)
At 31 December 2021	204,413	1,023,037	367,799	919,126	34,255	1,532	2,550,162
Accumulated depreciation and impairment losses							
At 1 January 2021							
Accumulated depreciation	-	543,212	199,487	513,719	-	-	1,256,418
Accumulated impairment losses	-	-	-	-	-	-	-
	-	543,212	199,487	513,719	-	-	1,256,418
Depreciation for the financial year	-	34,031	11,990	46,429	-	-	92,450
Disposals	-	-	-	(5,137)	-	-	(5,137)
Disposal of a subsidiary	-	-	(7,066)	-	-	-	(7,066)
Exchange differences	-	1,582	542	1,429	-	-	3,553
At 31 December 2021	-	578,825	204,953	556,440	-	-	1,340,218
Net book value							
At 31 December 2021	204,413	444,212	162,846	362,686	34,255	1,532	1,209,944

Notes To The Financial Statements

Group

	Freehold land	Bearer plants	Buildings	Plant and machinery	Capital work-in- progress*	Spare parts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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

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:

	2021 RM'000	2020 RM'000
In the estates of the Company in Peninsular Malaysia	9,250	2,587
In Unitata Berhad	25,005	13,959
	34,255	16,546

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 2021	203,848	855,734	241,399	590,098	2,587	432	1,894,098
Additions	-	29,801	14,636	17,545	9,250	-	71,232
Disposals	-	-	-	(5,374)	-	-	(5,374)
Written off	-	(207)	-	-	-	-	(207)
Reclassification	-	-	-	2,587	(2,587)	-	-
Net movement for the financial year	-	-	-	-	-	(121)	(121)
At 31 December 2021	203,848	885,328	256,035	604,856	9,250	311	1,959,628
Accumulated depreciation							
At 1 January 2021	-	473,278	158,639	308,901	-	-	940,818
Depreciation for the financial year	-	26,653	7,597	32,708	-	-	66,958
Disposals	-	-	-	(3,440)	-	-	(3,440)
At 31 December 2021	-	499,931	166,236	338,169	-	-	1,004,336
Net book value							
At 31 December 2021	203,848	385,397	89,799	266,687	9,250	311	955,292
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

Notes To The Financial Statements

10. (b) Right-Of-Use Assets

Group

	Leasehold land RM'000	Land use rights RM'000	Total RM'000
Cost			
At 1 January 2021	430,809	38,553	469,362
Additions	19,667	836	20,503
Exchange differences	-	537	537
At 31 December 2021	450,476	39,926	490,402
Accumulated depreciation			
At 1 January 2021	84,729	2,225	86,954
Depreciation for the financial year	6,925	1,108	8,033
At 31 December 2021	91,654	3,333	94,987
Net book value At 31 December 2021	358,822	36,593	395,415
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

Notes To The Financial Statements

Company

	Leasehold land RM'000	Total RM'000
Cost		
At 1 January 2021	430,809	430,809
Additions	19,667	19,667
At 31 December 2021	450,476	450,476
Accumulated depreciation		
At 1 January 2021	84,729	84,729
Depreciation for the financial year	6,925	6,925
At 31 December 2021	91,654	91,654
Net book value At 31 December 2021	358,822	358,822
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

During the financial year, the Group and the Company have obtained the approval for the extension of lease for 99 years for Tanarata Estate, pending issuance of new titles.

Direct cost in relation to the lease extension application of RM19,667,000 were capitalised in the current financial year.

Notes To The Financial Statements

11. Biological Assets

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	38,767	32,677	33,169	27,478
Exchange differences	118	(156)	-	-
Transfers to produce stocks	(38,885)	(32,521)	(33,169)	(27,478)
Fair value changes	48,044	38,767	38,975	33,169
At 31 December	48,044	38,767	38,975	33,169
The biological assets of the Group and the Company comprise:				
Oil palm fresh fruit bunches	37,916	30,792	28,847	25,194
Coconuts	10,128	7,975	10,128	7,975
	48,044	38,767	38,975	33,169

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	
	2021	2020
Oil palms		
FFB production (MT)	76,303	83,958
Average FFB selling price (RM/MT)	821	612
Coconut palms		
Coconut production (nuts '000)	8,165	7,020
Average selling price (RM/nut)	1.24	1.14

Notes To The Financial Statements

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
10% increase	4,583	3,961	3,518	3,232
10% decrease	(4,583)	(3,961)	(3,518)	(3,232)

12. Subsidiary Companies

Investment in subsidiary companies

	Company	
	2021 RM'000	2020 RM'000
Unquoted shares at cost	44,451	44,451
Less: Accumulated impairment losses	(12,749)	(12,471)
	31,702	31,980
Unquoted Redeemable Cumulative Convertible Preference Shares:		
As at 1 January	89,900	89,900
Redemption	(77,600)	-
As at 31 December	12,300	89,900
Total	44,002	121,880

The Company had in the previous years subscribed to a total of 324,800,000 RCCPS issued by the following subsidiary companies. In the current and prior financial years, 312,500,000 RCCPS were redeemed by Bernam Advisory Services Sdn. Bhd. and Berta Services Sdn. Bhd., leaving a balance of 12,300,000 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. All RCCPS issued by Bernam Advisory Services Sdn. Bhd. have been 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. Arising from redemption in the current and prior financial years, 12,300,000 RCCPS remains yet to be redeemed as at the end of the financial year.

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 is not material to the Group and PT SSS2 has been liquidated in the current year. Hence, summarised financial information of PT SSS1 are not presented.

Notes To The Financial Statements

13. Associated Company

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 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	
	2021 RM'000	2020 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares, at cost	30,000	30,000	30,000	30,000
Share of post-acquisition losses and reserves	10,201	9,876	-	-
	40,201	39,876	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	9,876	(1,132)	-	-
Share of results	325	11,008	-	-
At 31 December	10,201	9,876	-	-

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.

Notes To The Financial Statements

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

	2021 RM'000	2020 RM'000
Net assets		
Current assets, including cash and cash equivalents RM34,731,000 (2020 : RM3,922,000) and prepayments RM212,000 (2020 : RM173,000)	109,598	76,585
Non-current assets	168,394	172,744
Current liabilities	(136,626)	(93,273)
Non-current liabilities, including deferred tax liabilities RM6,472,000 (2020 : RM8,431,000) and long-term borrowing RM54,491,000 (2020 : RM67,873,000)	(60,964)	(76,304)
Equity	80,402	79,752
Group's share in equity - 50% (2020 : 50%)	40,201	39,876
Group's carrying amount of the investment	40,201	39,876

(ii) Summarised statement of comprehensive income

	2021 RM'000	2020 RM'000
Revenue from contracts with customers	414,339	338,336
Cost of sales	(377,571)	(289,923)
Administrative expenses, including amortisation and depreciation RM13,529,000 (2020 : RM13,423,000)	(32,439)	(20,853)
Finance costs, including interest expense RM5,660,000 (2020 : RM6,454,000)	(5,660)	(6,454)
Interest and other income	28	9,333
(Loss)/profit before tax	(1,303)	30,439
Income tax expense	1,953	(8,423)
Profit for the year	650	22,016
Total comprehensive income for the financial year	650	22,016
Group's share of profit for the financial year	325	11,008

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the joint venture.

	2021 RM'000	2020 RM'000
Net assets at 1 January	79,752	57,736
Total comprehensive income for the financial year	650	22,016
Net assets at 31 December	80,402	79,752
Interest in joint venture (%)	50	50
Carrying value of Group's interest in joint venture	40,201	39,876

Notes To The Financial Statements

15. Goodwill

	Group/Company 2021/2020 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.

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	2021	2020
Projection period	A 99-year cash flow projection, based on the maximum lease period of the leasehold lands	A 75-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")	3,309	2,556
- Palm Kernel ("PK")	2,168	1,607
Discount rate (Pre-tax)	11.8%	11.7%

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.

During the financial year, the Group and the Company have obtained the approval for the extension of lease for 99 years for Tanarata Estate, pending issuance of new titles.

16. Inventories

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Produce stocks	15,269	19,778	6,826	11,510
Estate stores	36,282	25,820	25,491	20,060
Raw materials	16,445	12,091	-	-
Finished goods	65,451	71,603	-	-
Consumables	5,822	5,159	-	-
	139,269	134,451	32,317	31,570

Notes To The Financial Statements

17. Trade And Other Receivables

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-Current					
Other receivables					
Sundry receivables	(f)	5,196	10,076	-	-
Current					
Trade receivables					
Third parties		217,210	177,718	6,206	4,954
Due from subsidiary companies	(b)	-	-	165,832	39,998
Due from joint venture	(d)	23,677	9,135	17,198	-
Trade receivables, net	(a)	240,887	186,853	189,236	44,952
Other receivables					
Due from subsidiary companies	(b)	-	-	58,833	4,005
Due from an associated company	(c)	16	8	16	8
Due from joint venture	(d)	994	1,407	852	1,172
Deposits	(e)	167,804	52,737	1,305	303
Sundry receivables	(f)	27,685	45,468	4,974	32,758
		196,499	99,620	65,980	38,246
		437,386	286,473	255,216	83,198
Total trade and other receivables		442,582	296,549	255,216	83,198
Add: Cash and bank balances (Note 18(a))		299,662	128,537	79,150	61,817
Total financial assets carried at amortised cost		742,244	425,086	334,366	145,015

The average credit terms granted to the Group's customers are 10 to 75 days (2020: 10 to 75 days).

Notes To The Financial Statements

(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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Neither past due nor impaired	232,075	184,284	54,447	42,777
1 to 30 days past due not impaired	7,324	2,139	37,728	1,829
31 to 60 days past due not impaired	1,434	359	50,582	346
61 to 90 days past due not impaired	-	-	46,479	-
91 to 120 days past due not impaired	54	71	-	-
	8,812	2,569	134,789	2,175
	240,887	186,853	189,236	44,952

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% (2020: 99%) 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 RM8,812,000 (2020: RM2,569,000) 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 (2020: 30 days) and the overdue trade and non-trade debts bear an average interest of approximately 2.36% (2020: 2.76%) per annum. The non-trade debts are repayable on demand.

(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 (2020: 30 days) and the overdue trade and non-trade debts bear an average interest of approximately 2.36% (2020: 2.78%) per annum. The non-trade debts are repayable on demand.

(e) Deposits

Included in deposits of the Group is RM166,443,000 (2020: RM52,385,000) 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 RM9,959,000 (2020: RM12,081,000) being plasma receivables.

Notes To The Financial Statements

18. (a) Cash And Bank Balances

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash at banks and on hand	113,462	56,988	39,789	8,268
Deposits with licensed banks	186,200	71,549	39,361	53,549
Cash and bank balances (Note 17)	299,662	128,537	79,150	61,817

The effective annual interest rates applicable during the financial year were as follows:

	Group		Company	
	Weighted average interest rates		Weighted average interest rates	
	2021 %	2020 %	2021 %	2020 %
Deposits with licensed banks	2.00	2.07	2.10	2.15

The maturity period for deposits with licensed banks of the Group and the Company range from 1 day to 12 months (2020 : range from 1 day to 12 months) respectively.

(b) Short Term Funds

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short term funds	178,170	336,283	131,731	128,504

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		Company	
	Weighted average interest rates		Weighted average interest rates	
	2021 %	2020 %	2021 %	2020 %
Short term funds	1.90	3.21	1.93	2.79

Notes To The Financial Statements

19. (a) Share Capital

	Group and Company			
	Number of ordinary shares		Monetary value	
	2021 Unit'000	2020 Unit'000	2021 RM'000	2020 RM'000
Issued and fully paid:				
At 1 January	416,268	208,134	390,054	390,054
Issuance during the financial year:				
- Bonus issue	-	208,134	-	-
At 31 December	416,268	416,268	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.

(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	
	No of shares	Cost RM'000
2021		
At 1 January / 31 December	1,483,548	18,668
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

The share buy-back was financed by internally generated funds.

Notes To The Financial Statements

20. Reserves

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Distributable Retained profits	(a)	2,407,380	2,288,440	1,648,815	1,535,454
Non-distributable					
Cash flow hedge reserve	(b)	(109,825)	(40,476)	-	-
Capital reserve	(c)	21,798	21,798	-	-
Foreign currency translation reserve	(d)	(15,935)	(21,176)	-	-
		(103,962)	(39,854)	-	-
Total		2,303,418	2,248,586	1,648,815	1,535,454

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.

Notes To The Financial Statements

21. Deferred Taxation

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	145,874	150,081	154,842	158,148
Recognised in profit or loss (Note 8)	8,876	1,326	7,591	(3,306)
Recognised in comprehensive income	(20,732)	(5,760)	-	-
Disposal of a subsidiary	(25)	-	-	-
Exchange differences	(27)	227	-	-
At 31 December	133,966	145,874	162,433	154,842
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	136,671	149,705	162,433	154,842
Deferred tax assets	(2,705)	(3,831)	-	-
	133,966	145,874	162,433	154,842

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 2021	9,191	161,334	170,525
Recognised in profit or loss	2,149	5,655	7,804
Disposal of a subsidiary	-	(25)	(25)
Exchange differences	8	20	28
At 31 December 2021	11,348	166,984	178,332
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

Notes To The Financial Statements

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 2021	(12,782)	(4,276)	(7,593)	(24,651)
Recognised in profit or loss	5,102	(359)	(3,671)	1,072
Recognised in comprehensive income	(21,900)	1,168	-	(20,732)
Exchange differences	-	(22)	(33)	(55)
At 31 December 2021	(29,580)	(3,489)	(11,297)	(44,366)
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)

Deferred tax liabilities of the Company:

	Biological Assets RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 January 2021	7,960	149,222	157,182
Recognised in profit or loss	1,393	5,950	7,343
At 31 December 2021	9,353	155,172	164,525
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

Deferred tax assets of the Company:

	Retirement Benefit Obligations RM'000	Others RM'000	Total RM'000
At 1 January 2021	(1,819)	(521)	(2,340)
Recognised in profit or loss	(108)	356	248
At 31 December 2021	(1,927)	(165)	(2,092)
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)

Notes To The Financial Statements

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 PT SSS1 where an independent actuarial valuation is used. The obligations of the Group are based on the following actuarial assumptions:

	2021 %	2020 %
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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Present value of unfunded defined benefit obligations	16,249	19,275	8,028	7,580
At 1 January	19,275	17,733	7,580	7,274
Provision during the year (Note 5)	3,013	2,945	621	330
Paid during the year	(669)	(706)	(173)	(24)
Actuarial changes during the year	(5,308)	(467)	-	-
Disposal of a subsidiary	(246)	-	-	-
Exchange difference	184	(230)	-	-
At 31 December	16,249	19,275	8,028	7,580
Analysed as:				
Current	2,341	2,198	1,462	1,547
Non-current:				
Later than 1 year but not later than 2 years	778	752	590	354
Later than 2 years but not later than 5 years	1,948	2,399	967	1,278
Later than 5 years	11,182	13,926	5,009	4,401
	13,908	17,077	6,566	6,033
	16,249	19,275	8,028	7,580

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Discount rate increase by 1%	(1,384)	(1,828)	(643)	(594)
Discount rate decrease by 1%	1,618	2,155	755	697
The average rate of increase in future earnings increase by 1%	591	1,164	11	7
The average rate of increase in future earnings decrease by 1%	(521)	(1,007)	(11)	(7)
Turnover of employees increase by 1%	(82)	(154)	(21)	(35)
Turnover of employees decrease by 1%	83	158	21	35

23. Trade And Other Payables

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current					
Trade payables					
Third parties	(a)	24,222	16,275	424	522
Other payables					
Due to subsidiary companies	(b)	-	-	461	474
Advances from customers		2,174	1,377	917	1,377
Accruals		48,500	45,189	39,860	37,001
Sundry payables		46,660	32,080	15,930	12,464
		97,334	78,646	57,168	51,316
Total trade and other payables		121,556	94,921	57,592	51,838
Add: Bank borrowings (Note 24)		1	100	-	-
Total financial liabilities carried at amortised cost		121,557	95,021	57,592	51,838

(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 (2020: 30 to 60 days).

(b) Due to subsidiary companies

Amounts due to subsidiary companies are interest free, unsecured and repayable on demand.

Notes To The Financial Statements

24. Bank Borrowings

	Group	
	2021 RM'000	2020 RM'000
Bank overdraft - unsecured	1	100

The interest rate applicable to the bank borrowings for the financial year was 5.90% (2020: 5.90%) per annum.

25. Dividends

	Group / Company			
	Amount		Net dividends per share	
	2021 RM'000	2020 RM'000	2021 sen	2020 sen
Final single-tier dividend paid in respect of previous financial year: - 15 sen per share (2020: 10 sen per share)	62,218	41,479	15.00	10.00
Final special single-tier dividend paid in respect of previous financial year: - 50 sen per share (2020: 42.5 sen per share)	207,392	176,284	50.00	42.50
Interim single-tier dividend in respect of current financial year: - 30 sen per share (2020: 15 sen per share)	124,435	62,217	30.00	15.00
Special single-tier dividend in respect of current financial year: - 0 sen per share (2020: 5 sen per share)	-	20,739	-	5.00
	394,045	300,719	95.00	72.50

At the forthcoming Annual General Meeting, a final single-tier dividend of 65 sen per share amounting to RM269,610,240 and a special single-tier dividend of 20 sen per share amounting to RM82,956,996 in respect of the year ended 31 December 2021 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 2022.

26. Significant Inter-Company Transactions

	Company	
	2021 RM'000	2020 RM'000
Dividend income from subsidiary companies	98,700	-
Sale of raw materials to a subsidiary company	464,849	325,546
Sale of biomass and biogas steam to a subsidiary company	3,661	3,086
Interest charged to a subsidiary company	1,598	18

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.

Notes To The Financial Statements

27. Significant Related Party Transactions

(a) Related party transactions

The Group entered into transactions with UIE Services A/S ("UIES"), a company incorporated in Denmark. This company is deemed to be a related party by virtue of common directorship held by certain directors in UIES 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest income from advances to Unifuji Sdn. Bhd.	373	786	202	285
Service fees paid to UIES	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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Amount outstanding at 31 December:				
Due to UIES	(48)	(104)	(48)	(104)

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short-term employee benefits	4,954	4,326	4,954	4,326
Post employment benefits:				
Defined contribution plan	785	690	785	690
Directors fees	1,196	1,248	1,151	1,197
Others	96	115	96	108
	7,031	6,379	6,986	6,321

(c) Provision of consultancy services by a non-independent non-executive director

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Consultancy service fees paid	-	188	-	188

Notes To The Financial Statements

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue and expenses										
Revenue:										
External sales	625,032	488,542	1,407,191	850,210	1,259	1,306	-	-	2,033,482	1,340,058
Inter-segment sales	464,849	325,546	-	-	-	-	(464,849)	(325,546)	-	-
Total revenue	1,089,881	814,088	1,407,191	850,210	1,259	1,306	(464,849)	(325,546)	2,033,482	1,340,058
Results:										
Segment results:										
Operating profit/(loss)	624,272	427,866	53,427	51,825	(1,391)	(1,146)	-	-	676,308	478,545
Investment and interest income	7,053	7,245	811	2,897	547	8,207	(1,598)	(2,234)	6,813	16,115
Interest expense	(24)	(2,240)	(1,600)	(20)	-	-	1,598	2,234	(26)	(26)
Share of results of joint venture	-	-	325	11,008	-	-	-	-	325	11,008
Income taxes	(150,897)	(96,255)	(10,264)	(7,754)	(16)	(56)	-	-	(161,177)	(104,065)
Net profit for the financial year									522,243	401,577

Notes To The Financial Statements

	Plantations		Palm oil refining		Other segments		Elimination		Consolidated	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets and liabilities										
Segment assets	2,239,512	2,200,184	760,430	525,510	112,951	209,229	-	-	3,112,893	2,934,923
Investment in an associated company	-	-	-	-	50	50	-	-	50	50
Investment in a joint venture	-	-	40,201	39,876	-	-	-	-	40,201	39,876
Consolidated total assets									3,153,144	2,974,849
Segment liabilities	289,523	257,128	178,108	86,652	40	166	-	-	467,671	343,946
Consolidated total liabilities									467,671	343,946
Other information										
Capital expenditure *	96,150	78,055	17,558	29,952	701	392	-	-	114,409	108,399
Depreciation of property, plant and equipment	82,943	78,471	9,410	8,908	97	56	-	-	92,450	87,435
Depreciation of right-of-use assets	8,033	8,030	-	-	-	-	-	-	8,033	8,030
Other significant non-cash expenses:										
(Write-back)/write-down of inventories	(83)	413	-	-	-	-	-	-	(83)	413
Net realised foreign exchange (gain)/loss	-	-	(5,261)	2,030	101	1,671	-	-	(5,160)	3,701
Net unrealised foreign exchange loss/(gain)	-	-	13,943	(11,420)	-	-	-	-	13,943	(11,420)

(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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	1,055,883	696,013	196,807	150,514	413,515	294,418	154	621	367,123	198,492	2,033,482	1,340,058
Total assets	2,778,252	2,598,103	262,414	246,097	56,929	69,378	-	157	55,549	61,114	3,153,144	2,974,849
Capital expenditure *	109,158	103,707	5,251	4,692	-	-	-	-	-	-	114,409	108,399

* Capital expenditure presented above consist of the following items as presented in the consolidated statements of financial position:

	Note	Group	
		2021 RM'000	2020 RM'000
Property, plant and equipment	10 (a)	93,906	108,238
Right-of-use assets	10 (b)	20,503	161
		114,409	108,399

(iii) Information about a major customer

Revenue from one major customer amounted to RM1,009,625,000 (2020: RM653,752,000), arising from sales by the palm oil refining segment.

Notes To The Financial Statements

29. Capital Commitments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Capital expenditure approved by the Directors but not contracted	112,928	123,891	94,433	110,320
Capital expenditure contracted but not provided for	39,889	9,262	39,390	8,319
	152,817	133,153	133,823	118,639

30. 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.

Sensitivity analysis for interest rate risk

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 RM420,000 (2020: RM436,000) 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 RM420,000 (2020: RM436,000) 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 52% (2020: 49%) of the Group's sales and 47% (2020: 39%) 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 RM11,619,000 (2020: RM5,718,000) and RM126,000 (2020: RM126,000) for the Group and the Company respectively.

Notes To The Financial Statements

Foreign currency transactions denominated 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 2021, the Group hedged 85% (2020: 82%) and 0% (2020: 0%) of its foreign currency denominated sales and purchases respectively, for which firm commitments existed at the reporting date, extending to December 2022 (2020: December 2021).

The Group is also exposed to currency translation risk arising from its net investments in Indonesia.

The Group had entered into forward currency contracts with the following notional amounts and maturities:

	Currency	Maturities		Total notional amount RM'000
		Within 1 year RM'000	1 year up to 5 years RM'000	
At 31 December 2021:				
Forwards used to hedge receivables	USD	327,299	-	327,299
At 31 December 2020:				
Forwards used to hedge receivables	USD	498,224	-	498,224

The net recognised loss as at 31 December 2021 on forward exchange contracts used to hedge receivables and payables as at 31 December 2021 amounted to RM212,000 (31 December 2020: net recognised gain RM17,410,000).

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the functional currencies of the Group entities, with all other variables held constant.

	Group	
	2021 RM'000 Profit net of tax	2020 RM'000 Profit net of tax
USD/RM		
- strengthened 3%	(9,750)	(14,340)
- weakened 3%	9,750	14,340

(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.

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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	2021		2020	
	RM'000	% of total	RM'000	% of total
By Segment:				
Plantations	24,340	10.10	8,797	4.71
Palm oil refining	216,547	89.90	177,967	95.24
Others	-	0.00	89	0.05
	240,887	100.00	186,853	100.00

At the reporting date, approximately 79% (2020: 87%) 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
2021			
Financial liabilities:			
Trade and other payables	121,556	-	121,556
Derivatives	121,820	22,898	144,718
Bank borrowings	1	-	1
Total undiscounted financial liabilities	243,377	22,898	266,275
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

Notes To The Financial Statements

Company	On demand or within 1 year RM'000	1 to 5 years RM'000	Total RM'000
2021			
Financial liabilities:			
Trade and other payables	57,592	-	57,592
Total undiscounted financial liabilities	57,592	-	57,592
2020			
Financial liabilities:			
Trade and other payables	51,838	-	51,838
Total undiscounted financial liabilities	51,838	-	51,838

(f) Market risk

Market risk is the potential change in value caused by movement in market prices. The contractual amounts stated under Note 30(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 30(g) had been 3% higher/lower, with all other variables held constant, the Group's profit net of tax and OCI would have been RM17,787,000 (2020: RM5,068,000) 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.

(g) Derivatives

Group	Contract/Notional Amount RM'000	Assets RM'000	Liabilities RM'000
2021			
Current			
Non-hedging derivatives:			
Forward currency contracts	327,299	-	(212)
Commodity futures contracts	567,330	10,837	-
Hedging derivatives:			
Commodity futures contracts	476,405	-	(121,608)
		10,837	(121,820)
Non - Current			
Hedging derivatives:			
Commodity futures contracts	218,117	-	(22,898)
		-	(22,898)
Total derivatives		10,837	(144,718)

Notes To The Financial Statements

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			
Hedging derivatives:			
Commodity futures contracts	15,842	-	(56)
		-	(56)
Total derivatives		28,093	(53,258)

During the financial year, the Group recognised a loss of RM133,881,000 (2020: loss of RM25,165,000) 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 2022 (2020: December 2021) (Note 30(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.

Notes To The Financial Statements

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 2021:				
Commodity forward contracts				
Notional amount (in MT)	78,850	58,225	62,900	199,975
Notional amount (in RM'000)	269,435	206,969	218,117	694,521
Average hedged rate (in RM'000 per MT)	3.42	3.55	3.47	3.47
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

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	
	2021 RM'000	2020 RM'000
As at 31 December		
CPO	(109,825)	(40,476)

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.

Notes To The Financial Statements

(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 2021				
Fair value through profit or loss:				
Biological assets	48,044	-	-	48,044
Short term funds	178,170	178,170	-	-
Commodity futures contracts	(133,669)	(133,669)	-	-
Forward currency contracts	(212)	-	(212)	-
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 2021				
Fair value through profit or loss:				
Biological assets	38,975	-	-	38,975
Short term funds	131,731	131,731	-	-
At 31 December 2020				
Fair value through profit or loss:				
Biological assets	33,169	-	-	33,169
Short term funds	128,504	128,504	-	-

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.

Notes To The Financial Statements

31. 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 2021 and 31 December 2020.

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Debt</u>				
Bank borrowings	1	100	-	-
Trade and other payables	121,556	94,921	57,592	51,838
	121,557	95,021	57,592	51,838
Less: Cash and bank balances	(299,662)	(128,537)	(79,150)	(61,817)
Short term funds	(178,170)	(336,283)	(131,731)	(128,504)
Net surplus of cash and bank balances and short term funds over debt	(356,275)	(369,799)	(153,289)	(138,483)
Equity attributable to the owners of the parent, representing total capital	2,674,804	2,619,972	2,020,201	1,906,840
Surplus of capital, cash and bank balances and short term funds over debt	3,031,079	2,989,771	2,173,490	2,045,323
Gearing ratio	-	-	-	-

There are no externally imposed capital requirements.

32. 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 2022. 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.

Shareholders Information As At 31 January 2022

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 31 January 2022				
Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital *
Less than 100 shares	191	2.60	3,511	0.00
100 to 1,000 shares	2,474	33.71	1,549,536	0.37
1,001 to 10,000 shares	3,753	51.14	13,952,348	3.36
10,001 to 100,000 shares	783	10.67	23,787,817	5.73
100,001 to less than 5% of issued shares	134	1.83	125,744,391	30.32
5% and above of issued shares	3	0.04	249,747,381	60.21
Total	7,338	100.00	414,784,984	100.00

Substantial Shareholders As At 31 January 2022				
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	49,834,865	12.01	-	-
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 31 January 2022				
Name of Director	Direct Interest No. of Shares	% of Issued Capital *	Deemed Interest No. of Shares	% of Issued Capital *
Ybhg. Dato' Mohamad Nasir Bin Ab. Latif	35,000	0.01	-	-
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	202,500	0.05	8,000	0.00
Y. Hormat Dato' Jeremy Derek Campbell Diamond	5,300	0.00	749,700	0.18
Mr. Martin Bek-Nielsen	1,420,778	0.34	200,672,742	48.38
Mr. Loh Hang Pai	220,000	0.05	-	-
Mr. R. Nadarajan	101,000	0.02	68,000	0.02
Madam Rohaya binti Mohammad Yusof	-	-	-	-
Mr. Jorgen Balle	-	-	-	-
Ms. Belvinder Kaur a/p C Nasib Singh	-	-	-	-

Shareholders Information

Thirty (30) Largest Shareholders As At 31 January 2022			
	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	49,834,865	12.01
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)	11,697,768	2.82
6.	Maximum Vista Sdn. Bhd.	7,433,400	1.79
7.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	5,997,800	1.45
8.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	5,934,400	1.43
9.	Ybhg. Dato' Carl Bek-Nielsen	4,936,000	1.19
10.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for Danske Bank A/S (Client Holdings)	3,630,347	0.88
11.	Amanahraya Trustees Berhad Amanah Saham Malaysia	3,621,400	0.87
12.	KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn. Bhd. for Jendarata Bernam Provident Fund	3,551,298	0.86
13.	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	2,793,700	0.67
14.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. Exempt An For The Bank of New York Mellon SA/NV (Jyske Clients)	2,768,076	0.67
15.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. BNYM SA/NV For Nykredit Bank A/S	2,505,280	0.60
16.	KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn. Bhd. for United Plantations Berhad Education And Welfare Fund	2,419,300	0.58
17.	Amanahraya Trustees Berhad Amanah Saham Malaysia 2 - Wawasan	2,387,800	0.58
18.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Rozilawati Binti Haji Basir	2,330,000	0.56
19.	HSBC Nominees (Asing) Sdn. Bhd. BPSS LDN For Aberdeen Standard Asia Focus Plc	2,205,200	0.53
20.	Citigroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn. Bhd. (Aberdeen 2)	1,532,200	0.37
21.	United Plantations Berhad Share Buy Back Account	1,483,548	0.36
22.	KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn. Bhd. for United Plantations Workers Benevolent Retirement Scheme	1,470,500	0.35
23.	Mr. Martin Bek-Nielsen	1,420,778	0.34
24.	Mr. Ho Dua Tiam	1,414,800	0.34
25.	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Private Wealth Management for Rozilawati Binti Haji Basir (PW-M00823) (421210)	1,350,000	0.33
26.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	1,324,400	0.32
27.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An For UBS Switzerland AG (Clients Assets)	1,220,482	0.29
28.	Madam Rozilawati Binti Haji Basir	1,164,880	0.28
29.	Sungei Ream Holdings Sendirian Berhad	1,060,000	0.26
30.	M & A Nominee (Tempatan) Sdn. Bhd. Jendarata Bernam Provident Fund	1,002,400	0.24
		347,792,450	83.85

* calculated based on 414,784,984 shares which do not include 1,483,548 treasury shares

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 101st Annual General Meeting of the Company will be held and conducted entirely on a virtual basis through live webcast and online remote voting using Remote Participation and Electronic Voting facilities from broadcast venue at Boardroom Share Registrars Sdn. Bhd., 12th Floor, Menara Symphony, No. 5 Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia, at 10.00am on Tuesday, 26 April 2022 for the purpose of considering the following business:-

	Ordinary Resolutions
1. To receive and consider the financial statements for the year ended 31 December 2021 together with the Reports of the Directors and the Auditors thereon.	1
2. To approve the payment of a Final Single-tier dividend of 65sen per share and a Special Single-tier dividend of 20sen per share for the financial year ended 31 December 2021.	2
3. To approve the payment of Directors' fees (inclusive of Board Committees' fees) of RM1,196,027 for the financial year ended 31 December 2021.	3
4. To approve the payment of Directors' benefits (other than Directors' fees) of RM204,703 for the financial year ended 31 December 2021.	4
5. To re-elect as Director, Ybhg. Dato' Carl Bek-Nielsen who retires by rotation pursuant to Article 107 of the Company's Constitution.	5
6. To re-elect as Director, Mr. R. Nadarajan who retires by rotation pursuant to Article 107 of the Company's Constitution.	6
7. To re-elect as Director, Mr. Jorgen Balle who retires by rotation pursuant to Article 107 of the Company's Constitution.	7
8. To re-elect as Director, Ms. Belvinder Kaur a/p C. Nasib Singh who retires by rotation pursuant to Article 100 of the Company's Constitution.	8
9. To re-appoint Ernst & Young, PLT as auditors of the Company for the year 2022 and to authorise the Directors to fix their remuneration.	9

Mr. Ahmad Riza Basir having served on the Board as Independent Non-Executive Director for 21 years, has expressed his intention not to seek re-election. Hence, he will retain office until the conclusion of the 101st AGM.

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

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 2021 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 2023 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 65sen per share and a Special Single-tier dividend of 20sen per share, if approved at the 101st Annual General Meeting will be paid on 18 May 2022 to shareholders whose names appear in the Record of Depositors and the Register of Members at the close of business on 29 April 2022.

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 29 April 2022 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
28 February 2022

Notice Of 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 authorised 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. Alternatively, the instrument appointing a proxy can be deposited electronically (for individual shareholders only) through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> or via email to bsr.helpdesk@boardroomlimited.com before the cut-off time for the lodgement of the Proxy Form as mentioned above.
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 18 April 2022 shall be entitled to attend the said meeting or appoint a proxy to attend and/ or vote on his/her behalf.
7. There will be no gift vouchers given for Shareholders/Proxy Holders who attend and/or participate in the AGM.

Notice Of Annual General Meeting

Notes on the Special Business

For Ordinary Resolution 10 - Proposed Continuation in office as Independent Non-Executive Directors

The Nomination Committee and the Board has assessed the independence of the Director who have served as Independent Non-Executive Director of the Company for a cumulative term of more than 9 years and recommend Y. Hormat Dato' Jeremy Derek Campbell Diamond to continue to act as Independent Non-Executive Director of the Company.

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 20 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 28 February 2022.

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 100th 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
28th February 2022	Annual Report 2021 & Notice of AGM
26th April 2022	1st Quarter Results
19th July 2022	2nd Quarter Results
7th November 2022	3rd Quarter Results
	2021 Dividends
	Final Dividends
28th February 2022	Notice of Book Closure
29th April 2022	Entitlement Date
18th May 2022 (Tentative)	Payment Date
	Interim Dividend Paid
8th November 2021	Notice of Book Closure
22nd November 2021	Entitlement Date
3rd December 2021	Payment Date

Group Properties As At 31 December 2021

Properties	Tenure	Area In Hectares	Description	Age In Years	*Net Tangible Asset Value RM '000
Jendarata Estate	Leasehold		Registered Office - 1,369 sq.m.	57	4,173
36009 Teluk Intan	Expiring on:		Research Station - 1,070 sq.m.	56	1,768
Perak Darul Ridzuan	15.01.2062	594.50	Oil Palm & Coconut Estate		121,834
	07.06.2104	611.65	Palm Oil Mill	10,032 sq.m.	5,968
	07.06.2104	34.81	Biomass Plant		5,553
	20.11.2067	982.19		16	
	22.08.2068	149.67			
	Yr to Yr	33.62			
	Freehold	3,929.19			
Kuala Bernam Estate	Freehold	829.60	Coconut Estate		11,282
Batu 18, Jalan Bagan Datoh					
36300 Sungai Sumun					
Perak Darul Ridzuan					
Sungei Bernam Estate	Leasehold		Coconut Estate	47	34,223
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		59,145
36500 Ulu Bernam	Yr to Yr	95.31	Optimill/Biogas/Unifuji - 545,100 sq.m.	4	24,681
Perak Darul Ridzuan					
Changkat Mentri Estate	Leasehold		Oil Palm Estate		25,079
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		43,864
36500 Ulu Bernam	Expiring on:		Palm Oil Mill - 6,352 sq.m.	32	1,278
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			
Charong Estate **	Leasehold		Oil Palm Estate		71,212
36500 Ulu Bernam	Expiring on:				
Perak Darul Ridzuan	02.11.2064	53.89			
	08.04.2033	809.40			
	Freehold	6,038.20			
Seri Pelangi Estate	Leasehold		Oil Palm Estate		13,097
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		136,236
Lot 1899, Mukim Ulu Bernam					
35800, Hulu Selangor, Selangor.					
UIE	Leasehold		Oil Palm Estate		393,251
Pantai Remis	Expiring on:		Palm Oil Mill - 6,148 sq.m.	30	575
Perak Darul Ridzuan	23.12.2103	10,355.26			
	Freehold	9.94			
Unitata Berhad	Freehold	18.45	Palm Oil and Palm Kernel Refinery Complex	Buildings	35,004
36009 Teluk Intan					
Perak Darul Ridzuan					
Bernam Bakery	Freehold	0.45	Bakery	37	306
36009 Teluk Intan					
Perak Darul Ridzuan					
Tanarata Estate ***	Leasehold		Oil Palm Estate		105,701
Mukim Changkat Jong & Mukim Durian Sebatang	Expiring on:				
Hilir Perak.	14.12.2032	831.46			
	04.12.2035	2,424.12			
	15.09.2035	386.24			
PT Surya Sawit Sejati	Leasehold		Oil Palm Estate		127,024
Pangkalan Bun, Central Kalimantan, Indonesia	Expiring on:		Palm Oil Mill - 90,000 sq.m.	12	5,059
	24.09.2040	2,508.47			
	01.01.2053	6,004.15			
	****	10,063.75			

Notes :

* Estate Includes Land, Pre-cropping Cost and Buildings

** This was previously known as Sungei Erong Estate and Sungei Chawang Estate

*** Extension of lease for 99 years approved pending issuance of new titles

**** Awaiting issue of lease

Group Landbank Properties & Age Profile As At 31 December 2021

	Jendarata Hect.	Kuala Bernam Hect.	Sungei Bernam Hect.	Ulu Bernam Hect.	Changkat Mentri Hect.	Ulu Basir Hect.	Charong Hect.	Seri Pelangi Hect.	Lima Blas Hect.	UIE Hect.	Tanarata Hect.	PT Surya Sawit Sejati Hect.	Total
OIL PALM :													
Mature	4,757			3,050	2,231	3,738	6,748	1,209	2,745	8,958	351	9,002	42,789
Immature-Planted 2019	286				98						590		974
Immature-Planted 2020	26				35						1,162		1,223
Immature-Planted 2021	143							120			1,272		1,535
Sub-Total	5,212	-	-	3,050	2,364	3,738	6,748	1,329	2,745	8,958	3,375	9,002	46,521
COCONUT :													
Mature	688	811	1,656							692			3,847
Immature-Planted 2018										97			97
Immature-Planted 2019	5		178										183
Immature-Planted 2020	74		228										302
Immature-Planted 2021	5		193										198
Sub-Total	772	811	2,255	-	-	-	-	-	-	789	-	-	4,627
OTHER AREAS:													
Other Crops	15												15
Plasma Areas												1,364	1,364
Conservation (Jungle areas, shrub land, swamps, wetlands & others)					12	129			99	91	58	8,140	8,529
Buildings, roads, drains, air-strip, nurseries, church, toddy tapping areas, railway, mills & others.	337	19	21	148	175	124	153	93	48	527	209	70	1,924
TOTAL	6,336	830	2,276	3,198	2,551	3,991	6,901	1,422	2,892	10,365	3,642	18,576	62,980

Oil Palm		
Age in years	Hectares	% Under crop
4 - 5	4,243	9
6 - 8	7,510	16
9 - 18	26,707	58
19 and above	4,329	9
Mature	42,789	92
Immature	3,732	8
Total	46,521	100

Comparative Statistics - 10 Years






Year ended 31 December	2021 RM'000's	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
Balance Sheet Analysis										
Issued Capital	390,054	390,054	390,054	390,054	390,054	208,134	208,134	208,134	208,134	208,134
Reserve	2,284,750	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
Non-Controlling Interests	10,669	10,931	9,195	7,828	6,893	5,344	3,158	2,417	1,076	420
Funds Employed	2,685,473	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
Property, Plant and Equipment	1,209,944	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
Land Use Rights	-	-	-	38,105	34,115	36,192	33,890	32,042	31,110	34,071
Right-of-use assets	395,415	382,408	391,093	-	-	-	-	-	-	-
Other Non-Current Assets	405,008	410,689	401,380	35,412	36,890	1,782	6,496	21,147	17,114	9,829
Current Assets	1,142,777	972,367	873,825	1,351,851	1,304,697	1,186,289	1,074,585	960,481	1,049,281	1,030,654
Total Assets	3,153,144	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
Less: Liabilities	467,671	343,946	304,428	329,472	318,943	276,070	238,023	206,824	201,640	220,193
Net Assets Employed	2,685,473	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
Other Data										
Profit Before Tax	683,420	505,642	357,960	490,872	503,970	417,935	375,997	355,604	340,476	454,239
Tax	161,177	104,065	73,634	116,772	109,288	87,128	83,566	76,233	87,989	111,688
Net Profit	522,243	401,577	284,326	374,100	394,682	330,807	292,431	279,371	252,487	342,551
Non-Controlling Interests	(3,908)	(2,033)	(1,040)	(1,683)	(1,702)	(1,319)	(881)	(1,341)	(656)	(310)
Profit attributable to equity owners of the Parent	518,335	399,544	283,286	372,417	392,980	329,488	291,550	278,030	251,831	342,241
Earnings Per Share (in sen)	125.00	96.00	68.00	89.50	94.50	79.50	70.50	67.00	60.50	82.50
Dividend Rate (Ordinary Share)										
- Interim and Final*	115.00%	85.00%	67.50%	70.00%	75.00%	57.50%	45.00%	82.50%	46.94%	46.88%
Share Prices On										
The Bursa Malaysia Securities Berhad										
Highest*	14.78	15.32	13.90	14.55	14.49	14.22	14.00	14.75	16.63	14.00
Lowest*	13.50	11.50	12.35	12.50	13.41	12.31	11.69	11.48	12.35	9.58
Production - Malaysia										
Palm Oil - own - Tonnes	207,504	195,542	179,045	168,680	158,060	134,999	151,988	144,162	146,962	161,407
Palm Kernel - own - Tonnes	41,535	39,233	36,854	36,789	35,373	29,631	34,256	33,885	35,118	40,331
Coconuts - Nuts ('000)	87,964	81,428	78,104	71,423	75,252	86,052	77,501	68,424	74,678	74,110
FFBYield per hectare - Tonnes	28.90	27.49	26.76	26.67	25.46	21.11	24.24	22.97	22.42	25.05
CPOYield per hectare - Tonnes	6.29	6.13	5.88	5.73	5.34	4.64	5.32	5.09	4.95	5.48
Palm Oil extraction rate - %	21.77	22.29	21.95	21.47	20.97	21.97	21.95	22.17	22.07	21.86
Palm Kernel extraction rate - %	4.36	4.47	4.52	4.68	4.69	4.82	4.95	5.21	5.27	5.46
CoconutsYield per hectare - Nuts	22,247	22,827	23,557	23,154	25,345	30,305	27,747	25,056	26,858	26,077
Cost Of Production - Malaysia **										
Palm Oil - RM/MT	1,247	1,225	1,286	1,271	1,280	1,319	1,115	1,147	1,083	973
Palm Kernel - RM/MT	522	503	505	483	479	477	410	404	379	349
Average Sales Price - Malaysia										
Palm Oil - RM/MT	3,309	2,613	2,356	2,606	2,578	2,424	2,163	2,353	2,702	3,017
Palm Kernel - RM/MT	2,168	1,594	1,312	1,992	2,650	2,138	1,493	1,774	1,283	1,584
Production - Indonesia										
Palm Oil - own - Tonnes	44,097	47,316	46,421	51,049	47,459	44,143	48,159	41,440	36,529	35,182
Palm Kernel - own - Tonnes	8,844	9,678	9,182	9,071	8,387	7,948	8,266	7,044	6,793	6,679
FFBYield per hectare - Tonnes	22.31	23.69	22.93	24.69	22.56	19.53	20.02	16.86	15.84	17.50
CPOYield per hectare - Tonnes	4.87	5.21	5.11	5.66	5.25	4.81	5.03	4.24	3.88	4.27
Palm Oil extraction rate - %	21.84	22.00	22.30	22.92	23.29	24.62	25.15	25.17	24.41	24.38
Palm Kernel extraction rate - %	4.38	4.50	4.41	4.08	4.12	4.43	4.32	4.28	4.54	4.63
Cost Of Production - Indonesia										
Palm Oil - RM/MT	1,509	1,328	1,444	1,290	1,516	1,609	1,415	1,369	1,447	1,490
Palm Kernel - RM/MT	494	452	492	482	581	534	525	595	577	589
Average Sales Price - Indonesia										
Palm Oil - RM/MT	3,079	2,284	1,964	2,003	2,572	2,316	2,002	2,301	2,179	2,381
Palm Kernel - RM/MT	2,144	1,204	1,011	1,356	2,049	1,899	1,198	1,305	997	1,032

Notes:

* Comparative adjusted for Bonus Issue

** Cost of production figures include depreciation and additional remuneration/bonuses.

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-  2,134 kg of landfill
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-  48,503 liters of water

Sources :

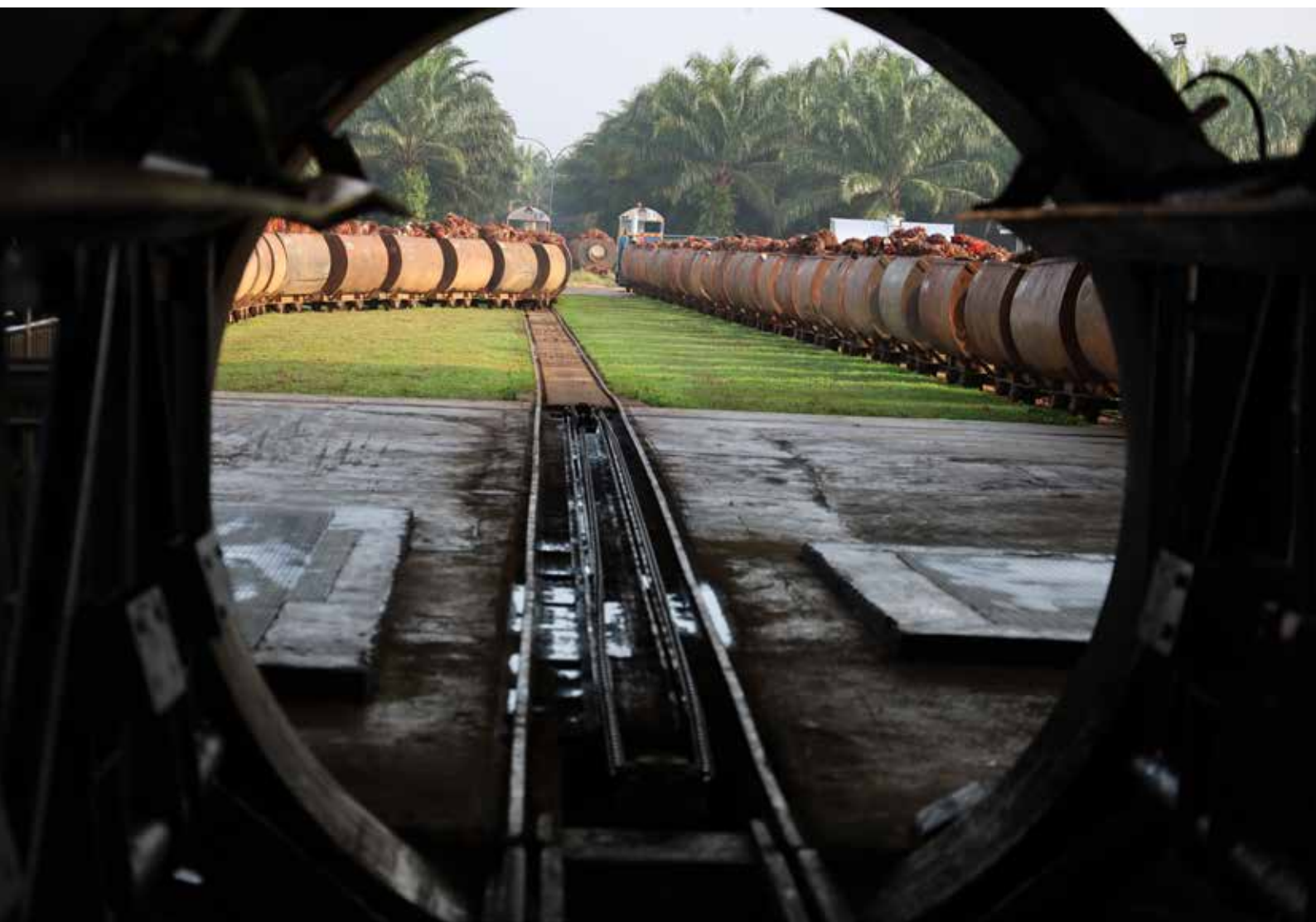


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Locomotive cages laden with freshly harvested fruit bunches enter directly into the steriliser units at the palm oil mill, where the fruits are cooked under pressure before further processing into high quality oil.