

Minutes of the 101st Annual General Meeting

26 April 2022



UNITED PLANTATIONS BERHAD

Company Registration No. 191701000045 (240-A)

Jendarata Estate • 36009 Teluk Intan • Darul Ridzuan • Malaysia

UNITED PLANTATIONS BERHAD

MINUTES OF THE 101ST VIRTUAL ANNUAL GENERAL MEETING OF SHAREHOLDERS HELD AT BOARDROOM SHARE REGISTRARS SDN BHD, 12TH FLOOR, MENARA SYMPHONY, NO.5, JALAN PROF. KHOO KAY KIM, SEKSYEN 13, 46200 PETALING JAYA SELANGOR ON TUESDAY 26 APRIL 2022

Present: 324 Shareholders present representing 9,443,960 shares
197 Proxy Holders representing 286,033,612 shares, 1
person with a Letter of Representation representing 200
shares and

Y.Bhg. Dato' Mohamad Nasir bin Ab. Latif -Chairman
Y.Bhg. Dato' Carl Bek-Nielsen - Vice Chairman
Mr. Ho Dua Tiam
Mr. Ahmad Riza Basir
Y. Hormat Dato' J.D.C. Diamond
Mr. Martin Bek-Nielsen
Mr. Loh Hang Pai
Mr. R. Nadarajan
Puan Rohaya binti Mohammad Yusuf
Mr. Jorgen Balle*
Ms. Belvinder Kaur a/p C Nasib Singh
*Joined the meeting remotely
In Attendance: Mr. Ng Eng Ho - Company Secretary

The Chairman took the Chair at 10.00 a.m. and welcomed the shareholders to the 101st Virtual Annual General Meeting of the Company. The Chairman reported that this was our third virtual AGM which was necessary for the safety and health of our shareholders and employees during this Covid-19 pandemic. The Chairman added that this online meeting complied with Section 327 of the Companies Act 2016 and was in accordance with the guidance issued by the Securities Commission.

The Chairman informed the shareholders that we had in attendance 10 Directors present with one Director joining us remotely. The Chairman then proceeded to introduce the Directors to the shareholders.

The Chairman reported that Mr Ahmad Riza Basir who has served the Board for 21 years has decided to retire from the Board after this AGM. The Chairman on behalf of the Board thanked Mr Ahmad Riza Basir for his dedicated service to the Board.

Quorum:

The Company Secretary confirmed the presence of the requisite quorum in accordance with Article 79 of the Company's Constitution. The requisite quorum being present, the Chairman called the meeting to order.

Notice of Meeting

The Chairman proposed that the Notice given convening the meeting, be taken as read.

The Chairman announced that in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia, all resolutions tabled today will be voted on by poll electronically. Dato' Chairman further announced that Boardroom Share Registrars has been appointed to handle the e-polling with GovernAce Advisory & Solutions Sdn Bhd as the independent scrutineer.

Boardroom Share Registrars was invited to give a slide presentation on the e-polling process.

The Chairman then moved the following items on the Agenda:

RESOLUTION NO.1: To receive and consider the 2021 financial statements.

The Chairman proposed the resolution “THAT the financial statements for the year ended 31 December 2021 together with the Reports of the Directors and the Auditors thereon be received.

The resolution was seconded by Shareholder Ng Eng Ho

RESOLUTION NO.2: Final and Special Dividends for 2021

The Chairman proposed that the resolution “To consider the recommendation of the Directors and authorize the payment of a final single-tier dividend of 65sen and a special single-tier dividend of 20sen for the year ended 31 December 2021.”

The Chairman reported that the final dividend and the special dividend subject to the approval of shareholders will be paid on 18th May 2022.

The resolution was seconded by Shareholder Nadarajan a/l Rasiah.

RESOLUTION NO.3: Directors’ Fees (Inclusive of Board Committees’ fees) of RM1,196,027 for 2021

The Chairman proposed the resolution “THAT the Directors’ fees (inclusive of Board Committees’ fees) of RM1,196,027 for the financial year 2021 be approved for payment.”

The resolution was seconded by Shareholder Khor Siew Yen.

RESOLUTION NO.4: Directors’ benefits (other than Directors’ fees) of RM204,703 for 2021.

The Chairman proposed the resolution “THAT the Director’s benefits (other than Director’s fees) of RM204,703 for the financial year 2021 be approved for payment.”

The resolution was seconded by Shareholder Chandra Mohan a/l Selappan

RESOLUTION NO.5: Re-elect Director, Ybhg. Dato' Carl Bek-Nielsen who retires by rotation pursuant to Article 107 of the Company's Constitution.

The Chairman proposed the resolution "THAT Ybhg. Dato' Carl Bek-Nielsen who retires by rotation pursuant to Article 107 of the Company's Constitution be re-elected to the Board."

The resolution was seconded by Shareholder Dato' Jeremy Derek Campbell Diamond.

RESOLUTION NO.6: Re-elect Director Mr. R. Nadarajan who retires by rotation pursuant to Article 107 of the Company's Constitution.

The Chairman proposed the resolution "THAT Mr. R. Nadarajan who retires by rotation pursuant to Article 107 of the Company's Constitution be re-elected to the Board."

The resolution was seconded by Shareholder Martin Bek-Nielsen.

RESOLUTION NO.7: Re-elect Director Mr. Jorgen Balle who retires by rotation pursuant to Article 107 of the Company's Constitution.

The Chairman proposed the resolution "THAT Mr. Jorgen Balle who retires pursuant to Article 107 of the Company's Constitution be re-elected to the Board."

The resolution was seconded by Shareholder Dato' Carl Bek-Nielsen.

RESOLUTION NO. 8: Re-elect Director Ms. Belvinder Kaur a/p C Nasib Singh who retires by rotation pursuant to Article 100 of the Company's Constitution.

The Chairman proposed the resolution "THAT Ms. Belvinder Kaur a/p C Nasib Singh who retires pursuant to Article 100 of the Company's Constitution be re-elected to the Board."

The resolution was seconded by Shareholder Mary Goreti Rozario.

RESOLUTION NO.9: Re-appoint Messrs Ernst & Young PLT as Auditors of the Company for the year 2022 and authorize the Directors to fix their remuneration.

The Chairman proposed the resolution "THAT Ernst & Young PLT be re-appointed as auditors of the Company for the year 2022 and the Directors be authorized to fix their remuneration."

The resolution was seconded by Shareholder Kumara Vallie a/p Rajoo.

RESOLUTION NO.10: Proposed Continuation of Dato' J.D.C. Diamond as Independent Non-Executive Director

The Chairman proposed the resolution “That Dato' J.D.C. Diamond having served as Independent Non- Executive Director for a cumulative term of more than nine (9) years, be continued to act as Independent Non- Executive Director of the Company.”

The resolution was seconded by Shareholder Ng Eng Ho.

RESOLUTION NO.11: Proposed Renewal of Authority for Purchase of Own Shares

The Chairman proposed the following resolution:-

“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 authorized 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 utilized 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:

- (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 2016 (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.”

The resolution was seconded by Shareholder Nadiaya a/p Subramaniam

RESOLUTION NO.12: Authority for Directors to issue shares pursuant to Section 75 and 76 of the Companies Act, 2016

The Chairman proposed the following resolution:-

“THAT, pursuant to Section 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 authorized 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.”

The resolution was seconded by Shareholder Shirley Angelina Muthu a/p S. M Muthu.

After tabling all resolutions, the Chairman announced that the meeting was opened for a questions and answers session. (Please refer to the Addendum on the proceeding on this session)

The Chairman then announced the opening of the poll. The shareholders were given 10 minutes to cast their votes.

The Chairman announced the closing of the poll. The Scrutineer was invited to read out the results of the poll.

Based on the announced results of the poll, the Chairman declared that all resolutions for today were duly carried.

The Chairman further enquired whether the Company Secretary had received notice on any other business from any shareholder

The Secretary confirmed that the company did not receive any notice of any other business.

The Chairman declared the meeting closed.

The meeting terminated at 11.10 a.m. with a vote of thanks to the Chairman.

UNITED PLANTATIONS BERHAD

Chairman

Addendum to the Minutes

The Chairman informed the meeting that we had received questions from Minority Shareholder Watch Group (MSWG) and other shareholders.

Questions from MSWG Operational & Financial Matters

- 1. Like many other plantation companies, United Plantations faced its worst ever labour shortages during 2020 and 2021, which till today continues to create enormous operational challenges. (page 14 of AR2021)**

To what extent has the Group's labour shortage issue improved or normalised?

Answer: Mr Martin Bek-Nielsen replied that the Government has yet to fully open up recruitment channels from Indonesia and Bangladesh. Unless this issue is resolved soon allowing us to bring in workers latest by June, crop losses would be inevitable during the coming peak crop months from July to September. In this context, it is important to note that the acute labour shortages last year resulted in very significant crop losses throughout the Malaysian plantation sector in 2021 reducing the national production by just over 1 million MT CPO year on year.

- 2. Over the last six months, the Group has seen how the cost of energy, fertilizers, chemicals, building materials, and spare parts have skyrocketed resulting in the Group's cost base increasing to its highest levels ever. (page 30 of AR2021)**

To what extent does the Group expect cost to increase further in 2022? What are the Group's plans in improving its cost efficiencies?

Answer: Mr Martin Bek-Nielsen replied that it is yet too early to state what these cost increases will ultimately result in. However, as of now, the cost increases across a broad base of components have been very substantial and will impact all players in the agricultural sector not just in Malaysia but globally. Our emphasis is to mitigate this through higher efficiencies and higher yields.

- 3. In relation to the Group's Manufacturing Division, Unitata Berhad's total contribution to the Group declined by 12%, while UniFuji Sdn Bhd's contribution to the Group declined by 97%. (page 19 of AR2021)**

What were the utilisation of manufacturing capacity for Unitata Berhad and UniFuji Sdn Bhd in financial year 2021? What is the current utilisation of the manufacturing capacity for Unitata Berhad and UniFuji Sdn Bhd?

Answer: Mr Martin Bek-Nielsen replied that Unitata and Unifuji operated at approximately 91% capacity in 2021. This includes downtime due to the scheduled annual maintenance of approximately 1 month. The utilisation of manufacturing capacity is at a similar level during 2022.

Questions from Mr. Ariivazhagan a/l Supramaniam

- 1. Are there any door gifts? Many companies do not give any door gifts due to the remote nature of AGMs. Nevertheless, with the lifting of many restrictions on 1st April, we expect UP to have physical AGMs from next year.**

Answer: The Company Secretary replied that we have in our circular dated 28 February 2022 to shareholders advised that no door gifts are to be given to the participating shareholders in the 101st virtual AGM. We shall evaluate and decide on the mode of the AGM in 2023 at a later stage.

- 2. How will you manage the curveballs the current geo-political climate is throwing at the industry?**

Answer: Dato' Carl Bek-Nielsen replied that the war in Ukraine has created a severe supply squeeze in vegetable oils. Russia and Ukraine combined were expected to export 10.5mill MT of sunflower oil this season equal to 77% of the world's total exports of sunflower oil. This is now very likely not going to take place distorting the supply base of vegetable oils. Furthermore, supplies of fertilisers from Russia are also at risk as the economic embargoes will not enable producers in Russia to ship out their produce. This squeeze in supplies has now resulted in a tremendous escalation in fertiliser prices globally. In UP we are doing our best to address this and to find alternate sources.

Questions from Mr. Ee Yih Chin

- 1. Refer to Note 28, page 186 of AR. Palm oil refining operating profits are only RM53m and RM52m in 2021 and 2020.**

(a) Refining profits have declined substantially from RM86m, RM73m, and RM71m in 2017-19. What are the reasons.

(b) What are the respective contributions from Unitata and UniFuji to the refining business?

(c) What is the correlation of CPO price and refining business performance?

Mr Martin Bek-Nielsen answered the questions as follows:

(a) There is usually an inverse relationship between commodity prices and refining margins. The higher the prices, the lower the margins. Furthermore, commodity prices were stable from 2017 to 2019, and the huge inverse eroding margins further which we have seen in 2021 was not present during the past years.

(b) The contributions from Unitata and Unifuji to the Group were RM38.7m and RM0.3m Respectively

(c) Please refer to the answer on question (a).

2. Based on 2019 and 2020 Annual Reports, UP only sold around 100 thousand MT of commodity futures contracts. However, in 2021 it sold about 200 thousand MT at an average price of about RM3.47k / MT.

(a) What were the reasons that management decide to double the volume of future contracts in 2021?

(b) Lately does management continue to sell future contract at similar pace? 2023 contracts have been traded at above RM5,000/ MT lately.

(c) What is the latest future contracts position?

Mr Martin Bek-Nielsen answered the questions as follows:

(a) The reason was to secure margins on the far forward months at high prices based on a historical perspective.

(b) The management continues to sell future contracts based on our forward sales policy to secure future margins, although the pace has reduced a little in line with increasing geopolitical uncertainties.

(c) This will be disclosed in due course.

3. How much of the 207,504 MT of CPO produced by Malaysian estates are fed into Unitata and UniFuji? Will an expansion of the downstream business bring greater synergy due to vertical integration? Or the synergy is negligible such that it's better to continue to focus on upstream business where the Group is good at?

Answer: Mr Martin Bek-Nielsen replied that all the CPO produced are value-added in Unitata and Unifuji. This brings greater synergy to the Group due to vertical integration and the possibility to value add on top of the market prices of CPO.

4. What is the outlook of the coconut plantation business? How does the Group perform in this business as compared to peers? How does the ROI compare with palm plantation after averaging out the commodity price fluctuation?

Answer: Dato' Carl Bek-Nielsen replied that the coconut plantation business is reasonably profitable and the outlook is positive.

5. Refer page 21 of AR, despite rising input costs, the management has achieved a commendable feat by keeping costs low at RM1,247/MT CPO.

(a) How much is this low-cost base is contributed by UP's exceptional high yield at 5.99 MT/ ha? How much is contributed by other factors like better labour productivity?

(b) What is the average cost among other Malaysian planters?

Dato' Carl Bek-Nielsen replied as follows:

- (a) High yield is the main reason for the low-cost base. It is difficult to quantify the contribution of other factors. However, mechanisation has reduced headcount, thereby increasing labour productivity and contributing to the low-cost base.*
- (b) It varies significantly between the range of RM1300/mt to around RM2000/mt depending on various factors.*

6. Page 77 of AR has outlined the commendable initiatives taken by the management to address the debt bondage issue as a result of unscrupulous recruitment middlemen.

- (a) When is the remediation, if any, will be completed for current and past workers? What is the estimated amount involved?**
- (b) Given this is a systematic problem that involves governments, how can UP mitigate future risks besides setting up a call centre manned by local language-speaking person?**

Mr Martin Bek-Nielsen replied as follows:

- (a) The remediation and compensation plan is expected to be finalised in the first half of 2022 and completed in the second half of 2022.*
- (b) This is still being finalised.*
- (c) Through our updated guest worker policy, a number of new SOPs have been introduced to mitigate future risks in connection with recruitment and other forced labour indicators. The call center is one of many new initiatives introduced to eliminate the risks of exploitation of our guest workers. Please refer to page 27 of the 2021 Annual Report and our website for more information.*

Question from Ms. Anna Chua Siew Chieng

- 1. Note 30(g) on page 191 - "Year 2021 Current Non-hedging derivatives commodity future contracts notional value is RM 567,330,000." Is that possible to disclose the contracted selling price per metric tonne under non-hedging commodity futures contracts?**

Answer: Mr Martin Bek-Nielsen replied that this is a combination of purchases and sales of various products which have been fair valued with a gain of RM10.8m as of 31 December 2021.

Question from Mr. Benedict Lopez a/l Gibson Conception

- 1. Will UP be able to increase its dividend payout this year as prevailing CPO prices are very high?**

Answer: Mr Martin Bek-Nielsen replied that the Board has on 6 November 2021 adopted a dividend policy whereby we shall endeavor to have an annual dividend payout ratio between 70% to 80%. The dividend payout ratio of UP in the last 5 years ranged from 78% to 99% and is being recognised as one of the top dividend paying stocks in Bursa.

Questions from Mr. Bhupinder Singh A/l Jeswant Singh

- 1. What is the impact on the cost of production of palm oil with rising Labour costs (monthly minimum wage increase to RM1,500 wef. May) fertilizer, pesticide, fuel and other expenses (which increased by 60%), etc**

Answer: Dato' Carl Bek-Nielsen replied that It is yet too early to state what these cost increases will ultimately result in. However, as of now, the cost increases across a broad base of components have been very substantial and will impact all players in the agricultural sector not just in Malaysia but globally. Our emphasis is to mitigate as much of this as possible through higher efficiencies and higher yields.

- 2. Page 134 of the annual report states that your investment & interest income fell from RM16,115m in 2020 to RM6,812m ie. by 152%. What are the reasons for this hefty fall.**

Answer: Mr Martin Bek-Nielsen replied that this is mainly due to lower bank deposits and lower deposit rates due to higher MDEX deposits in line with our forward sales.

- 3. What is the capital expenditure provision for 2022 and for what needs.**

Answer: Mr Martin Bek-Nielsen replied that as shown on page 188, Note 29, the total group capital expenditure for 2022 is RM152.8m. This is mainly for planned expenditure on replanting, new buildings, new production lines, and other fixed assets.

- 4. Indonesia produces more than half of the global palm oil. It has unexpectedly announced plans to ban it's exports, if enforced, what will be the impact of this on**
 - a) Your exports and earnings thereof from your Indonesian palm oil production.**

Answer: Mr Martin Bek-Nielsen replied that we don't export CPO out of Indonesia and all our production is sold in Indonesia.

- b) Export prices of palm oil.**

Answer: Mr Martin Bek-Nielsen replied that initially, prices went up, however, once the Indonesian Government clarified that the ban does not include CPO exports, the price came down again.

- 5. Global inflation as palm oil is widely used in food production, cosmetics, detergents, and to a small extent biofuel, etc.**

Answer: Mr Martin Bek-Nielsen replied that no doubt higher price of vegetable oils will result in higher inflation.

- 6. Also how other vegetable oils will be affected.**

Answer: Mr Martin Bek-Nielsen replied that if there was a total ban, other vegetable oil prices would increase significantly. After the Indonesian government clarified that CPO exports could continue, prices of other vegetable oils had not really changed as of last night.

Question from Mr. Ong Shien

- 1. How much of 2022 CPO has been hedged and at what average price? Going forward, will the hedging activity stay the same, increase or decrease?**

Answer: Mr Martin Bek-Nielsen replied that as of 31 December 2021, 137,000mt equivalent to 54% of the group's production has been sold at an average price of around RM3,500/ mt. to date, approximately 70% of the group production has been sold as we continue to sell forward in a rising market. Our average price will therefore most likely be higher than the above year-end figure. Our forward sales hedging activities are to secure a margin that has stabilised our profitability over the years. From time to time, the board reviews the forward sales hedging policy. When market prices are on the downtrend, we achieve a higher price than the market and when the prices are on the uptrend as experienced in the last two years, we tend to underperform against the market.

Questions from Mr. Goh Leng Pheow

- 1. Up to date, what is the CPO average forward selling price for the Company?**

Answer: Mr Martin Bek-Nielsen replied that the up-to-date average forward selling prices will be higher than 2021 and will be tabled at the year-end which has been our practice.

- 2. How many months ahead that UP sell forward for the CPO**

Answer: Mr Martin Bek-Nielsen replied that UP sold forward up to a maximum of 24 months.

- 3. How many % of CPO production that UP sell forward**

Answer: Mr Martin Bek-Nielsen replied that this varies depending on the period and varies between 30% to 70 %

Question from Mr. Liew Joo Yew

1. How to ensure company no forced labour problem?

Answer: Dato' Carl Bek-Nielsen replied that through our updated guest worker policy, a number of new SOPs have been introduced to mitigate future risks in connection with recruitment and other forced labour indicators. The call center is one of many new initiatives introduced to eliminate the risks of exploitation of our guest workers. Please refer to page 27 of the 2021 Annual Report and our website for more information.

Question from Mr. Tan Kim Lai

1. Why pesticides/herbicides used in Malaysia more than Indonesia? Malaysia 0.76 Kg per MT oil compare with Indonesia 0.26 Kg per MT oil.

Answer: Dato' Carl Bek-Nielsen replied that Malaysian plantations have a sizeable portion of young mature oil palms where the relatively open conditions will require more herbicides to control weeds. There are also endemic leaf and rodent pests, requiring the use of pesticides as part of our IPM practices. Indonesian plantations consist of older mature plantings with less need for weeding and pest control.

Questions from Mr. Lew Tuck Wai

- 1. The Downstream segment contribution to UP's profits is still low at 7.5% in FY2021.**
 - (a) As there are limited growth opportunities in the Upstream segment, are there plans to increase the contribution of the Downstream activities in particular those in refinery and related activities?**
 - (b) How much is the Capex budgeted for the Downstream segment in FY2022?**

Answer: Dato' Carl Bek-Nielsen replied as follows:

- (a) The Downstream activities are being pursued diligently. The Board/Management is always looking for new opportunities in this segment.*
- (b) The budgeted capex of downstream segment for FY2022 is reported under Note 29 Capital Commitments of our Annual Report 2021.*

- 2. UP has an exemplary sustainability track record in its plantation operations. With the increased focus on renewable energy in particular biomass, is UP with its increase production taking this opportunity to expand its renewable energy segment. Appreciate the Board's view and comments.**

Answer: Dato' Carl Bek-Nielsen replied that UP has already expanded into renewable

energy. We would continue to invest in this but this is not expected to contribute significantly. Nevertheless, these investments are expected to further reduce our greenhouse gas footprint.

3. The Chief Executive Director reported that the replanting on Tanarata Estate will be completed by mid-2022.

- (a) How much of the balance in Tanarata that is expected to be replanted in FY2022?**
- (b) What is the budgeted cost of replanting for UP in FY2022?**
- (c) After the completion of replanting in Tanarata, where will the next replanting be undertaken?"**

Answer: Dato' Carl Bek-Nielsen replied as follows:

- (a) We have about 250 ha yet to be replanted and this is expected to be completed in May/June 2022. The entire estate since taking over would have been fully replanted by then.*
- (b) The budgeted cost of replanting for 2022 is reported under Note 29 Capital Commitments of our Annual Report 2021.*
- (c) UP undertakes replanting continuously throughout our estates. Replanting is an ongoing process. We replant on average between 4% to 6% of the entire land bank annually to sustain a healthy and positive age profile on our plantations regardless of whether CPO price is high or low.*

4. There is not much write-up on the performance of the coconut production and sale in the Annual Report except for the production statistics on page 206 of the AR.

- (a) How much was the profit contribution of coconut operations in 2021?**
- (b) Has management considered any downstream opportunity for coconut similar to the Unifuji JV?**

Answer: Dato' Carl Bek-Nielsen replied as follows:-

- (a) Coconut operations gave a reasonably good return in FY 2021.*
- (b) We have discussed and considered going downstream but have yet to decide on this.*

Question from Mr. Lee Soon Thye

- 1. As foreign worker intake ban is lifted now, has the pressure of workers shortage lowered or the Group expects it to remain high for the rest of the year? Any good news thus far in related to worker shortage?**

Answer: Dato' Carl Bek-Nielsen replied that we certainly hope for better news but unfortunately the situation now is we are not able to recruit guest workers except for a small trickle of workers coming in. As mentioned in the earlier replies unless the government opens up the avenue to allow the recruitment of guest workers ethically, most industries in Malaysia including the plantation industry would experience extreme difficulties and crops losses would be inevitable.

Questions from shareholder: Mr. Teh Peng Tin

- 1. With the current high CPO price, the company is making good profit, is the “cukai makmor” has any impact on the company’ profit and dividend. Please explain**

Answer: Dato' Carl Bek-Nielsen replied that the Company would have to pay prosperity tax when the statutory income breach RM100 million. The Board would decide on the quantum of dividends in due course.

- 2. May I know when the company going to reward shareholders with bonus issue?**

Answer: Dato' Carl Bek-Nielsen replied that bonus issue is the board's prerogative and shall be deliberated at the Board.

Question from Shareholder: Mr. Loo Yeo Ming

- 1. What will be your succession planning for retiring directors?**

Answer: The Chairman replied that in UP, we focus on succession planning. You would have noticed this in the last couple of years. I am the new Chairman replacing the former Chairman who retired last year. We have a new board member Ms Belvinder Kaur and hope that you would support her reappointment. As announced earlier, Mr Ahmad Riza Basir who has been with us for 21 years has decided to retire from the Board after the AGM. The Chairman however cautioned that talents brought in must be able to fit the culture and add value to the Board. The Chairman further assured that succession planning shall continue to be at the top of the Agenda of the Board.

Question from Shareholder : Mr. Jason Cheng @ Cheng Kwang Leng

- 1. Why does UTDPLT not submit the individual 4th quarter results to Bursa Announcement every year? Please submit the individual 4th quarter results to enable easier quarterly comparison for shareholders and investors. Please increase transparency and accountability.**

Answer: Mr Martin Bek-Nielsen replied that we obtained written approval from Bursa in 2015 that we are exempted from making the 4th quarter announcement as long as we are able to publish our Annual Report before the end of February in the following year.

The Chairman informed the shareholders that all questions which have yet to be answered will be published with the answers on our website.

Answers to Other Questions Received

Questions from Mr. Ee Yih Chin

- 1. In 2021 Indonesia, Malaysia and EU used about 7m, 1m and 2m MT of palm oil in biodiesel. This accounted more than 10% of the global palm oil output of 75m MT. With the accelerated adoption of electric vehicles, how likely that biodiesel demand may decline rapidly in the next few years, thereby depressing CPO price for years to come?**

Answer: With a significant percentage of vegetable oils being used for the production of biodiesel, any reversal of policies promoting biodiesel production as well as the expansion of electric vehicles would impact vegetable oil prices negatively. There is a risk that the high vegetable oil prices currently seen will accelerate a reversal of policies promoting the production of biodiesel based on the fuel vs food debate.

- 2. Refer page 21 of AR, about 20% labour savings have been achieved in the last two years.**

(a) Is the greater productivity mostly due to better way of working?

(b) How much labour saving is achieved through mechanization, and what is the associated capex?

(c) Is the best practice being transferred to the Indonesian estates?

Answers:

- a) It is a combination of non-essential tasks being deferred, as well as innovation and mechanisation.*
- b) Mechanisation and innovation contributed to 8-9% in labour savings. It is difficult to*

quantify the associated capex as this has been an ongoing process for many years. The depreciation of these capex initiatives has been included in the costs of production.

c) Where possible, best practice is also being transferred to the Indonesian estates.

3. What are the differences in products, markets, and technology between Unitata and UniFuji? Operationally how are their performance compare to competitors?

Answer: Unitata is in the refining business of palm oil and palm kernel oil with an emphasis on specialty fats for the chocolate industry, whereas Unifuji is a refinery with an emphasis on solvent fractionation of palm oil. Both refineries market their products globally. Operationally, over the last ten years, Unitata's performance can be deemed as satisfactory when compared with their market peers considering the small volume of refined products. Unifuji has recently been commissioned and is also expected to do well.

4. Page 18 of Annual Report attributed the decline in Indonesian estate production due to "biological induced resting period which the palms entered into during the final 6 months of the year." Can you explain what does it mean? Is this a predictable phenomenon? Can it be managed?

Answer: Following high crop season, palms are usually depleted of nutrient resources and as such, the palms tend to alter their sex ratio to produce more male flowers, or to abort inflorescence (female flowers) completely. This is a natural phenomenon that can't be managed nor predicted.

5. On 30-Oct-2021 The Edge reported that since 2021, EU has capped potential carcinogens 3-MCPDs and GEs to 2.5ppm and 1ppm respectively. As explained in Page 92 of AR, UP has amongst the lowest contaminants in the industry.

(a) Are UPs products sold at a premium in the market?

(b) How much premium can it fetch due to the higher quality?

Answer

(a) Yes

(b) This varies depending on customers and product specifications

6. How long is the expected payback period for the RM401m acquisition?

Answer: This is estimated to be around 15 years depending on CPO/PK prices.

Questions from Ms. Anna Chua Siew Chieng

1. What was the production cost per nut for coconut in 2021? Was this good enough to allow our coconuts to compete with coconuts from Thailand, the Philippines and Indonesia in domestic and international market?

Answer: Our coconuts are mainly sold in the domestic markets and prices may move up or down depending on demand and supply including imports from neighboring countries. The current situation is stable for Malaysian coconuts to compete in the market.

2. Does the company have any plan to involve in plantation of other types of commercial crops in next 5 years (e.g. durian etc.)? If there is such a plan, is it possible to disclose what type of commercial crop is that?

Answer: There is no such plan at the moment.

3. Is there any labor productivity improvement in 2021 compares to 2020? How is this measured (e.g. MT CPO per labor per year)? What is the target improvement to be achieved in 2022?

Answer: Yes, there have been improvements in 2021. Labour productivity in the plantation sector is normally measured based on FFB per worker per hectare, or hectares covered per worker for specific tasks, eg. fertiliser application, etc. This is a process of continuous improvement with no specific target for 2022.

4. Will the company, in coming quarterly reports, provide the information of commodity forward contracts in term of notional amount in MT? This will allow the shareholders to have better visibility of near future revenue or earning.

Answer: The request is noted and will be considered.

- 5. Indonesia has started to build factory processing palm sugar out from old oil palm trunks that were cut down during replanting process. Will United Plantation consider to build a factory or joint venture with other companies to do the same in order to maximize the profit? This will create new source of income.**

Answer: We take note of your suggestion. However, there are no such plans at the moment as replanting is a number of years away.

- 6. There has been some research by some institutes to use the palm tree trunk to produce plywood. This is a green material for furniture and Malaysia is exporting a lot of furniture to the US. Will United Plantation consider to explore the opportunity to cooperate with MPOB to manufacture this kind of plywood and supply it to local furniture manufacturers? This will help to create new source of income.**

Answer: We do not have such plans at the moment as we consider tree trunks left in the fields a vital part of sustaining a healthy soil balance.

Question from Mr. Benedict Lopez a/l Gibson Conception

- 1. Is labour shortage still a major issue to UP? If so, what steps are being undertaken to address this issue?**

Answer: Labour shortage is one of the major issues faced by the plantation industry in Malaysia at the moment. This includes United Plantations where labour shortages are now very acute. Various initiatives have been implemented to mechanize our operations.

However, this can only go on to a certain point. It is therefore imperative that the Government facilitates and supports an ethical recruitment channel enabling the recruitment of guest workers to take place, failing which crop losses will be unavoidable this peak season

Questions from Mr. Bhupinder Singh A/l Jeswant Singh

- 1. The demand for palm oil is increasing. With the current disruption in the supply of Ukrainian sunflower oil. EU countries to some extent are switching to palm oil imports. Palm oil prices have risen sharply. How serious is the acute shortage (worst on record) affecting the harvesting of all the crop that needs to be, to meet the world demand for palm oil and UP's profitability?**

Answer: Labour shortage is one of the major issues faced by the plantation industry in Malaysia at the moment. This includes United Plantations where labour shortages are now very acute. Various initiatives have been implemented to mechanize our operations. However, this can only go on to a certain point. It is therefore imperative that the Government facilitates and supports an ethical recruitment channel enabling the recruitment of guest workers to take place, failing which crop losses will be unavoidable this peak season

- 2. The Government needs to be pressurized to seriously act fast on the recruitment of sufficient foreign workers so that you have all the labour force you need especially at this time of supply to meet demand. The Government must realize that with optimum exports it also stands to benefit from its 8% export tax on crude palm oil & other taxes on the industry.**

What representations has industry been making to the Government to act fast to alleviate the dire Labour shortage & what is the Government's reaction so far? The best, fastest & cheapest way to recruit foreign workers is to allow the more competent industry to directly recruit foreign workers. Do you agree?

Answer: We fully agree with you. We have been lobbying for government assistance in this area together with the Malaysian Palm Oil Association and its members.

- 3. What is the position of crude palm oil stocks?**

Answer: As of the end of March 2022, the Malaysian crude palm oil stocks are at 1.4 million mt and are considered low historically.

- 4. When do you expect palm oil prices to sober down?**

Answer: It depends on so many variables which have been described on Pages 17 and 30 of our 2021 Annual Report, as well as the consequences and duration of the war in Ukraine. From a historic perspective, prices are significantly above the long-term average and it is unlikely that prices will remain at these levels for long.

- 5. RSPO certified growers account for only 19 % of global palm oil production. Why is this number so small? Do the EU countries with supply disruptions of other edible oils, are now buying palm oil from non RSPO certified producers.**

Answer: The percentage of global RSPO-certified palm oil production is fairly small (19%) as a reflection of the difficulties of living up to the Principles and Criteria of the RSPO. Most European countries are not permitted to import non-RSPO certified oil and therefore, all palm oil entering Europe for food purposes substituting other vegetable oils due to supply disruptions will have to be RSPO certified.

6. What is export duty & other tax structures you have pay for direct palm oil exports from your plantations In Indonesia?

Answer: The palm oil and palm kernel production in Indonesia are sold to the local refiners and crushers there and we do not export our CPO from Indonesia.

7. Does Malaysia import any crude palm oil from Indonesia paying an import duty of 5% for refining. When this oil is exported does it still attract an export tax of 8%? Finally thank you for the generous dividend of RM1.15 for 2021.

Answer: During the first quarter of 2022, Malaysia imported 8,357 mt of CPO from Indonesia. There were no import duties on CPO imports from Indonesia. When the CPO is converted to refined and finished products in Malaysia, there is no export duty.

Questions from Mr. Liew Joo Yew

1. The top 3 clients are from which country?

Answer: European market

2. Any acquisition plan for coming FY?

Answer: Not at this moment. However, we evaluate possibilities as and when they arrive.

Question from Mr. Tan Kim Lai

1. Since most of UP's estates located near to river for water strategy to gains high FFB yield. Is there any long term contingency plan on continual flooding due to rising sea level? For instance, Jendarata Estate & Mill elevation to sea level only 2 meter above sea level.

Answer: Sufficient buffers (riparian zones such as Mangrove swamps) are maintained along Perak and Bernam rivers to prevent erosion and flooding. In our upriver estates in addition to buffer zones, perimeter bunds were constructed. Future bund construction may be necessary at selected areas that have been identified. A successful bund construction is seen in many other countries like in the Netherlands and Denmark, as parts of the country are below sea level already.

Question from Mr. Lew Tuck Wai

- 1. What is the rationale for the disposal of Butterworth Bulking Installation Sdn Bhd for a consideration of RM1.5 million in FY2021 (page 159 of the AR)? Is UP still operating any bulking activities in Malaysia?**

Answer: This is because Butterworth Bulking Installation Sdn Bhd over the years has lost its strategic importance due to changes in the direction of the Group's downstream activities with export shipments shifted from the Northern port to the Central/South ports. UP does not have any other bulking facilities in Malaysia.

Question from Mr. Lee Soon Thye

- 1. Please share how severe the impact of rising cost of fertilizers as well as other input costs to the Group.**

Answer: It is yet too early to state what these cost increases will ultimately result in. However, as of now, the cost increases across a broad base of components have been very substantial and will impact all players in the agricultural sector not just in Malaysia but globally.

- 2. Has the Group entered into average forward sales contract at a much higher level now, says average RM5,000 and above? What is the average sales price level the Group expect for this year?**

Answer: The management continues to sell future contracts based on our forward sales policy to secure future margins, although the pace has reduced a little in line with increasing geopolitical uncertainties. The average sales price for the year will be disclosed in due course as per our normal practice.

- 3. In which aspect the Group expect there could be a high risk under the ESG requirement and compliance both locally and globally?**

Answer: Customers are very focused on Deforestation risks as well as risks of Forced Labour anywhere in the operations. We have a strict No deforestation policy and have introduced additional SOPs to try and minimize risks related to forced labour.

*The US Custom Border Patrol has been focusing very much on Malaysian companies with guest workers (Migrant Labour) and has in this connection issued WROs to companies which is a large risk for many companies. In addition, further Due Diligence requirements on Labour practices legislation towards eliminating forced labour have been introduced by Europe which will put further pressure on Malaysian companies to ensure that ESG aspects are taken seriously. In Malaysia, our concerns are also very much on Labour shortages and risks to our production due to shortages.
due to shortages.*

Question from Mr. Ho Wai Chuen

- 1. Indonesia has ordered a ban on the export of crude palm oil due to ongoing shortage of cooking oil in the country, do you think Malaysia government will impose the similar export ban? How would this impact United Plantation?**

Answer: We would think that Malaysia would not introduce a similar measure as there is no cooking oil shortage in the market. The ban in Indonesia if prolonged may result in importing countries switching to other vegetable oils or sourcing from other palm-oil-producing countries. With higher commodity prices it would benefit UP, however, in Indonesia due to the Government wanting to control prices of cooking oil in the Supermarket, the local Indonesian prices of CPO will be lower than the global prices impacting producers somewhat when compared with the world market prices. UP does not export CPO from Indonesia and sells its production locally.

Question from Mr. Abdul Rahman Gan Bin Abdullah

- 1. Few days ago, the Indonesia government announced total banned on oil palm export. Does the company benefit from this banned short or long term? The market sentiment shows the share price went up. Thank you**

Answer: After the announcement, prices went up, however, once the Indonesian Government clarified that the ban does not include CPO exports, the price came down again. In the long term the demand may reduce globally and therefore if prices stay up too long the long-term impact may be worse than the short-term gain.

Questions from Mr. Lim San Kim

- 1. United Plantation got reputation, no need expensive Auditor, save some cost for FOOD VOUCHER for participate shareholders**
- 2. Sell oil palm and coconut oil to Europe now since their storage are running low due to war**
- 3. Convert some coconut plantation to DURIAN which can fetch higher profit**
- 4. Virtual Meeting no need so many to attend to save cost**
- 5. Unwanted food can use as fertiliser to save cost, just buried them near the plant**
- 6. Any fertiliser cost increased due to war**
- 7. Keep share price high to avoid speculation**
- 8. Give us some company product**
- 9. Let the public to buy company product direct on line to save 3rd party cost.**

Answer: Some of your questions have been answered in previous questions. Your other comments are noted.

Questions from Mr. Raphael Wong Kim Leong

- 1. Is the voting open? I cannot see the section.**
- 2. Some shareholders have read the resolutions in advance- so why have to wait so long? Advice the company in future to have choices for shareholders to vote early or stay back?**

Answer: The Chairman has advised at the start of the meeting that voting shall commence after the Q&A session. Your comment is noted.

Question from Mr. Chua Soon Leong

- 1. In terms of forward selling of CPO, are there experiences of customers cancelling the forward purchase during period of CPO downtrend prices?**

Answer: This issue does not arise as all our CPO produced in Malaysia are sold through the futures market exchange (BMD). We mainly deal with larger Brands when selling finished products and therefore have not experienced large defaults by customers.

Questions from Mr. Kang Shien Nen

- 1. Any plan for M&A in FY2022?**

Answer: There is no such plan at the moment.

Question from Tengku Ahmad Sean Zaid bin Tengku Ahmad Mudzaffar

- 1. What is the percentage of labour shortages that UP is experiencing?**

Answer: Between 20-25% of the pre-Covid level.

Questions from Ms. Foo Eefaun

- 1. Any plans to go downstream for coconut processing? If yes, what kind of product(s) is the management consider?**
- 2. Who are your major customers for coconut?**
- 3. What is the prospect of coconut planting?**
- 4. What is the margin per nut (or in % range) for selling of coconut?"**

Answers:

- 1. There is no such plan at the moment.*
- 2. We have many customers.*
- 3. Reasonably good like the other commercial crops.*
- 4. Margins go up or down depending on market conditions.*

Questions from Mr. Chee Yau Kuan @ Chia Yan Kuan

- 1. Planting coconut is less labor intensive than oil palm.**
 - a) What is the policy of planting coconut in UP?**
 - b) Any plans to manufacture value-added coconut products?**

Answers:

- (a) UP does not have a specific policy on the planting of coconuts.*
- (b) There is no such plan at the moment.*

Question from Mr. Ariivazhagan a/l Supramaniam

- 1. Would UP increase the percentage for pay-out to shareholders? The retention of profits should be fully justified annually. Otherwise, it is best to emulate companies like Carlsberg who pay-out all their profits minus expenses.**

Answer: The Board has on 6 November 2021 adopted a dividend policy whereby we shall endeavour to have an annual dividend pay-out ratio between 70% to 80%. The dividend pay-out ratio of UP in the last 5 years ranged from 78% to 99% and is being recognised as one of the top dividend-paying stocks in Bursa. Having reserves gives us flexibility when opportunities arise, one example being the recent acquisition of the 3,642 ha Tanarata estate.

Question from Ms. Lee Suan Bee

- 1. How much does the company spend on this virtual AGM?**

Answer: We spent about RM45,000 on this virtual AGM.

Questions from Mr. Lim Yeok Beng

- 1. Please elaborate on company hedging policy on CPO in terms of hedging period and percentage of output for hedging**
- 2. What is the current hedging price?**
- 3. What is the coconut average selling price now and percentage contribution of coconuts in terms of company revenue and profit?**

Answers:

- 1. This has been answered in earlier questions.*
- 2. This will be disclosed in due course.*
- 3. Our coconuts are being sold at a reasonably good price giving a meaningful contribution to the Company.*

Question from Mr. Liew Chee Meng

- 1. How much does our Company spend to hold this virtual AGM plus remote participation & voting (RPV)?**

Answer: This has been answered in the earlier question.

7 questions from shareholders on door gift/e-wallet/e-vouchers for participating in this 101st AGM

Answer: We have in our circular dated 28 February 2021 to shareholders advised that no door gifts are to be given to the participating shareholders in the 101st virtual AGM.