ANNUAL REPORT 2022

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:

Our integrated Sustainable Value Chain on Jendarata Estate Division 3 with the recently upgraded Palm Oil Mill in the centre, and the Unitata refinery complex and Biogas Plant in the background.

List of Content

United Plantations in brief

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

Today UP is one of the larger medium sized plantation groups in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad with a market capitalization of approximately RM6.37 billion at the end of its financial year 31 December 2022.

UP's core business activity lies within the cultivation of oil palm and coconuts. Its total cultivated landbank covers 63,000ha spread over Malaysia (71%) and Indonesia (29%) and is supported by 6,381 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 production 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 Value combined with sound managerial and technical expertise, UP is today recognised as a global leader in terms of sustainability, high yields, cost competitiveness and innovative practices that are operationalised throughout its plantations.

C
CSV
R

Corporate Social Responsibility and Creating Shared Value

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.

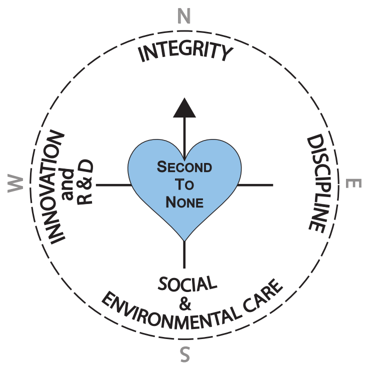
In 1982, the late Tan Sri Haji Basir took over the chairmanship of UP and together with the late Tan Sri B. Bek-Nielsen ensured that solid bridge between two Nations, Denmark and Malaysia, galvanised further. Through this close collaboration the two stalwarts ensured that UP progressed into an internationally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

Over the last 117 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".

Our Core Values



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)

Estate
Palm oil mill
Biogas plant
Refinery
Bakery

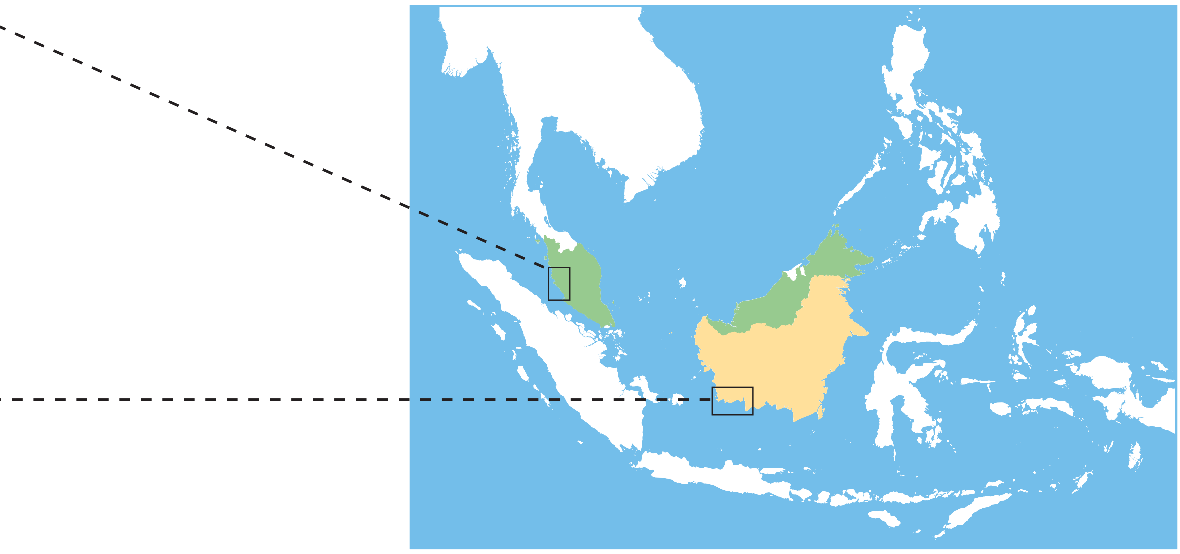
Total Landbank in Hectares

Location On Map		Oil Palm	Coconut	Other Crops	Conservation	Buildings & Infrastructure	Plasma	Total (Hectares)
	Malaysia	**37,507**	**4,627**	**22**	**389**	**1,879**	**0**	**44,424**
1	Jendarata Estate (Perak)	5,202	772	22	-	340	-	**6,336**
2	UIE Estate (Perak)	8,950	789	-	91	535	-	**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	-	-	-	99	-	**1,428**
10	Lima Blas (Selangor)	2,745	-	-	99	48	-	**2,892**
11	Tanarata (Perak)	3,381	-	-	58	217	-	**3,656**
	Indonesia	**8,800**	**0**	**0**	**7,814**	**570**	**1,392**	**18,576**
12	PT SSS (Central Kalimantan)	8,800	-	-	7,814	570	1,392	**18,576**
	Total (Hectares)	**46,307**	**4,627**	**22**	**8,203**	**2,449**	**1,392**	**63,000**

	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″



UP at a Glance

Founded in Malaya in 1906


250,000 tonnes palm oil


6,381 employees


8,203 Ha jungle conservation


First RSPO certification


First biodiversity department


Highest quality and yields


Highest social standards


Lowest GHG footprints

Lowest contaminants

Group Structure as at 31 January 2023

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 2023

Other Major Shareholders holding 5% and above	14.70%
The UIEL Group and The Bek-Nielsen Family	49.98%
Others	35.32%

United Plantations Berhad

Issued Capital (no. shares) 414m*

*(excluding treasury shares)

Financial Highlights (5 Years)

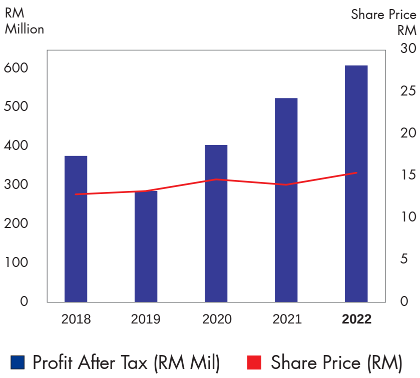
	2022	2021	Change (%)	2020	2019	2018
Revenue (RM' Million)	2,515	2,033	*23.71*	1,340	1,173	1,306
Profit Before Tax (RM' Million)	846	683	*23.87*	506	358	491
Profit After Tax (RM' Million)	606	522	*16.09*	402	284	374
Earnings Per Share (Sen)*	145	125	*16.00*	96	68	89.5
Net Dividend Per Share (Sen)**	140	115	*21.74*	85	67.5	70
Dividend Payout Ratio	0.97	0.92	*5.43*	0.89	0.99	0.78
Dividend yield as at 31 December (%)	9.15	8.29	*10.37*	5.85	5.14	5.49
Total Equity (RM' Million)	2,905	2,685	*8.19*	2,631	2,554	2,589
Return on Equity (%)	20.86	19.44	*7.30*	15.28	11.12	14.45
Total Borrowings (RM' Million)	0.248	0.001	*24,700.00*	0.1	0.1	0.1
Non-Controlling Interests (RM' Million)	14.0	10.7	*30.84*	10.9	9.2	7.8
Cash Position (RM' Million)	779	478	*62.97*	465	459	916
Total Assets (RM' Million)	3,319	3,153	*5.26*	2,975	2,858	2,918
Total Liabilities (RM' Million)	414	468	*(11.54)*	344	304	329
Year-End Closing Share Price (RM)*	15.30	13.88	*10.23*	14.52	13.14	12.75

* Comparative adjusted for Bonus Issue

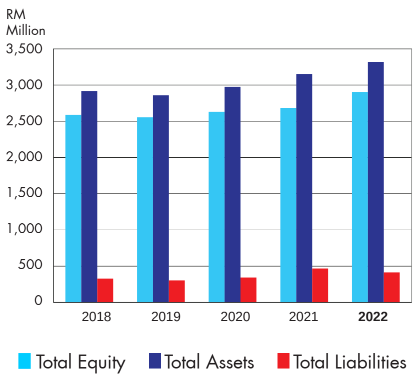
** Including proposed Final Dividend

Financial Graphs (5 Years)

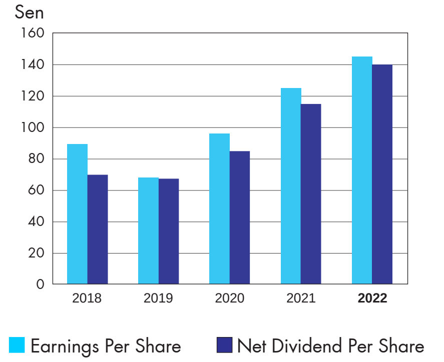
Profit After Tax and Year-End Share Price



Total Equity, Total Assets and Total Liabilities



Earnings Per Share and Net Dividend Per Share



Group Production & Yield

CPO PRODUCTION	PK PRODUCTION	COCONUT PRODUCTION	CPO YIELD
254,389	**51,928**	**86.1**	**5.89**
METRIC TONNES	METRIC TONNES	MILLION NUTS	METRIC TONNES/HECTARE
▲ 1.1%	▲ 3.1%	▼ 2.2%	▼ 1.7%

Group Planted Areas (Ha)

TOTAL OIL PALM		TOTAL COCONUT	
46,307		**4,627**	
MATURE	IMMATURE	MATURE	IMMATURE
43,628	**2,679**	**3,837**	**790**

Tall palm harvesting is a highly skilled manual operation.

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 University 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 the 21 April 2021 Her Majesty Queen Magrethe 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, Negri 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 28 to the Financial Statements.

Mr. 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.

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

Profile Of Directors

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

He served as a Council member of the Malaysian Agricultural Producers Association (MAPA), United Planting Association of Malaysia (UPAM), Malaysian Oil Palm Growers Council (MOPGC), Malaysian Rubber Producers Council (MRPC), 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.

Mr. Martin Bek-Nielsen

Executive Director,
Non-Independent.
Commercial Director, Unitata Berhad

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

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

He is the brother of Dato' Carl Bek-Nielsen, and is a Board representative of the Company's two major shareholders, UIEL and Maximum Vista Sdn. Bhd. He is deemed interested in various related party transactions between UP Group and certain companies carried out in the ordinary course of business as disclosed in Note 28 to the Financial Statements.

Mr. 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.

Mr. 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.

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.

Madam 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 is the Chief Investment Officer of Employees Provident Fund (EPF), appointed in January 2020.

She joined the EPF's Investment Division as Head of Corporate Finance in 2008 and was appointed as Head of Capital Market Department in 2011, overseeing global and domestic fixed income. In August 2017, she was appointed as Head of Private Markets Department, managing investments in private equity, infrastructure, global and regional real estates.

She started her career with Arthur Andersen & 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.

Profile Of Directors

She is a member of the Board of Directors of Malaysia Airports Holdings Berhad, Projek Lebuhraya Usahasama Berhad, and Yinson Holdings Berhad.
She is currently the Chairman of Institutional Investors Council Malaysia (IIC).
Madam Rohaya Mohammad Yusof graduated from Australian National University, Canberra, Australia and is an Associate Member of CPA, Australia.

Mr. Jorgen Balle
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 to 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 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 2017. She is involved in the marketing and promotion of palm oil globally and since 2009 spearheaded the global public affairs campaigns to counter anti-palm oil sentiments.

Mr. Yap Seng Chong
Independent,
Non-Executive Director

Appointed director of the Company on 26 April 2022, Mr. Yap Seng Chong, born in 1961, graduated with a Bachelor's Degree in Accounting from University Malaya in 1986. His career with Ernst & Young, spanned 35 years, two of which were in the London office of the said accounting firm, providing various types of assurance and business advisory services. He previously held positions as Head of Assurance practice, Professional Practice Director, ASEAN Regional and Country Independence Leader before his retirement in 2021.
He is a Board member and Chairman of the Risk and Audit Committee of the Malaysia Smelting Corporation Berhad, a company listed on the Main market of Bursa Malaysia and secondarily on Singapore Stock Exchange. He is also a Board member of Hartalega Holdings Berhad.

Note:

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

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

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

4. Attendance of Board Meeting
   Details of the Directors' attendance at the Board Meetings are set out in the Corporate Governance Overview Statement on page 112 to 117.

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

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

Senior Management

Executive Committee (EXCOM)

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

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

Loh Hang Pai
Executive Director (Estates)

Senior Executives

Finance & Corporate

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

S. Chandra Mohan
Financial Controller

Cheriachangel Mathews
Group Advisor HRSS

Dr. K. Sanar Kumaran
Deputy Group Manager, HRSS

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

Erwin Khor Siew Yan
Manager, Internal Audit

Choo Kah Leong
Sr Financial Controller, PT SSS

Norhazizi bin Nayan
Sr Manager, HR

Shirley Selvasingam
Sr Manager, IT Systems

Rasmus Frederiksen
Manager, Corporate Affairs

Jeevan Dharmapalan
Manager Human Resources,
HRSS

Lee Kian Wei
Manager Sustainability, HRSS

Muhd Khair Nasir
Manager Human Resource, HRSS

Plantations

Edward Rajkumar Daniels
Estates Director,
Upriver

Geoffrey Cooper
Estates Director,
Downriver

Dr. V Ramesh
President Director,
PT SSS

C. Mohan Das
Group Manager,
Jendarata Estate

Nek Wahid bin Nek Harun
Group Manager,
Ulu Basir Estate

Azhar bin Yazid
Group Manager,
Tanarata Estate

R. Siva Subramaniam
Sr Manager,
Charong Estate

S. Chanthravarnam
Sr Manager,
Lima Blas Estate

S. Kumaresan
Sr Manager,
PT SSS

Ridzuan Bin Md. Isa
Sr Manager,
Ulu Bernam Estate

Jason Joseph
Sr Manager,
UIE

Patrick Kanan
Sr Manager,
Changkat Mentri Estate

R. Apputhasamy
General Manager,
PT SSS

L. Makesyarang
Manager,
Sungei Bernam Estate

Khor Boon Wah
Manager,
Seri Pelangi Estate

M. Muniswaran
Manager,
Kuala Bernam Estate

Research

Ho Shui Hing
Director of Research

Dr. J. Vijiandran
Research Controller

Dr. Kandha Sritharan
Research Manager

Lim Chin Ching
Research Manager (Biotechnology)

Wong Foo Hin
Research Manager (Tissue Culture)

Appala Naidu Marie
Research Manager, PT SSS

Engineering

P. Seker
Director of Engineering,
Upstream

Ir P. Rajasegaran
Director of Engineering,
Downstream

Ir V. Renganathan
General Manager Engineering,
PT SSS

G. Padmanathan
Sr Resident Engineer,
Jendarata

N. Saravanaganes
Resident Engineer,
UIE

M.Arishanggaran
Resident Engineer,
Ulu Bernam Optimill

Palm Oil Refining and Others

Jughdev Singh Dhillon
Group Production Manager,
Unitata Berhad

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

Allan Loh Teik Boon
Sr Manager, Commerce
Unitata Berhad

Goh Kheng Wee
Sr Resident Engineer,
Unitata Berhad

Dev Ganesh
Manager, OPP
Unitata Berhad

Senthamarai Selvi Kasi
Manager (Shipping & Logistics)
Unitata Berhad

Suganthi Krishnan
Manager, Quality Assurance
Unitata Berhad

R. Nathan
Resident Engineer
Unitata Berhad

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

Muhammad Silmi
Manager, Biodiversity,
PT SSS

Kapil Punj
Refinery Manager,
UniFuji Sdn. Bhd.

Jayarama Reddy
Manager,
Bernam Bakery

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 2022.

Looking back at the past year, the global economy was impacted by the pandemic and notably the consequences of the war in Ukraine, which triggered a wave of inflation following predominantly escalating energy and food prices. Central banks worldwide rallied to contain the higher inflation by tightening monetary policies, which will impact global growth projections and above all the supply and demand complex.

Group Performance

Amidst all this, the UP Group has remained resilient and achieved a new record after-tax profit of RM606 million for the financial year 2022. This represents an increase of RM84 million equal to a 16% improvement when compared with RM522 million achieved in 2021. This was mainly a function of higher commodity prices, a very commendable performance in our downstream segments and notably the very gratifying and successful steps taken towards mechanisation and minimising crop losses in an environment of severe labour shortages and weather-related problems.

In 2022, we achieved an oil yield of 5.89MT/CPO/Ha bringing our total palm oil production for the group to 254,389MT equal to a 1.1% increase year on year, which was a most pleasing development considering the most challenging operational environment. Like many other plantation companies, UP faced its worst labour shortages ever during 2022 creating enormous operational challenges, something which has only recently started to improve with a steady flow of new guest workers arriving in Malaysia. In addition, unfavourable weather conditions causing significant floodings in some of our estates during the final quarter of the year also impacted production negatively. However, in spite of this, UP managed to minimise crop losses thanks to higher field productivities driven by the Group's strategy of operationalising new innovations and in-field mechanisation. For this, I would like to place on record my sincere appreciation to management for their tremendous efforts undertaken to minimise crop losses in spite of these difficult circumstances.

Palm Oil Prices

Crude Palm Oil prices have been extremely volatile during 2022 with prices hitting a record-high third-month position of RM7,268/MT in March mainly due to the Russia-Ukraine war and Indonesian policies limiting exports of palm oil. However, markets started a downward trend in June, reaching a year-low of RM3,220/MT in September due to a reversal of Indonesia's short-lived export ban and increasing world-wide economic uncertainties combined with the historic high prices which negatively affected demand. These factors increased palm oil stocks in both Malaysia and Indonesia which put pressure on prices.

During the final quarter of the year, prices have somewhat stabilised and been trading around RM4,000/MT after the Indonesian Government promoted further exports and announced its intention to increase the palm oil blending ratio(B35 program) with mineral diesel as well as concerns over weather-related issues impacting soy farmers in South America.

Two of our dedicated guest workers preparing for crop evacuation after harvesting of a young and productive field on Jendarata Estate.

Capital Management

As of 31 December 2022, the Group's cash and cash equivalents stood at RM779 million compared to RM478 million in 2021. The Group continues to maintain a conservative capital structure to have the flexibility to utilise 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

Based on the above gratifying results, the Board in addition to the 40sen per share interim dividend paid in December 2022 is recommending a final dividend of 100sen per share consisting of:

1. A Final Single Tier Dividend of 70sen per share
2. A Special Single Tier of 30sen per share

After taking into consideration the interim dividend of 40sen per share, the total dividend paid in respect of FY2022 will be 140sen per share, which is an increase of 21.74% when compared with the dividend for the FY2021.

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. 2022 was a busy year in terms of new sustainability legislation. Not least in Europe, where the EU introduced its Green Taxonomy and the EU Regulation on Deforestation-Free Supply Chains. This represents a move from voluntary initiatives towards mandatory legislation, which will require companies to adopt higher standards and greater transparency in relation to their ESG commitments. We are following these developments closely and whilst there are still many unanswered questions in relation to the implementation of this new legislation, UP is continuing its strategy of operationalising and galvanizing sustainability into our DNA by always striving to set the highest standards within the conditions of the day.

In this context, it has therefore pleased me much to see the continued dedication, investments and initiatives undertaken to reduce our Group's GHG footprints, which we embarked upon in earnest in 2005. 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 minimising risks related to Human Rights, which is 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 our practices related to particularly the recruitment of Guest Workers. As a part of this journey, all our Guest Workers have been reimbursed for the recruitment fees which they have paid to third parties in the past, and all new recruitment strictly follows the Employer Pays Principle in order to eliminate the risk of exploitation.

More information on our many Sustainability initiatives and commitment to mitigating ESG risks is covered under our Sustainability Report on pages 34 to 91.

Outlook

Ahead of us awaits a year forecasted to bring about a world recession and a turbulent business environment from the continued high prices of key inputs, tightening monetary policy, and weakening demand. Amidst that, there is a need to adapt to the changing environment by having an open mind, remaining agile and by having the courage to innovate and stimulate progress whilst ultimately preserving our core values.

The projected slow-down of the global economy will likely also impact the supply and demand equation for vegetable oils, hereunder palm oil. This may result in lower prices, which we must prepare for by continuing our focus on high productivity and cost efficiency. On a brighter note, it is pleasing that Guest Workers have started to return amid easing of COVID-19 restrictions. This is likely to result in a higher production with the easing of the unprecedented operational challenges experienced over the last few years. In this respect, I must commend the management and all employees for the immense efforts taken in all corners of our estates to have overcome these challenges in an exemplary manner.

Appreciation

Firstly, I would like to thank all Directors for their commitment, understanding and wise counsel which I have received from them during the year.

On behalf of the Board, I would also like to place on record my sincere appreciation to Mr Ahmad Riza Basir, who had decided to retire as a Board Member on 26 April 2022 after having served the Company successfully for 21 years with dedication, loyalty, and many positive contributions. In his place, I also take great pleasure in welcoming Mr Yap Seng Chong, who joined the Board of Directors effective 26 April 2022. Mr Yap Seng Chong has had a long career with Ernst & Young spanning more than 35 years and has held various important strategic positions handling business and advisory services in many industries. I am confident he will be a valuable addition to our Board.

In closing and on behalf of the Board of Directors, I would like to pay tribute 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.

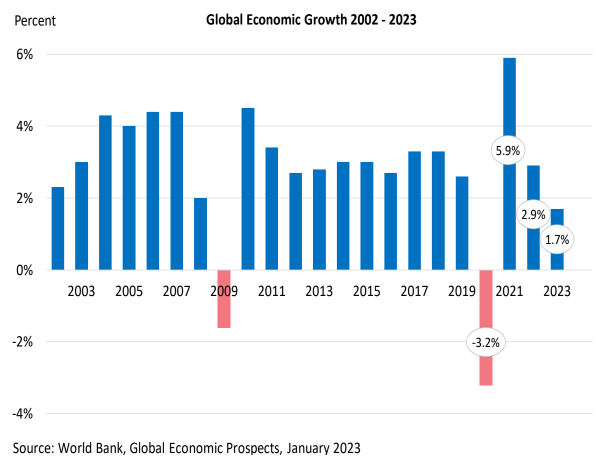
Dato' Mohamad Nasir bin Ab. Latif
Chairman

Management Discussion and Analysis

Summary of Global Operating Environment

2022 was anything but ordinary. Just as we were all beginning to move forward from the COVID-19 pandemic, a new set of challenges impacted the global economy. This included the Russian invasion of Ukraine which in return ignited the energy crisis notably in the Eurozone, which had become overly dependent on Russian gas. As inflation gripped the world economy a cycle of monetary tightening began in earnest by several major central banks in an attempt to curb inflation, which reached its highest level in 40 years, thus ending an era of low interest rates.

This and more has resulted in a rather bleak outlook for the largest economies, namely the US, the Eurozone and China which today remain the primary economic engines globally.



According to the World Bank's latest Global Economic Outlook, global growth in 2023 is expected to slow to 1.7% from 3% projected just six months ago. Indeed, a world recession is lurking on the horizon.

Whilst commodity prices have come down significantly from the historical highs experienced during the first half of 2022, the overall impacts of slower growth will likely also manifest itself through even lower price levels for commodities including palm oil in 2023.

Commodity Prices

The sharp decline in commodity prices during the second half of 2022 has mainly been triggered by major central banks commencing a much tighter and frugal monetary policy by increasing interest rates to curb inflation. This marks a reversal of a decade of ultra-loose monetary policies.

In this light, Crude Palm Oil (CPO) prices experienced unprecedented levels of volatility during 2022. At the beginning of the second quarter, palm oil prices reached RM7,268/MT on the third-month position – levels that have never been seen before. This was primarily attributed to the tightness in the entire vegetable oil complex due to supply constraints, which were exacerbated by the shortfall in sunflower oil exports caused by the Russia-Ukraine war.

Another key factor causing prices to sky-rocket was the Indonesian Export Policy. In a bid to flood the domestic market with supplies to control the soaring prices of cooking oil, the Government prohibited exports of palm oil at the end of April 2022. The consequence for global prices was significant as Indonesia is not only the largest palm oil producer in the world but also the world´s largest exporter of edible oils.

Trucks with Fresh Fruit Bunches (FFB) queuing to be unloaded at a palm oil mill in Indonesia. During the export ban many palm oil mills either stopped buying FFB or slowed down the intake significantly. (Photo from the Bangkok Post).

However, the export ban inadvertently also led to domestic storage tanks quickly filling up in the refineries and mills. As a consequence, palm fruits were left to rot in the fields in many locations as mills simply stopped buying outside crop, impacting especially smallholders.

This had a paralysing effect on the Indonesian Plantation Industry and within a month, the Government after coming under significant pressure reversed the export ban and introduced various policies to re-ignite exports, thereby releasing a tsunami of oil into the world market again.

This decision triggered a significant drop in palm oil prices. The effects of this in combination with rising interest rates globally as well as the liquidation of future positions held by financial funds and speculators pushed CPO prices further down, reaching a near 20-month low of RM3,220 during September.

Nevertheless, concerns on supply constraints following much heavier rainfall in Malaysia and parts of Indonesia combined with the huge price discount of palm oil versus competing oils (e.g., soybean oil) helped to keep a floor on prices.

This was further galvanized by the Indonesian Government's announcement to introduce the B35 program on 1 February 2023 indicating an annual increase of approximately 1.5 million MT of palm oil to be used in biofuels thereby reversing the bearish sentiments.

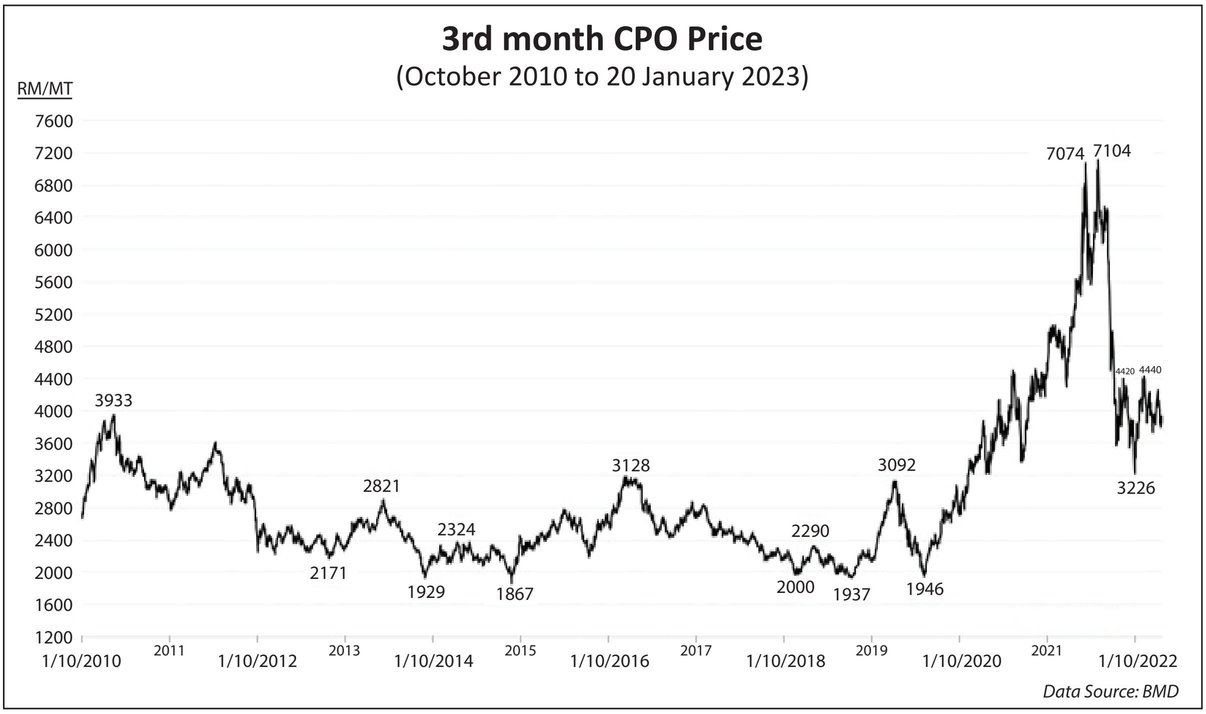
During the last few months of the year and in the beginning of 2023 prices have recovered and been trading in a range of RM3,800-RM4200/MT for the third-month benchmark contract. It is worth while taking note that this is, still significantly above the 10-year average of about RM2,900/MT.

Crude Palm Oil Production in Malaysia and UP

Crude Palm Oil production in Malaysia increased by 1.9% year on year from 18.11 million MT in 2021 to 18.45 million MT in 2022. However, the national average yield/Ha dropped from 3.10 in 2021 to 3.05 MT CPO per hectare in 2022, the lowest on record for over 40 years, which is deeply concerning. On UP's estates in Malaysia, our overall CPO production increased slightly by 0.7% from 207,504 MT in 2021 to 209,020 MT in 2022. The increase was mainly driven by the concerted efforts to enhance our operational efficiencies throughout the plantation value chain thereby minimising crop losses. The increase in production was also positively impacted by larger areas entering maturity from our newly acquired Tanarata Estate.

Production on UP's Indonesian estates also increased from 44,097 MT to 45,369 MT CPO representing a 2.9% increase as a function of the palms recovering from the biological induced resting period, which the palms had experienced during the final 6 months of 2021.

Based on the above, the Group's overall CPO production rose from 251,601 MT in 2021 to 254,389 MT in 2022 equal to a 1.1% increase year on year. Nevertheless, our Group's average CPO yield per hectare dropped slightly to 5.89 MT from 5.99 MT in 2021, mainly due to the newly matured areas on Tanarata Estate that inherently have a lower yield profile vis-à-vis palms that are 5-20 years old. This achievement was most pleasing when considering the acute labour shortages experienced throughout the Malaysian plantation and agricultural industry resulting in unavoidable and very significant crop losses in many companies only to be aggravated, by the unprecedented rainfall resulting in serious floods on several of our estates in Malaysia and Indonesia during the final quarter of the year.



2022 Financial Result:

Indeed, 2022 was a most challenging year operationally with management taking various steps to minimise the impact of COVID-19 as it transitioned to the endemic phase. Whilst the borders are finally opened up in April 2022 the precarious labour shortages experienced in 2021 continued reaching a breaking point during the middle of 2022 resulting in unavoidable crop losses on several of our estates.

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 minimise the field losses. Indeed, during my numerous field and mill visits in 2022 I have witnessed a burning devotion and loyalty amongst our employees 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. It was only in the final quarter when more guest workers arrived from India, Indonesia, and Bangladesh, that our labour situation finally started to stabilise.

These commendable efforts combined with significantly higher commodity prices during the first half of 2022 and supported by a significant improvement in our downstream segment enabled UP to achieve a record high profit after tax of RM606 million, an increase of 16% from the result of RM522 million in 2021. This result was most gratifying and was achieved in an environment of soaring fertilizer, chemical, and energy costs as well as higher wages. Moreover, the record financial result was achieved in spite of paying out higher taxes of about RM45 million as a function of the one-off 9% higher prosperity tax and a one-off voluntary payment of RM24.7 million related to the reimbursement of our guest workers' past recruitment fees, which they had paid to third-parties.

The Group's revenue increased by 24% during 2022 to RM2,515million compared to 2021 mainly due to higher CPO and PK production, higher market price and higher sales price from the refining unit. The higher revenue generated coupled with positive hedging positions and improved margin not least supported by a weak Ringgit vis-à-vis the USD, resulted in an increase of the Group's profit before tax by 24% from RM683million in 2021 to RM846million for the year 2022.

Dividends

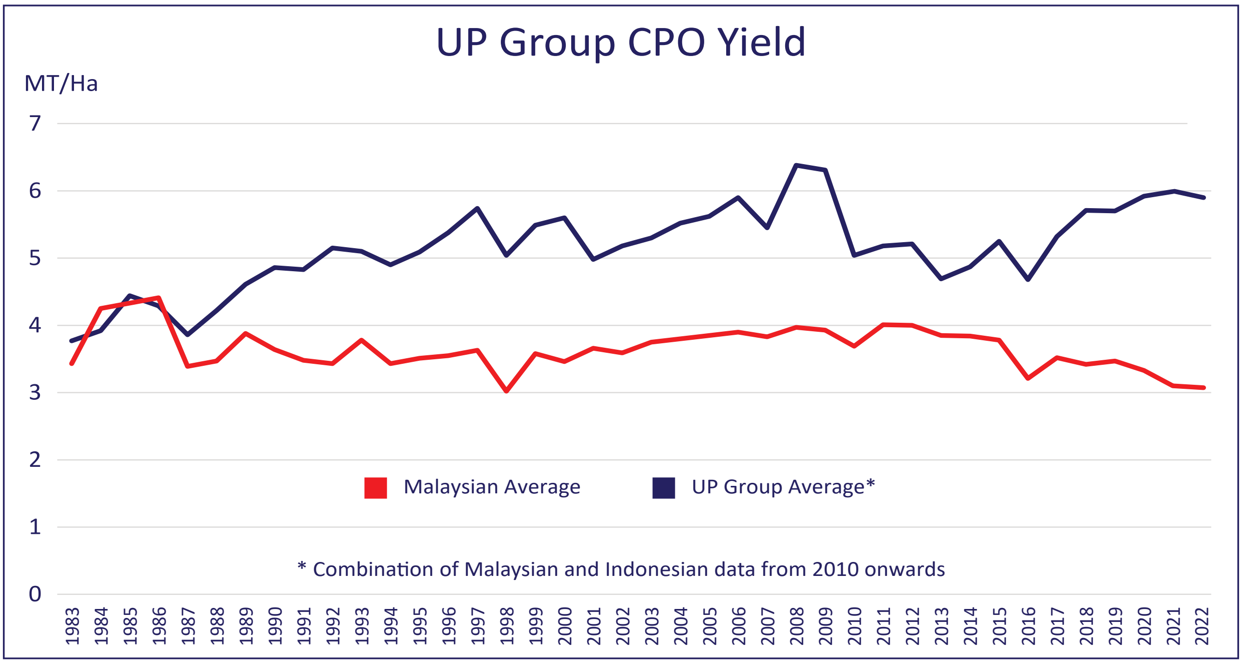
The Board of Directors have recommended a Final Single Tier Dividend of 70sen per share and a Special Single Tier Dividend of 30sen per share for the year ended 31 December 2022.

After taking into consideration the interim dividend of 40sen per share, the total dividend paid in respect of FY2022 will be 140sen per share vs 115sen per share for 2021.

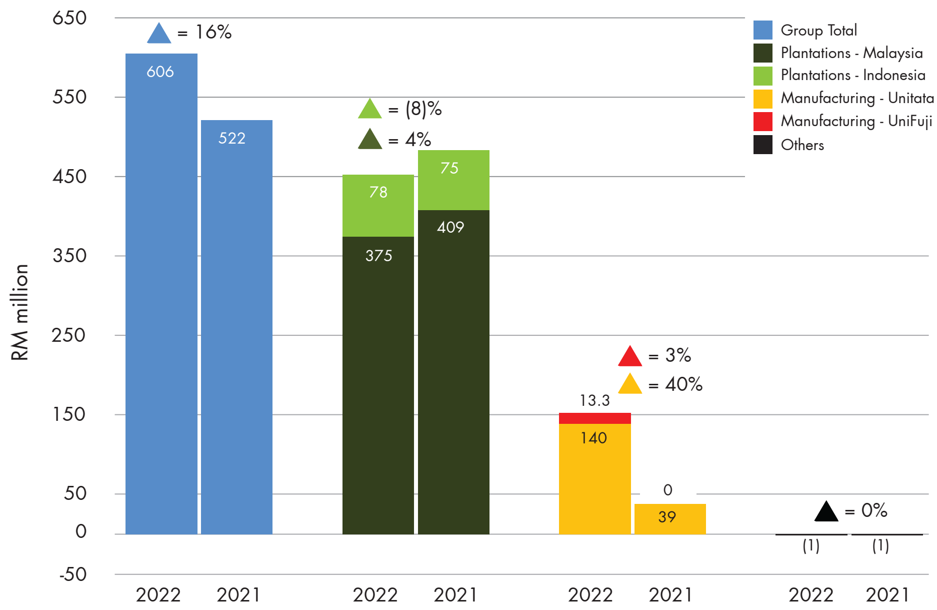
The total dividend pay-out will therefore amount to RM581 million for year ended 2022 which is a 21.74 percent increase from 2021.

Dividends for the year ended 31 December 2022/2021

	2022	2021
Interim single tier dividend declared and paid	40sen	30sen
Proposed final single tier dividend	70sen	65sen
Proposed special single tier dividend	30sen	20sen
Total Dividends	140sen	115sen



Group Total and Segmental Contribution 2022 & 2021



Capital Structure

The Group continues to maintain a conservative policy in respect of its cash and cash equivalents, which as of 31 December 2022, stood at RM779 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 be dependent 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 in 2019 for a total consideration of RM401 million, fully funded by internal funds and from where we now have started to process FFB after a significant and successful replanting exercise.

Capital Expenditure

The Group's 2022 capital expenditure for property, plant and equipment (including bearer plants) and right-of-use assets was RM153.2 million compared to RM114.4 million in 2021. During the year RM25.6 million was spent on replanting 711 Ha of oil palms and coconuts on our Malaysian estates compared to 1,733 Ha in 2021. 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 70 years of proven 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 based on our strong commitment towards enforcing sustainable practices. 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 a 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 523 Ha was replanted with oil palms on our Malaysian properties during 2022 compared to 1,535 Ha in 2021.

I am pleased to report that we have satisfactorily completed the total replanting of Tanarata Estate within a three-year timeframe coinciding with the COVID-19 pandemic and the obstacles faced during the movement control orders. Positive growth and progress continue to be made on Tanarata Estate with UP's premium seed materials having been planted. 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 (2013 – 2022), 19,217Ha of oil palms have been replanted on our Malaysian estates equal to 51% 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 structure.

UP's Plantation Operations

The 1.1% increase in the Group's overall CPO production of 254,389MT, equal to 2,789MT of CPO was as mentioned earlier mainly due to the dedicated drive to operationalise relevant areas of mechanisation thereby optimising efficiencies and minimising crop losses amidst a year of acute labour shortages.

Similarly, our group also achieved a pleasing improvement in overall PK production of 3.1%. Yields and extraction rates are summarized in the table. The average yields for the UP Group during 2022 decreased slightly to 5.89MT CPO/Ha compared to 5.99MT CPO/Ha in 2021 equal to a 1.7% reduction.

In this connection, our Malaysian estates reached a production of 6.09MT CPO/Ha from 6.29MT CPO/Ha in 2021 representing a 3.2% decline. Whilst this represents a reduction it was most pleasing that the yields managed to stay above 6.00MT CPO/Ha.

Our Indonesian production, on the other hand, did improve compared with the levels achieved in 2021 as the palms came out of a biological resting phase, thereby achieving a CPO yield per hectare of 5.10 MT vs. 4.87 MT in 2021, equal to a 4.72% improvement.

CPO Production in MT	2022	2021	Change
UP Malaysia	209,020	207,504	0.7%
UP Indonesia	45,369	44,097	2.9%
Total UP Group	254,389	251,601	1.1%

PK Production in MT	2022	2021	Change
UP Malaysia	41,985	41,535	1.1%
UP Indonesia	9,943	8,844	12.4%
Total UP Group	51,928	50,379	3.1%

Yields & Extraction Rates*	2022	2021	Change
UP Group FFB average yield in MT/ Hectare including Indonesia	27.57	27.48	0.33%
UP Group average Oil Extraction Rates (OER) in %	21.35	21.78	(1.97%)
UP Group average Kernel Extraction Rates (KER) in %	4.36	4.36	0.00%
UP Malaysian Average Yield in MT CPO/Hectare	6.09	6.29	(3.18%)
UP Indonesian Average Yield in MT CPO/Hectare	5.10	4.87	4.72%
UP Group Average Yields in MT CPO/Hectare	5.89	5.99	(1.67%)
Malaysian National yield in MT CPO/ Hectare	3.05	3.10	(1.61%)

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

The first RSPO certified crop from Tanarata Estate arriving at the Jendarata Palm Oil Mill.

As of 31 December 2022, our Group's areas planted up with oil palms can be summarized as follows:

Total Oil Palm Area In Hectares	2022	2021	Change
UP Malaysia			
Mature Area	34,828	33,787	3.1%
Total Group Area having come into Maturity	1,515	1,812	(16.4%)
(oil palms between 2 $^{1}/_{2}$ - 5 years in age)	12.15%	11.31%	7.5%
Immature Area	2,679	3,732	(28.2%)
Replanted Area	523	1,535	(65.9%)
Total Area under Oil Palm	37,507	37,519	(0.0%)
UP Indonesia			
Mature Area	8,800	9,002	(2.2%)
Immature Area	-	-	-
Total Area under Oil Palm	8,800*	9,002*	(2.2%)
Grand Total for the Group	46,307	46,521	(0.5%)

** net of areas converted to Plasma.*

Coconut Production

Our coconut production reached 86.1 million nuts in 2022 down 2.2% vs the production of 88.0 million nuts in 2021.

This was mainly a function of the much lower demand for fresh coconuts experienced during the last 3-4 months of the year where not only rainfall, but also the number of rainy days was much higher than the year before.

High yielding yellow dwarf coconut palms

Average yields declined from 22,247 nuts/Ha in 2021 to 22,172nuts/Ha in 2022 due to large areas of immature plantings entering maturity which have an inherent lower yield profile.

Selling Prices of CPO and Palm Kernels

The average Malaysian selling prices of Crude Palm Oil achieved during the year increased from RM3,309/MT in 2021 to RM3,792/MT in 2022 as a function of the impressive rally in CPO prices experienced during the first 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.

	Crude Palm Oil			Palm Kernel		
	2022	2021	Change	2022	2021	Change
MPOB Avrg price (RM)	5,088	4,407	15.5%	3,118	2,773	12.4%
UP's Avrg price (RM)	3,792	3,309	14.6%	2,751	2,168	26.9%

Usually, our forward sales policy will result in lower average sales prices in a rising market, as opposed to higher average sales prices in a falling market as experienced in the second half of 2022.

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.

The average selling price for PK in Malaysia increased by 26.9% to RM2,751/MT in 2022 compared to RM2,168/MT in 2021.

Cost of Production of Crude Palm Oil

The total cost of production in Malaysia including depreciation and additional remuneration/bonuses for 2022 was RM1,656/MT CPO vs. RM1,247/MT in 2021.

This represents a significant increase primarily due to the impact of inflation on fertilizers, agrochemicals, energy prices, and consumables, as well as a 25% increase in the minimum wage.

Labour cost is a key area of focus within our Group. In this respect management continues to accentuate numerous initiatives to increase productivity through new innovations as well as mechanising all possible field tasks.

This has yielded very pleasing improvements during the year 2022.

Labour Shortages

During 2022, the Malaysian Plantation labour shortages were further aggravated crippling many operations right from Sabah/Sarawak and throughout Peninsular Malaysia.

It was not uncommon to see harvesting rounds of 40-60 days, unpruned "Bob-Marley" looking palms filling the landscape resulting in enormous field losses across the entire country.

At one point, the acute labour shortage was estimated to have exceeded 100,000 employees within the Malaysian plantation sector, leading to unusually high field losses especially amongst the smallholders segment accounting for about 30% of Malaysia's palm oil production today.

In UP, our Malaysian Estates also experienced enormous challenges unlike anything before as the total number of employees in our plantations trickled down from 4,148 field employees in January 2020 to 2,947 as at the 1 of August, 2022, i.e. a reduction of 29% equal to 1,201 fewer field employees.

However, with the re-opening of the Malaysian borders in April 2022 the process of recruiting guest workers resumed.

Nevertheless, one must appreciate that it takes time for the new guest workers to obtain the same levels of efficiency, skill and dexterity as the experienced guest workers who have returned to their home country. We therefore remain committed to the process of close training and onboarding.

Recruitment of local workers

Over the last few years, we have been advertising for vacancies on all our estates however with little or no success in spite of potential field employees being able to earn a monthly salary which is considerably 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 prioritising 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 have been experiencing.

Indonesia

Our Plantation Division in Indonesia generated a record Group contribution of RM77.7million in 2022 against RM75.1million in 2021, representing an increase of 3.5%. The gratifying result were primarily a function of the higher market prices for CPO and Palm Kernels, and higher production.

Welcoming the arrival of the first batch of Bangladeshi Guest Workers, under the UP ethical recruitment procedures on 29 November 2022 at KLIA.

Operationally, 2022 was, however, not a year of excellent performance on PT SSS as yields remained below the targets set and well below the agricultural benchmark in UP.

A change in top management was effectuated in August 2022 following the retirement of Mr. Muhammad Ratha after many years of loyal service and dedication. Since then, several discussions have been held and field visits made together with the new President Director, Dr. Ramesh Veloo, whom I am confident will set in motion a process to mirror the agricultural standards achieved in UP Malaysia. We shall be following these developments closely.

Whilst operating conditions continue to be challenging it is with much satisfaction that after 17 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.

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 17.8% of our Group's CPO production in 2022 compared to 17.5% in 2021. All plantings have reached maturity and the company now provides employment for 1,563 employees, many of whom were previously unemployed.

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

Continued focus is also being applied on improving our sustainable practices in line with the RSPO Principles & Criteria. To date, 8,800 Ha of oil palms and 1,392 Ha of Plasma have been planted and more than 7,814 Ha of permanent conservation areas established.

These conservation areas make up about 42.1% 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 advice given through our more than 10-year close collaboration with the Copenhagen Zoo.

Heavy rainfall resulted in serious floods on several of our estates in Malaysia and Indonesia during the last quarter of 2022.

UP is committed towards providing quality housing and social amenities and maintaining the highest possible welfare standards for the families of our workforce. The "Taman Mount Blanc" housing complex was established in 2010 on Lada Estate, PT SSS.

Unitata Bhd was the first inland palm oil refinery in Malaysia, commissioned in 1974.

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 Greenhouse Gas footprint has provided us with a strong position within the segment of customers demanding high quality and responsibly produced products.

Turning to the results of our downstream segments, 2022 was indeed a year of two halves: The first half bringing significant challenges in the form of raw material price increases and margin pressure, and the second half providing much relief following the significant decline in raw material prices whilst margins improved significantly coupled with positive contributions from our hedging activities.

Unitata

Our wholly owned subsidiary Unitata, made a significant turnaround during the second half of 2022 and reversed a negative first half into an all-time record full year contribution of RM140.4 million vis-à-vis RM38.7 million in 2021 representing an increase of 263%.

This turnaround was mainly due to the timing difference of raw material hedges (sales on BMD futures and purchase of physical CPO for production versus delivery of finished goods). The earlier hedging losses in the first half of 2022 realised through buy backs of earlier sold BMD CPO futures were reversed through higher contribution in the second half of 2022 as the delivery of finished goods were sold at higher market prices but produced with significantly lower raw material prices (CPO) purchased earlier in connection with UP's forward sales.

Furthermore, the large inverse in prices between the spot and future month contracts depressing margins during the first six months of the year disappeared with the correction in prices, thereby restoring demand and improving margins in the downstream business significantly. At the same time, favourable currency hedges undertaken related to the USD vis-à-vis the Malaysian Ringgit contributed strongly to the overall results.

The unique combination of these positive contributing factors is not reflective of the underlying business and it is expected that the downstream business segment will somewhat normalise in 2023, resulting in lower contributions than this year's extraordinary result.

Nevertheless, the interest for certified sustainable palm oil remains strong and Unitata Bhd is committed to providing 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.

Cages laden with freshly harvested crop passing by our UniFuji Refinery Complex.

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 palm oil fractionation plant being fully commissioned during the year after certain delays due to COVID-19 logistical bottlenecks.

In 2023, focus will also be channelled towards expanding our sales and marketing department as we explore further opportunities to market our speciality 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 the second half of 2022, UniFuji's result also recovered mainly due to the higher realised foreign exchange gains and positive impact from the large inverse that disappeared together with the palm oil price correction which provided a significant recovery in contribution. The overall results therefore improved to RM26.6 million in 2022 from RM0.65 million in 2021.

On top of this, it is most pleasing to note that the underlying business operations and customer commitments remain strong, which bodes well for 2023.

Sustainability and Human Rights

Palm oil continues to be scrutinised especially in the area of environmental, social and governance factors (ESG). Indeed, there has been much focus and media attention on human rights, particularly in relation to 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 violations of several of the 11 Forced Labour Indicators published by the International Labour Organization (ILO).

In UP, we have been focusing on economic development combined with social and environmental care since our foundation in 1906. Identifying and managing 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, 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.

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

Dato' Carl Bek-Nielsen, Mr. Martin Bek-Nielsen together with Mr. Ho Dua Tiam on a recent field visit at Jendarata Estate.

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.

In this context, we have in the past year taken further proactive steps to address human rights risks in our supply chain and specifically risks related to forced labour and ethical recruitment of guest workers. Many of these steps have been taken in close collaboration with Verité, a human and social rights NGO, together with Fuji Oil and Mars. As part of this partnership, which began in 2020, all our Guest Workers have now been reimbursed for the recruitment fees they paid to third parties in the past, and all new recruitment must strictly follow the Employer Pays Principle, in order to eliminate the risk of exploitation.

The voluntary reimbursement amounted to a total of RM24.7 million, and with the Employer Pays Principle in place, recruitment fees for new Guest Workers have increased substantially, something which all parties along the supply chain must acknowledge in the spirit of shared responsibility.

The support and commitment by the Board of Directors, EXCOM and Management has been an important foundation for the progress made, and we remain committed to further develop and strengthen our commitments and policies, under the notion of continuous improvement. The details of this journey are described further in our sustainability report on pages 34 to 91.

Finally, management are following the EU's introduction of a Green Taxonomy and the EU Regulation on Deforestation-Free Supply Chains closely, as implicated products, hereunder palm oil, need to be subjected to a due diligence process upon import to the EU, which will add to the administrative burden and higher production costs.

Whilst there are still many unanswered questions in relation to the implementation of this new legislation, we shall relentlessly continue our pursuit of sustainable value creation, by always aiming to set the highest sustainability standards within the conditions of the day.

Prospects and Outlook

Based on the current global operating environment UP is respectful of the challenges which 2023 may bring, especially amidst the uncertainties of high inflation and recession fears coupled with the continuation of the Russia-Ukraine war and its impact on global supply chains. Looking ahead, we therefore anticipate that palm oil prices will soften further based on expectations of reduced demand as a result of significantly lower global growth projections. In addition, cost of energy, fertilisers, chemicals, building materials and spare parts are expected to remain at high levels, resulting in our cost base increasing to its highest levels ever.

Concerted efforts are therefore underway to alleviate these challenges by identifying areas that can improve our cost efficiencies without compromising on quality. Whilst labour shortages and field operations have improved significantly with the re-opening of boarders and a new inflow of guest workers, special attention will continue to be given towards increasing yields and productivity. This will be pursued 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 produced at our research department as a vital part of sustaining our positive development.

In 2023, 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 guest workers. In UP, we wish to demonstrate a level of leadership by taking ownership and by behaving well in order 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".

When it comes the price outlook for 2023, an old saying goes that "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 a time where prices will likely be headed south. The number of uncertainties our markets must cope with remains somewhat larger than usual. Nevertheless, 2023 has started off with prices trading in a fairly narrow range from RM3,800 – RM4,000/MT for the third-month position. Going forward, there are nevertheless 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 wet weather conditions towards the end of last year together with the resumption of guest worker inflow to Malaysia is expected to help increase palm oil production in 2023 as the nationwide field losses experienced during 2022 will be minimised.

Biodiesel (*Incl. HVO*): World production by Country (Mn MT)

	January / December				
	2023F	2022	2021	2020	2019
EU-27	15.20*	15.30*	15.24	15.40	15.01
U.K	.31*	.31*	.33	.31	.44
U.S.A	**11.10***	**10.10***	**8.49**	**7.85**	**7.35**
Canada	.64*	.58*	.67	.64	.57
Argentina ...	**2.20***	**2.09***	**1.72**	**1.16**	**2.15**
Brazil	**6.67***	**5.53***	**5.91**	**5.62**	**5.16**
China	2.50*	2.20*	1.80	1.50	1.00
Colombia	.71*	.69*	.67	.53	.58
Singapore	2.10*	1.75*	1.80	1.80	1.75
Indonesia ...	**10.20***	**8.90***	**7.47**	**7.35**	**7.48**
Malaysia	.98*	.87*	.92	.91	1.42
Thailand	1.60*	1.40*	1.60	1.65	1.65
Oth. ctries ...	1.64*	1.59*	1.66	1.68	1.86
Total	**55.85***	**51.31***	**48.28**	**46.40**	**46.42**
Change	*+4.54**	+3.03*	*+1.88*	*-.20*	*+4.58*

Source: Oil World 2023

In Indonesia production is poised to increase more strongly in 2023 than in 2022 subject to weather patterns normalising.

Secondly, the world production of biodiesel including HVO is estimated to further increase by 9% to reach 55.9 million MT in 2023 from the all-time record level of in 2022 of 51.3Million MT. This was and will continue to be propelled by fiscal incentives in the US as well as rising decarbonisation targets in the EU transport sector.

In addition, 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 35% of palm oil from 1 February 2023 is expected to increase the current usage by 1.3 million MT during the year.

Thirdly, the global economic growth sentiments for 2023 are largely negative due to the higher interest rate levels imposed by major central banks to curb inflation, coupled with Russia´s invasion of Ukraine causing much volatility in supply chains around the world. This is expected to dampen demand for vegetable oils from key buying nations.

Finally, weather developments will continue to play an important role for production and price directions and must be closely monitored. Whilst the La-Nina has brought dry weather to particularly Argentina and caused a downward revision in the coming soybean crop harvest, the overall South America production is expected to increase to well-above 2022 levels due to larger planting intentions and the recent favourable weather. This is likely to replenish global stocks.

Overall, and in spite of the significant uncertainties relating to the global economic outlook, we believe that the UP Group will also be able to perform satisfactorily in 2023.

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 brought about by the COVID-19 pandemic combined with the acute labour shortages that in many ways went beyond the "breaking point" on our estates in 2022.

On this notion, I am deeply impressed with our Group's ability to adapt and stay positive, come what may. This dedication and loyalty displayed by our officers, staff and employees alike, and which is equalled only by few organisations in the world today, continues to win my respect and admiration. For this, I would like to extend my warmest thanks and heartfelt appreciation to all employees.

Finally, I would 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)

The rhinoceros hornbill (Buceros rhinoceros) is a large species of forest hornbill that can live for up to 35 years. Here seen resting atop a broken branch in PT SSS.




Sustainability Report 2022

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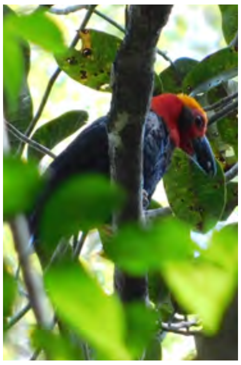


About This Report

United Plantations has always taken pride in its sustainable approach to all aspects of its operations and we are therefore pleased to present our 2022 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 2022, with comparable prior year statistics, where available and relevant.

The Sustainability Report for 2022 will remain as part of our Annual Report. There is no structural change in our Annual Report 2022. 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.

We have reported the information cited in this GRI Content Index for the period of 1st January 2022 - 31st December 2022 with reference to the GRI Universal Standards 2021.

For more information on the GRI Content Index, please refer to page 106 to 108.

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 BSI has provided limited assurance over 10 selected Key Performance Indicators (KPI's) reported in our 2022 Sustainability Report thereby bringing additional value and credibility to our disclosure. Their opinion statement is available on pages 104 to 105.

A well landscaped modern housing facility at Jendarata Estate, Division 2.

Message From The CED

Y.Bhg. Dato' Carl Bek-Nielsen, Chief Executive Director of UP.

I am pleased to present UP's 2022 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 continues to face challenges relating to global warming, we are becoming increasingly aware that our presence on this earth has an impact on the environment. This message was carried forward into 2022 from the COP26 climate conference, which took place in Glasgow, Scotland, in November, 2021. Labelled as "the world's best last chance to get runaway climate change under control," world leaders reached a consensus to accelerate action on climate change in 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.

In November 2022, following the COP27 climate conference in the Egyptian city of Sharm el-Sheikh a decision was reached to establish and operationalise a loss and damage fund for the most climate vulnerable communities. However, the delegates failed to make any firm commitments to phase out fossil fuels.

Indeed, in spite of the noble and good intentions of the previous COP meetings, the reality is that the UN climate process has been running for almost 30 years and during that time CO_2 emissions have only gone one way – up.

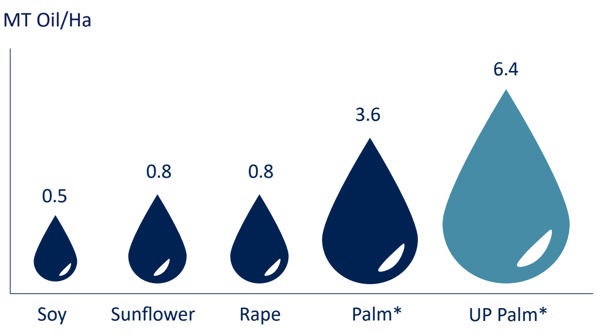
It is becoming increasingly evident that the landmark Paris Agreement target to limit global warming to well below 2, preferably 1.5 degrees Celsius, compared to pre-industrial levels is going to be extremely difficult to achieve if not impossible. According to calculations published by The Economist, the world now has a remaining carbon budget of 400 billion tonnes - the maximum amount of greenhouse gasses that can be emitted with some probability limit global warming to 1.5 degrees. Currently the world is emitting almost 40 billion tonnes per year from the burning of oil, coal, gas and from the production of cement.

The agreements reached at the last two COP conferences may therefore seem surprising, especially considering that 70% of global CO_2 (-eq) emissions continue to come from the burning of fossil fuels. Palm oil on the other hand, accounts for 0.6% of global CO_2 (-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 35% 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.

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



Source: Oil World, 2023
** 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

UP's light railway network stretching 600km remains of vital importance in terms of facilitating an efficient and fragile transportation of freshly harvested crop from the fields to the mills.

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 is important that all stakeholders support multistakeholder 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.

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 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, 2020 & 2022.

In this connection, I am pleased to report that the summary of the LCA clearly demonstrates that United Plantations Bhd has shown a 62% reduction in its GHG emissions per kg of palm oil produced from 2004 to 2022 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 accelerating the action of mitigating GHG emissions, the Board of UP remains committed to its 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 62 for more information on our carbon reducing initiatives.

To that end, new investments were made during 2022 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 600 km as of 31 December 2022, 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 8,203 Ha 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 2023.

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. As highlighted in last year's report, there are 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 few years, 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 has been working closely with Verité, a human and social rights NGO, since 2020, 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.

As a part of this journey and our commitment to continuous improvement, all our Guest Workers have been reimbursed for the recruitment fees they paid to third parties in the past, and all new recruitment must strictly follow the Employer Pays Principle, in order to eliminate the risk of exploitation. Indeed, we are far from perfect, but we have noble aspirations and are prepared to do what it takes to tighten up where necessary, and set 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 introduction of a green taxonomy aimed at defining and categorising environmentally friendly activities, as well as enhancing human rights protection, and the EU Regulation on Deforestation-Free Supply Chains aimed at driving transparency in corporate supply chains to halt deforestation, biodiversity loss and greenhouse gas emissions.

This new regulation involves commodities including palm oil, cocoa, coffee, soya, timber and rubber, and will prevent companies from placing commodities linked to deforestation and forest degradation onto the EU market.

We welcome initiatives that aim to tackle the global challenge of deforestation and improved social standards. However, such initiatives must be based on a balanced approach to ensure small-scale farmers are not excluded from global supply chains and that developing countries in general also have the right to move up the ladder of development in order to meet their basic needs and to have the opportunity to lead richer, more fulfilling lives.

In addition, any such initiatives must ensure that all agriculture related commodities are subject to the same rules thereby operating on a level playing field without any form of discrimination.

Safety

With the COVID-19 pandemic still lingering in Malaysia throughout 2022, we have continued 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, we have continuously adapted our Standard Operating Procedures (SOPs) to meet the ever-changing circumstances. Additionally, all our hospital assistants from our Group Hospitals and clinics throughout our estates are 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 having now moved to an endemic phase, COVID-19 is 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 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 paying off, with the total number of accidents having declined by 25% during 2022 vis-à-vis 2021.

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 accident 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 2022 been briefing the Company's Executive Committee Members on a regular 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 117 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 2022, our desire to engage with various stakeholders were still compromised by the COVID-19 pandemic. We will resume our various engagements with the smallholder societies in 2023, 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 2022. 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 taken place on our newly acquired Tanarata Estate with all of the earlier employee houses being demolished as it did not live up to the UP's housing standards. The construction of new, modern, and spacious houses with proper facilities, along with new sundry shops and other social amenities, Tanarata Estate thereby mirrors 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 equality, 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 117 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, including our latest acquired plantation, Tanarata Estate, which took place in April 2022.

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 operationalizing 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 2022, 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 licence 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 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 93 to 100). 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)

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

Since the acquisition of Tanarata Estate in 2019, all replanting has now been completed.

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 2022.

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 the 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/*.

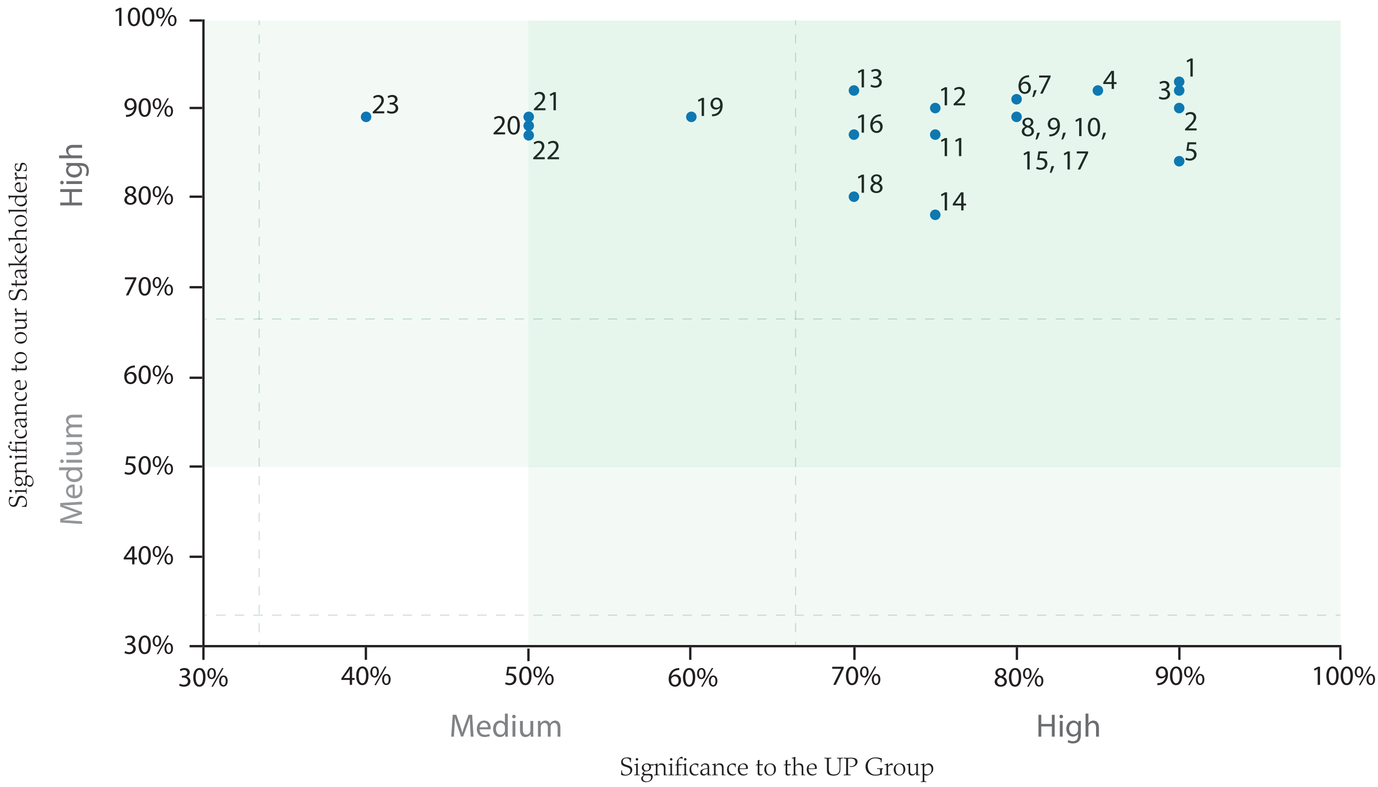
Our CED hosting a visit by AAK's Quality and Food Safety Director, Ms. Adina Creanga and Mr. Michael Boeker, Director of Operations Asia, at the newly upgraded Jendarata Palm Oil Mill.

Summary of Materiality Matters

23 Key Sustainability Issues	Relevant UN SDGs*	UP supports UNSDGs
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

Strong and stable financial position enabling investments

Strong Balance Sheet with high borrowing capacity

MARKET CAP
RM6.37 billion

CASH AND SHORT TERM FUNDS
RM779 million

DEBT/EQUITY RATIO
0.14

HUMAN RESOURCES

Dedicated and competent employees

Succession planning and training

Sustainability focus

EMPLOYEES
6,381

INTELLECTUAL RESOURCES

Vast experience and knowledge

Innovation and R&D capabilities

Good agricultural practices and policies

SINCE
1906

R&D ESTABLISHED
1951

SOCIAL RESOURCES

Key stakeholders including suppliers and international customers

Good collaboration with local government institutions and surrounding communities

PLASMA
1,392 Ha

COPENHAGEN ZOO COLLARBORATION
Since 2010

SOCIAL COMMITMENTS
RM21 million

MANUFACTURED RESOURCES

Well-functioning palm oil mills and refineries integrated with estates

Quality control and R&D investment in place

REFINERIES
2

PALM OIL MILLS
5

BIOGAS PLANTS
5

NATURAL RESOURCES

Fertile and strategically located land bank

Biomass availability

Water availability through adjacent rivers

LAND BANK
63,000 Ha

PLANTED AREA
50,956 Ha

CONSERVATION
8,203 Ha

Our Integrated Business

Leadership Governance & Planning

Plantations

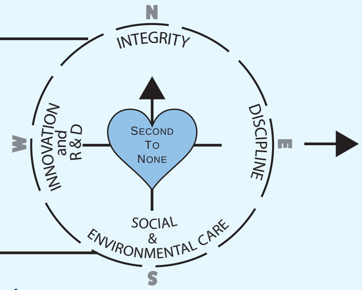
Upstream

Milling

Upstream

Refining

Downstream



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

SHAREHOLDER VALUE

Value created through good performance

Capital appreciation and sustainable dividends over time.

PROFIT AFTER TAX
606 million

EARNING PER SHARE
145 sen

DIVIDEND YIELD
9.15%

EMPLOYEE SATISFACTION AND SHARED VALUE

Safe and respectful work environment

Good housing, medical & education facilities

Advancing the economic and social condition in the surrounding communities

SAFETY PERFORMANCE
UP MALAYSIA : LTIFR - 4.13
UP INDONESIA : LTIFR - 97.10

PLASMA FARMERS
850

CERTIFIED SUSTAINABLE PALM OIL

Sustainability practices operationalised

Increasing sales of certified sustainable products of high quality

RSPO CERTIFIED PALM OIL
235,000 MT

RSPO CERTIFIED PALM KERNEL
48,000 MT

RSPO CERTIFIED AREA
84%

BALANCE BETWEEN ECONOMY AND ECOLOGY

Focus on R&D and efficiency to optimise yields

Preserving the environment through conservation efforts

FFB YIELD/Ha
27.57 MT

OER
21.35%

CPO YIELD/Ha
5.89 MT

TOTAL ANIMAL SPECIES
498

QUALITY PRODUCTS

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

CERTIFICATION
ISO 9001, HACCP, HALAL, KOSHER, BRC, GMP, MeSTI, FDA, GMP +B2, MPCA, SEDEX, RSPO SCCS, MSPO SCS

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

GREEN HOUSE GAS EMISSIONS AND WASTE

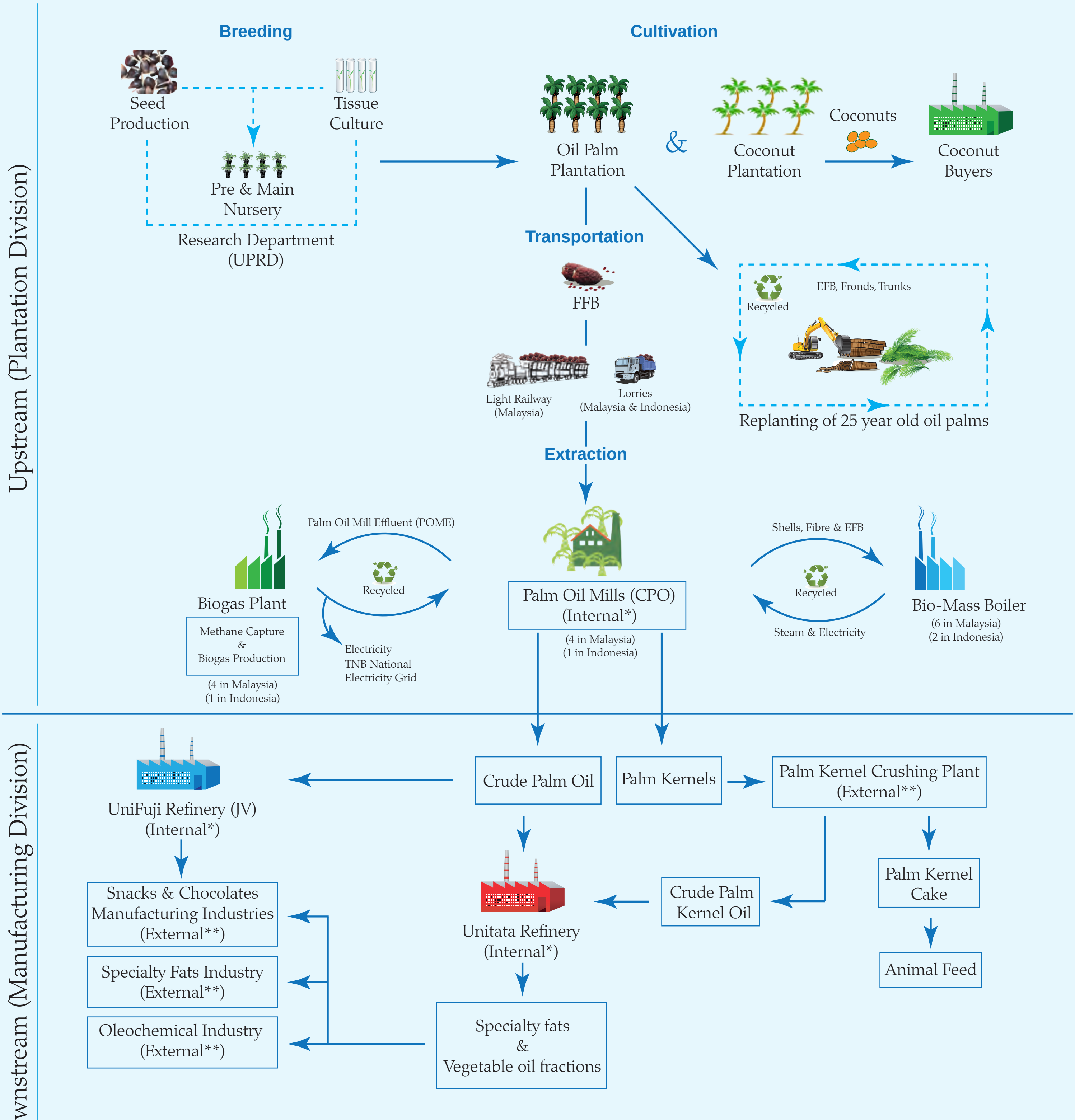
Key focus and investments in the circular economy where waste is converted to renewable energy.

REDUCTION OF GHG EMISSIONS SINCE 2004 (INCLUDING iLUC & NATURE CONSERVATION)
62%

GROUP BIOMASS UTILISATION RATE
99.6%

UNSDGs

Creating Value Through UP's Integrated Business Activities



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

Segmental Contribution 2022

UPSTREAM	DOWNSTREAM	OTHERS
74.8%	**25.4%**	**(0.2)%**
RM453 million	RM154 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 few years.

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 8,203 Ha. jungle conservation
- GHG carbon footprints reduced by 62% 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 therefore our Group constantly strives to reduce variables that negatively impact the environment. Since 2010, we have strictly adhered to No Deforestation and No New Development on Peat soils regardless of its depth, and have focused 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 strategy.

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, thus, our Group is fully committed to protecting 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 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.

Furthermore, we have strengthened our High Conservation Value (HCV) assessment by combining it with the High Carbon Stock (HCS) assessment and Land Use Change Analysis (LUCA) for new plantings in 2014. With this, we strive to maintain an open and dynamic approach towards continuous improvements for the protection of 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 8,203Ha of conservation areas to promote biodiversity and the protection of the natural environment within our group's land banks.

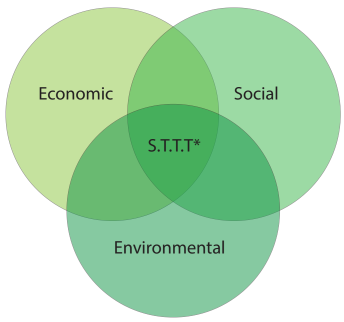
Key milestones of our Environment and Biodiversity Policy are summarised below and we expect our employees, contractors, suppliers, trading partners and stakeholders to adhere to this policy too, thereby further enhancing sustainability within our supply chain based on transparency, traceability, and trust.

For more information, please see the sustainability section on our website.

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)

Sustainable Development



*Sustainability through Transparency, Traceability & Trust

Environmental Commitments of the Group

	2022 (RM)	2021 (RM)	2020 (RM)	Grand Total (RM)
Environmentally Friendly Operational Activities	7,877,945	6,144,925	5,817,120	19,839,991
Environmentally Friendly Projects (Biogas, Biomass, others)	3,936,559	429,207	443,185	4,808,951
Biodiversity & Conservation (Forest reserve, Endangered Tree Species Projects, Collaboration with Copenhagen Zoo)	900,097	927,143	923,167	2,750,407
Total	12,714,601	7,501,275	7,183,472	27,399,348

These Proboscis Monkey (Nasalis Larvatus) are closely associated with riverine-riparian forests, mangroves, and swamp forests, eating primarily leaves and fruits when in season and are among the largest species of monkeys found only on the island of Borneo, these primates are listed as endangered.

Peat Developments

Since 2010, the Group has strictly adhered to No New Development on peatland, regardless of depth, whilst carefully managing pre-existing oil palm plantings on peat. In Malaysia, the total peat area is 4,130Ha out of a total planted oil palm land bank of 37,507Ha, whereas in Indonesia, the total peat area is 417Ha, out of a total planted land bank of 8,800Ha. In total, peat therefore makes up approximately 9.81% of the total area planted with oil palms throughout our Group.

In 2022, our Research Team reassessed the peat area in our Indonesian estates, where significant areas of peat subsided over the years, and as a result, some of the peat area with high water table has been set-aside as peat rehabilitation area. This is in line with the latest peat inventory, which has been submitted to the RSPO Secretariat.

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 new oil palm development. The intention is that no new oil palm plantings will negatively impact primary forest, HCV, HCS, fragile and marginal soils, or local people's lands. UP subscribes to and supports this stance, as it is not enough to only set aside areas for conservation.

Conservation areas need to be patrolled in order to protect these areas from intruders and fires, so that biodiversity can be truly conserved. In this regard, our BioD Division utilises the SMART system, which is the world's 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 the management and protection of conservation areas and species.

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

New EU Legislation on Deforestation

Throughout 2022, the discussion about halting deforestation was a hot topic for debate amongst many EU delegates. This culminated on 6 December 2022, when the European Parliament and the Council of the European Union reached a provisional agreement on the EU regulation on Deforestation-Free Supply Chains. This new regulation involves commodities including palm oil, cocoa, coffee, soya, timber, and rubber, and aims to prevent companies from placing commodities linked to deforestation and forest degradation onto the EU market.

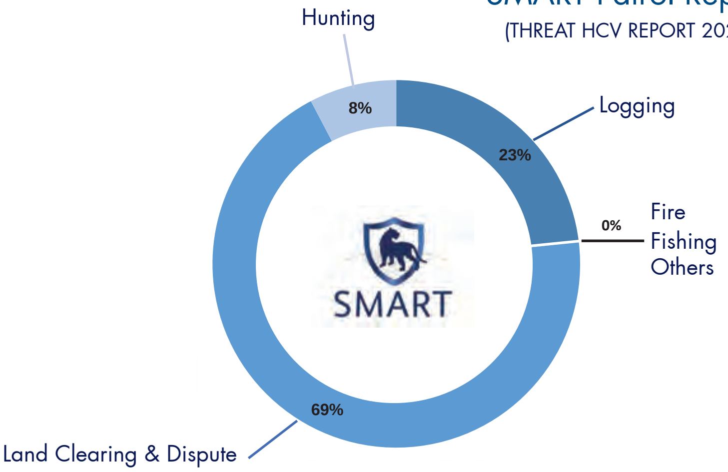
Once this regulation comes into effect later this year and following an implementation period of 18 months, importers, and exporters of the said commodities must prove that the implicated products are deforestation-free. This includes providing geographical information on the farmland where the product was produced, to prove that the land has not been subject to deforestation after 31 December 2020, and that the product complies and has been produced in accordance with all relevant applicable laws in the country of production. These rules will also apply to a number of derived products including selected palm oil-based derivatives (used for example as components in personal care products).

Whilst there are still many unanswered questions in relation to the implementation of this new legislation, we welcome initiatives that aim to tackle the global challenge of deforestation. However, such initiatives must be based on a balanced approach to ensure smallholder farmers are not excluded from global supply chains and that developing countries also have the right to move up the ladder of development, in order to meet their basic needs, and to have the opportunity to lead richer, more fulfilling lives.

In addition, any such initiatives must ensure that all agriculture related commodities are subject to the same rules, thereby operating on a level playing field without any form of discrimination. In any case, we shall relentlessly continue our pursuit of sustainable value creation, by always aiming to set the highest sustainability standards within the conditions of the day.

SMART Patrol Report

(THREAT HCV REPORT 2022)



Threat	Activities
Logging	6
Land Clearing	18
Hunting	2
Fire	0
Fishing	0
Others	0
	n=26

A group of Smooth otters (lutrogale perspiocillata) are seen here "cooling off" at our mangrove conservation area in Lada Estate.

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 8,203Ha 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 42% 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 have established a series of collaborations and partnerships with experts within this field. One such partnership was initiated in 2007 with Copenhagen Zoo (CPH Zoo) and officially established on 1 October 2010, through a Memorandum of Understanding (MOU). It marked an important milestone for our target of producing certified sustainable palm oil in Indonesia and being able to document the environmental integrity of our 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 needed. 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 was to develop the 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 has undertaken an impressive amount of activities in support of the company's commitment of producing sustainable palm oil and conserving the natural environment. 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 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.

In addition, the BioD has recorded many of Borneo's endangered species to date, among them Asia's only great ape, the orangutan, *Pongo pygmaeus*.

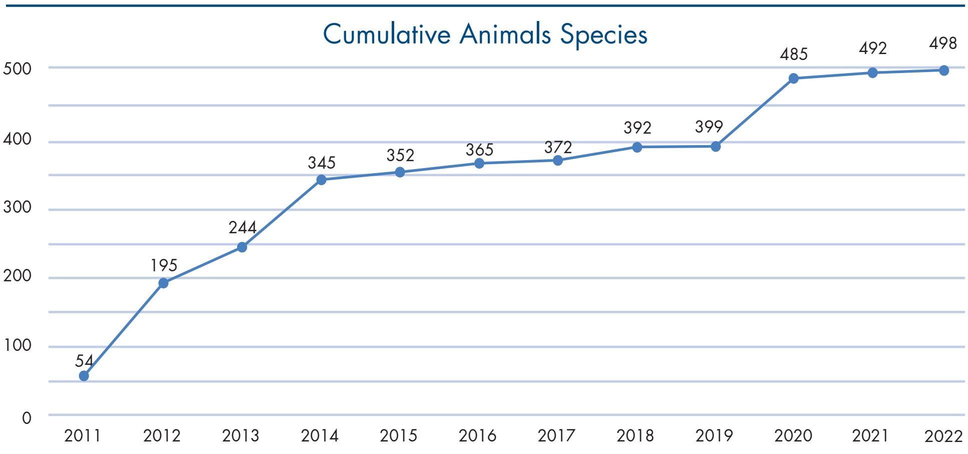
While these are exciting and inspiring stories about exotic species, the BioD is far more than that. An entire host of other activities commenced right from the modest beginning in 2011, including developing a GIS database that incorporates literally all the team's recorded data, be it from camera trap 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 2022 in PT SSS

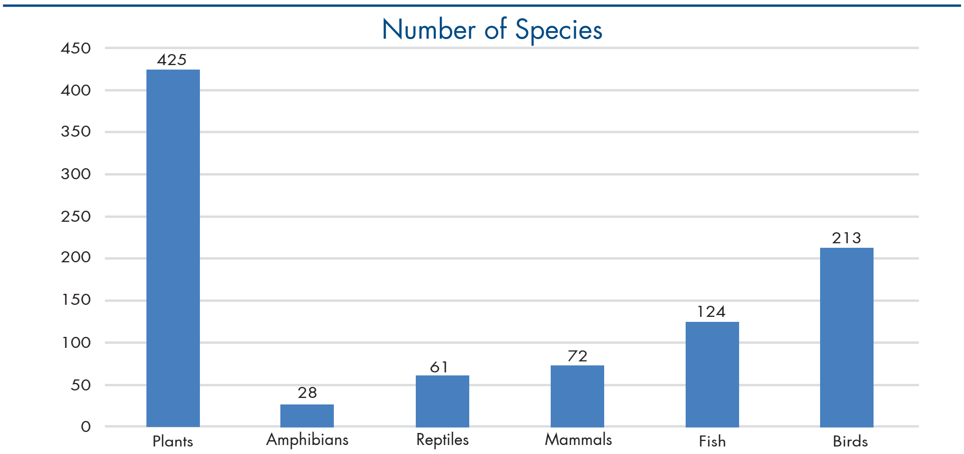
In 2022, the global COVID-19 pandemic eased and by the end of the year, most affected countries were back to normal again. However, new variants emerged and Indonesia chose to maintain a state of high vigilance. At the same time, the number of domestic and international airline departures remain well below pre-COVID levels. This has caused delays in supplying various types of equipment including cars, camera traps, computers, and general spare parts.

Despite the challenging times, the BioD Division continued work at near normal capacity throughout 2022. The Division continued to focus on wildlife conservation and its management within our landbank to fulfil RSPO principles and criteria. 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 2022, the team added six new species to our species list, namely two reptiles, one fish, and three birds. To date, the BioD has recorded a total of 498 different vertebrate species of which 72 are mammals, 213 birds, 61 reptiles, 28 amphibians and 124 fish. In addition, 425 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.



Cumulative number of vertebrates recorded in PT SSS conservation areas.

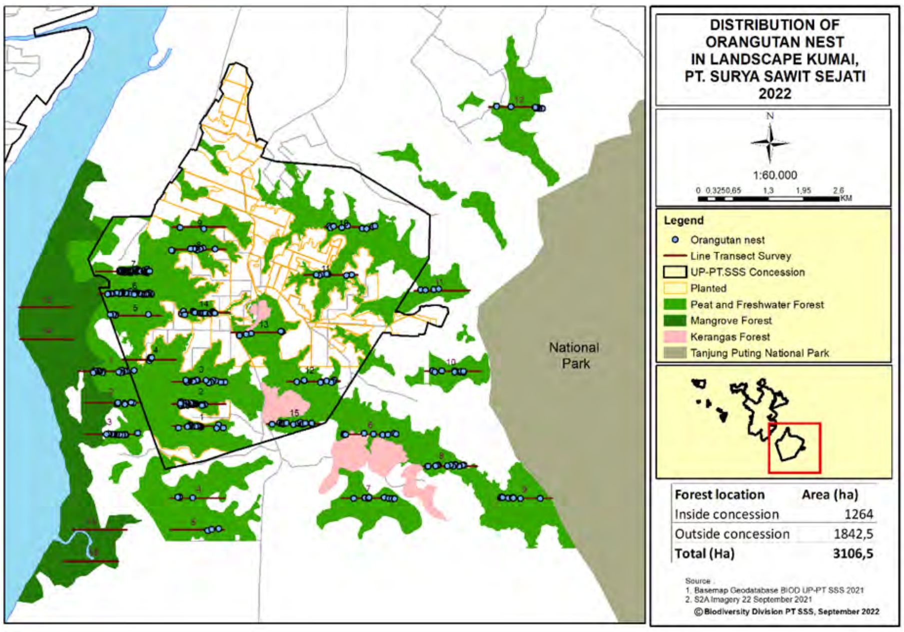


Vertebrate and plant species that have been recorded in PT SSS conservation areas.

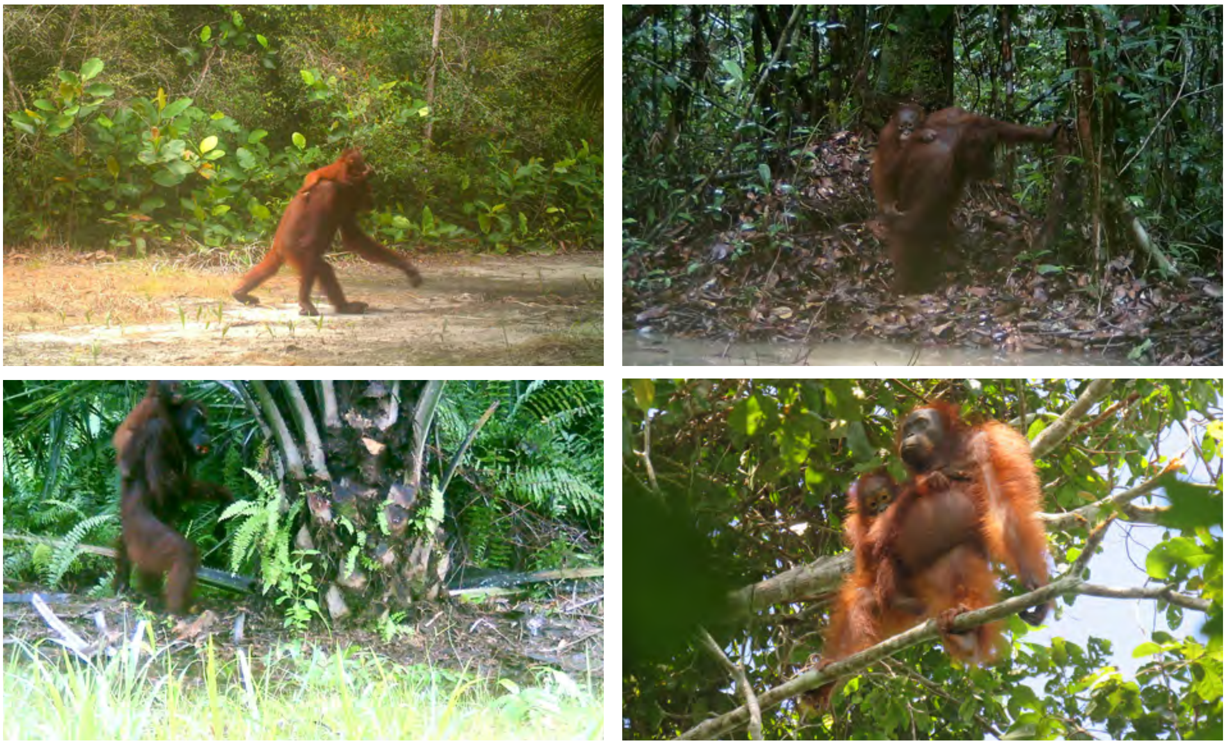
The orangutan survey team consisting of members from PT SSS BioD Team, the local Government BKSDA , KPHP authorities and OF-UK at Kumai Estate.

Orangutan population survey in Kumai Estate

The BioD Team collaborated for the second time with the Natural Resources and Ecosystem Conservation agency (BKSDA - Ministry of Environment and Forestry) Kalimantan Tengah and Orangutan Foundation United Kingdom OF-UK, and Kesatuan Pengelolaan Hutan Produksi (KPHP - Ministry of Environment and Forestry) Kalimantan Tengah to undertake an orangutan population survey in a forest corridor connecting PT SSS Kumai Estate to Tanjung Puting National Park (TPNP) from 19 June to 26 June 2022. This survey marked a milestone for the BioD Team, because it constituted the first time that PT SSS officially worked together with BKSDA, KPHP and OF-UK who were responsible for protecting and safeguarding orangutans. It was also the first time the BioD Team formally participated in an orangutan survey outside PT SSS landbank. The survey team consisted of three researchers from BKSDA, two officers from KPHP, two researchers from OF-UK and seven officers from the BioD Team. The population density surveys followed a standard nest counting procedure. The results revealed the presence of a significant number of orangutans with an estimated 22 individuals roaming the forest corridor. This constitutes a density of approximately 1.22 individuals/Km^2. The survey team also conducted a nest count survey inside PT SSS concessions from 8 August to 6 October 2022 to complete the survey in all forest areas that have been set aside as High Conservation Value area (HCV) in the Kumai Estate landscape. The results produced an estimated 34 individuals (range 24-47 individual) roaming PT SSS conservation areas, or approximately 1.1 individuals/Km^2.



Distribution map of orangutan nest in Kumai Estate landscape that links PT SSS to Tanjung Puting National Park. This has very high conservation priority for many endangered species.



Female with baby and juvenile (3-4 year) old kids of orangutan that has been capture by camera trap and direct photo in Kumai Estate all around the year 2022.

The estimated population densities appear surprisingly high and is not consistent with the BioD Team's monitoring data. Nest counting is associated with several uncertainties and biases that may appear from surveys in "small patches of forest." For example, in a small forest fragment, orangutans are forced to build nests in a relatively smaller area than if they were able to disperse freely over a larger area. This may result in surveys recording many nests in a small area, however, they may all be built by the same one or two individuals. In the end, the successful collaboration and results from the joint population survey offers real positive opportunities for future collaboration concerning orangutans and other endangered species outside public protected areas.

The BioD Team, however, will continue to develop more accurate and reliable density estimate. The continued research and tests undertaken in 2018, by a drone manually fitted with a forward-looking-infrared (FLIR) camera proved very effective in helping to identify orangutans in their nests at midnight. At the end of 2022, the BioD Team bought a new drone that is fitted with a normal and a FLIR camera as well as a laser range finder. This new drone is expected to help the BioD Team increase the detection rate and accuracy and thereby be able to produce better population estimate of orangutans in a specific area. An expansion of the wildlife surveys and management into sites adjacent to PT SSS estates will also be executed under the RaCP programme.

Baby and Juvenile Orangutan In Plantation Landscape

Orangutan presence in PT SSS conservation areas were already recorded during the early stages of plantation development, 14 years ago. What surprised the BioD Team then was the fact that the small population of orangutans remained healthy and were reproductively active. At the time, such few scattered and isolated populations were captured and moved into so-called "rescue centres" by local authorities, even if they did not specifically need to be "rescued." Therefore, the BioD Team did not request removal of PT SSS orangutans but put priority in managing their existing habitat.

This included monthly monitoring and habitat enrichment, to ensure the few individuals roaming PT SSS HCV-areas had sufficient food. Unexpectedly, the BioD Team frequently recorded females with babies or juvenile estimated at around 1-4 years, often as second and third generation from the same female. This was fantastic evidence of the species' resilience and adaptability to changing habitat circumstances, as well as a validation of the original decision to leave them where they were. In the face of ongoing scepticism and critics, by 2022 the BioD Team has recorded 11 photos of orangutan babies and juveniles that are estimated to be less than 4 years old. At least nine of these belong to different mothers and new-borns have been recorded almost every year since 2013.

It is this success that laid the foundation for the current collaboration with the local authorities BKSDAE and KPHP as well as OF-UK. The BioD Team is proud of having been instrumental in influencing a new strategy for Indonesia's orangutan conservation efforts. This strategy proposes that orangutans should be left where they are found, except for circumstances where they suffer ill health, malnutrition, or any other form of distress. The BioD Team formed an important part of the recent publication Importance of Small Forest Fragments in Agricultural Landscapes for Maintaining Orangutan Metapopulations that was published together with the world's leading orangutan conservationists. Having taken the lead in this approach, PT SSS is also faced with several future challenges and will be embarking on more advanced conservation intervention such as meta-population that is inherently reliant on genetic assessments at site level.

Meeting with District BKSDA SKW 2, Central Kalimantan, in Pangkalan Bun

In addition, studbook keeping may become relevant for small, isolated population that need occasional genetic infusion in the form of translocated male(s) to ensure the orangutan population in plantation landscape are genetically viable. This requires even deeper collaboration with BKSDA as well as KSDA at Central level.

Landscape based conservation planning - discussions with BKSDA Central Kalimantan

Borneo's once vast rainforests are increasingly being replaced by forest patches intersected by urban and agricultural landscape. Many species that were common and found in large cohesive populations are now found in much smaller numbers, as well as in isolated fragmented populations.

The challenge posed by managing endangered species in isolated fragmented populations is not new. However, the scale of it is. The BioD Team has grappled with this scenario since its formation and it has constantly communicated this challenge to the local conservation authority, BKSDA Kalimantan Tengah. Fortunately, the BKSDA now seems to acknowledge that there is a need for a solution. Using orangutan as an umbrella species the BioD Team has highlighted the challenges of conserving the species in small forest patches within the plantation landscape. For more than 10 years, the BioD Team has recorded and monitored the local orangutan population dynamics and is happy to report a slight increase in numbers. Unfortunately, such small habitat fragments reach a population carrying capacity relatively fast, and the subsequent overpopulation of a specific species will cause conflicts with local communities and/or result in a higher degree of inbreeding. This problem can be solved either by active population intervention i.e., managers will manage genetic drift actively by translocating individuals between various isolated habitat fragments, or establish a natural corridor where animals can disperse freely in the landscape.

The HCV areas in PT SSS Kumai Estate is home to 20-30 orangutans. To date, the population seems to be within the biological capacity of the area. Since they are confined to the HCV area without any possibilities of dispersing to other habitats that are suitable for their survival, orangutans will, over time, suffer inbreeding depression. Interestingly, there is a natural corridor that links Kumai Estate to Tanjung Puting National Park. This area belongs to different stakeholders, but BKSDA agreed to collaborate and undertake a joint orangutan survey in the area, with the aim of securing the area as a future protected biological corridor.

In this process, the BioD Team has played a major role and proposed that PT SSS, under the RaCP scheme, assume joint management responsibility of the area. This will benefit species conservation in the area and provide a blueprint for how endangered species can be managed in a future fragmented landscape across Indonesia.

For the past two year the BioD Team has had numerous formal and informal meetings with Government authorities to promote the idea of landscape-based conservation, and to encourage proactive intervention. In conservation and management of natural resources, there are a few examples of the Government engaging in a collaboration with a private entity, such as PT SSS.

Because of this, the BioD Team has been aware of the need to develop trust between PT SSS and BKSDA, and since 2020 the shared interest and desire for a long-term conservation solution has developed into a stronger collaborative unit.


Hatched python eggs that was found in the plantation landscape.

In fact, in December 2022 the director of BKSDA Central Kalimantan, together with PT SSS, were invited to present their ideas of a joint conservation programme to the Ministry of Environment and Forestry, Jakarta.

The meeting was hosted by the Director of KKH (Direktorat Konservasi Keanekaragaman Hayati – Department of Conservation and Biodiversity) at the Ministry office in Jakarta.

The BioD Team hopes that this inaugural meeting will lead to additional on-the-ground collaboration and a model of how to implement meta-population management of endangered species in a fragmented landscape.

Python population in the plantation landscape

Reticulated python (*Malayopython reticulatus*) is a beautiful and colourful snake that is commonly seen roaming the plantation landscape. It feeds on an abundance of prey species found in the estates, such as rats, leopard cats, wild boars and lizards.

Pythons are of particular interest to plantation operation, because they are effective as biological pest controllers. Pythons consume many rats every day and are excellent rat hunters even when these are young in nests as well as in the palms.

However, pythons can reach a size of 5-6m, and large pythons are dangerous to human beings too. With the many workers active in the estates daily, the BioD Team is monitoring the python population, and especially the average size to make sure that all staff can safely roam the plantation.

As part of the safety procedure, the BioD Team therefore introduced a policy of capturing all pythons above 3.5 metres and translocate these individuals to conservation areas managed by BKSDA Central Kalimantan.

Amphibian surveys

Kumai Estate was the first of UP's plantations that was setup as an integrated agriculture-conservation landscape right from the beginning. This landscape is unique as it is both delivering high palm oil yield as well as enjoying a very high degree of biodiversity.

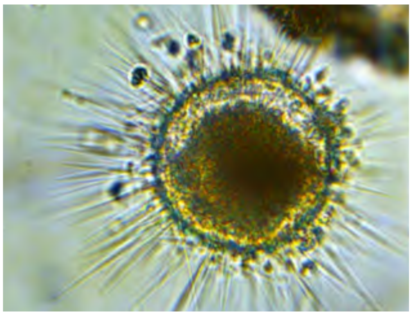
In September 2022, the BioD Team conducted an amphibian baseline survey, where 19 line transects were setup in the HCV areas. In total, 15 species from 5 families were recorded, which is a record for PT SSS.

In the future, the data will be used to monitor possible changes and trends in species distribution and population. Amphibians are specifically important as indicator species, because they are very sensitive to even slight changes in the environment and can provide the BioD Team with insight into how well the ecosystem is functioning.

Water quality monitoring and the Plankton Diversity

Water is the most important natural resource on earth that all known living organisms are dependent on. Therefore, the BioD Team places the highest priority on this and 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


Amphibian diversity in the Kumai Estate plantation landscape



Achanthocystis turfacea

Tabellaria fastiagata

Monostyla quadridentata

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.

to ensure that the 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 estate and conservation areas in Lada, Runtu, and Kumai estates. Sampling sites are fixed points and to date the BioD Team has recorded 100 Phytoplankton and 35 Zooplankton species.

Diversity sampling of plankton in Kumai, Lada and Runtu estates indicate that the water condition in the rivers surrounding the estate falls into the "medium condition" category. This means that the water is slightly polluted but showing signs of improving. In addition, the rehabilitation of riparian forest along the streams in PT SSS is showing positive effects by minimizing organic and inorganic pollution washout in all three estates.

Success Story from Rehabilitation Areas as Carbon Storage and Mother Trees Sources for Tree Seedling

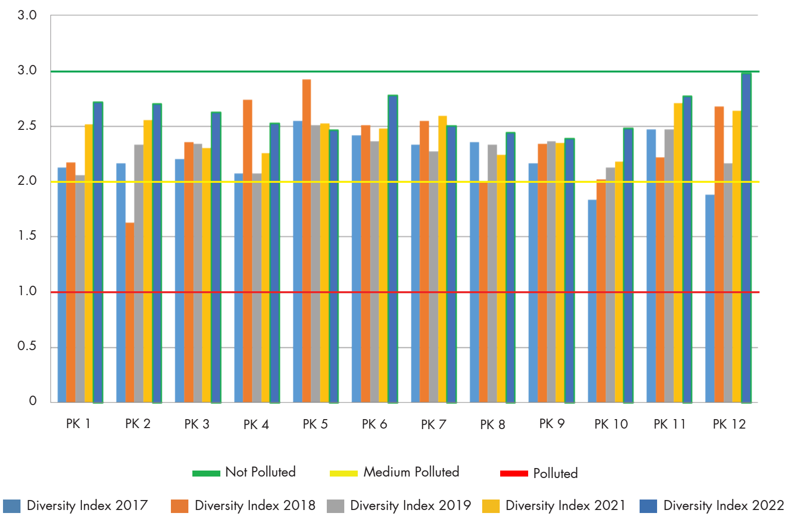
The BioD Team has recorded positive progress from the rehabilitation activities that commenced in 2011. In some rehabilitation areas, trees such as Blangiran (*Shorea balangeran*) and Rengas (*Gluta renghas*) have grown above 10m tall and even become "mother trees" for the first time. The BioD Team collected a lot of seedlings and fruits from these, which are considered the second generation of the species. Some seedlings have also been recovered and moved into polybags in the jungle tree nursery site at Lada Estate. Here, the seedlings will grow for 10 -14 months before they are ready to be planted at a rehabilitation site. The BioD Team is proud to have reached this important rehabilitation milestone. With this, PT SSS is becoming an "independent" producer of some species of trees and can propagate these internally.

Furthermore, our rehabilitation areas have also become effective carbon storage sites. In 2011 there was nothing but grass in the rehabilitation areas, and from the first 80cm seedlings with little carbon storage value, many of these areas are now overgrown with 10-12m tall trees. The DBH (diameter at breast height) of some trees measure 43 cm which indicates healthy and strong growth and significant carbon sequestration. To better measure this effect and understand the carbon storage potential in the rehabilitation areas, the BioD Team have setup a 10,000 m^2 permanent plot that will be used as a live laboratory to measure the many aspects related to tree growth, species succession and plant diversity dynamics.

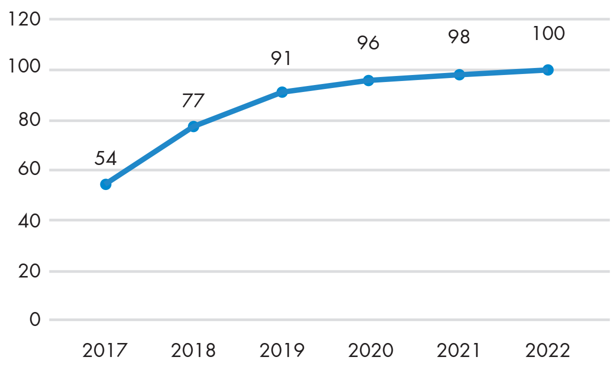
When planted trees form new canopy the area begins to attract other species, especially birds and rodents. These are also known as important seed dispersers, and from the five tree species originally planted, the BioD Team has recorded

Diversity Index in Kumai Estate

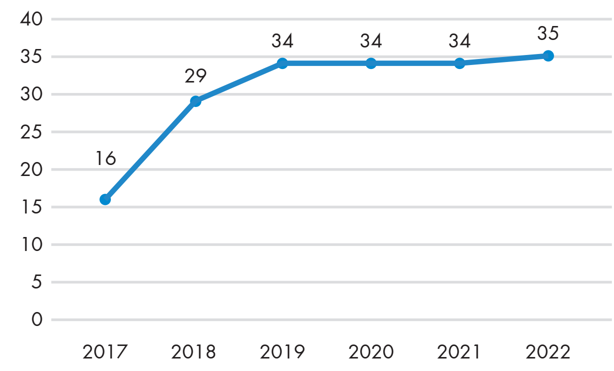
Plankton diversity index used to evaluate the quality of water bodies.



Cumulative Phytoplankton

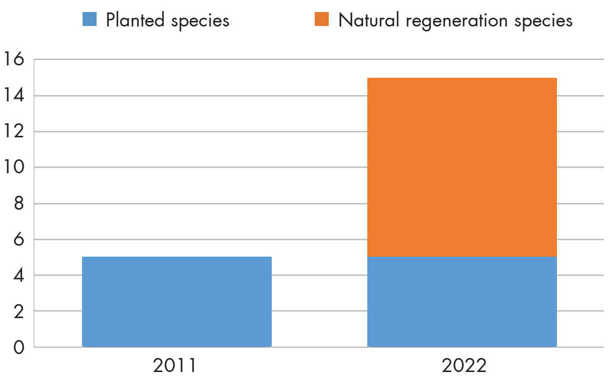


Cumulative Zooplankton

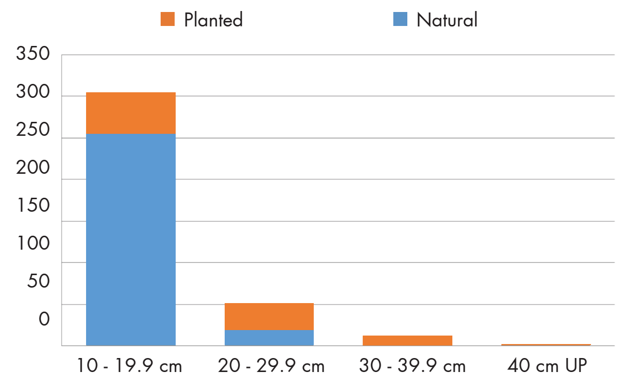


Base line data of plankton diversity in stream/river in Kumai, Lada and Runtu estate concession.

Species composition of trees in Field 86 permanent plot

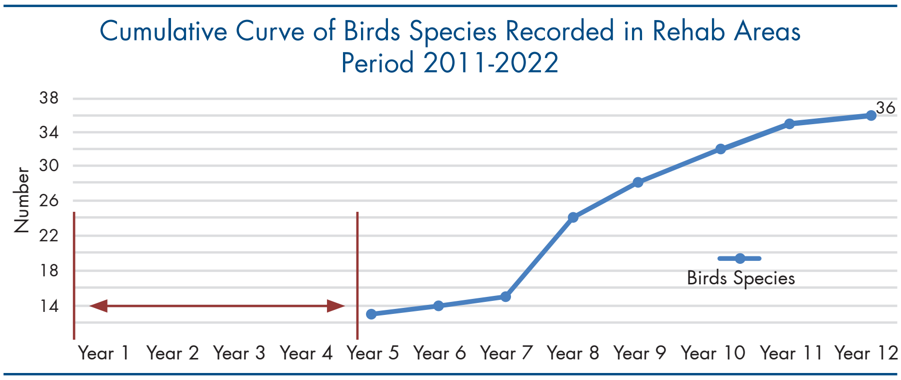


Diameter at Breast Height (DBH) of Tree Trunk



BioD field team are collecting seedlings of the Blangiran tree around the mother trees at the rehabilitation areas in block 86.

The rengas trees in rehabilitation area block 86 has become a mother tree after it was planted from the first time in 2011.



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.

10"new"species in several rehabilitation sites. Since most of the tree species belong to large-seed trees, these are likely not dispersed by wind but by birds and mammals that have taken up residence in the rehabilitated habitat. The natural "recruitment" of seeds seems to work well in PT SSS areas and the BioD Team will continue to measure and monitor the effect of this local evolution.

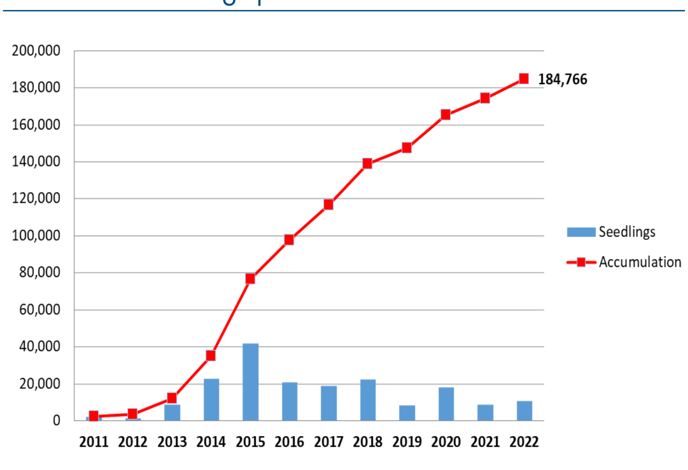
Birds Diversity in Rehabilitation Area

Rehabilitation activities in Lada Estate has been ongoing since 2011. The first phase of habitat rehabilitation was to plant as many native trees in degraded areas as possible to recreate a natural canopy cover.

The BioD Team assumed that a good tree diversity with extensive canopy cover will attract 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 planted ±184,766 native tree seedlings from 125 tree species. Despite difficult conditions, an estimated 65% of the seedlings have survived and are growing well today.

Concurrently with planting new trees, the BioD Team monitors biodiversity in the rehabilitation areas, and Lada Field 86, Division 2 is mainly used as a large experimental site. The understory bird diversity is a good indicator of habitat condition that also reflects the condition of the forest canopy.

Seedlings planted from 2011- 2022



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 4 years into the rehabilitation process, when the first planting activities were initiated.

Subsequent monitoring reveals an increasing number of bird species throughout the years. From a mere 13 species in 2015, the BioD Team recorded 36 bird species in 2022. This is another testament to a successful rehabilitation process, and it is expected that the bird diversity will continue to increase in tune with the increasing canopy height of Field 86. The next big milestone is when endangered and critically endangered birds begin to return to the area in the future.

Building Science Communication by Attending Conference and Conservation Workshops

In addition to all the above mentioned on site activities, the BioD team is actively attending several national and international workshops and conferences that are relevant to biodiversity conservation and management. In multiple cases, representatives from the BioD Team have been invited to speak or present at conservation events, primarily about research and conservation activities in plantations landscape.

The specific topic of managing biodiversity in the plantation landscape has become increasingly important in a larger national as well as international context, because industrial agriculture at a global level is one of the main producers of CO_2. At the same time, the BioD Team continues to engage with colleagues and experts at national and international level to learn and increase its own capacity and to become even more effective and valuable for the company in the future.

The BioD Team has already become one of the leading biodiversity research and management entities and is known for its expertise within the palm oil sector and beyond.

Dr. Carl Traeholt
UP Group Chief Environmental Advisor
and
Mr. Muhd Silmi
Manager Biodiversity Division

From a mere 13 species of birds in 2015, the BioD Team recorded an astounding increase of 36 bird species in 2022. This is another testament to a successful rehabilitation process.

UIE's Kingham-Cooper tree reserve, is a flagship reserve holding above 250 species and 12,500 indigenous trees, today stands as a natural sanctuary for birds and other wildlife as well as provides a seed garden for future plantings.

Kingham-Cooper Lagoon Tree Reserve

UIE estates have since 2008 become an indigenous tree seed-garden pioneer which holds one of Malaysia's finest and most diverse collections of native jungle tree species. The Kingham-Cooper Lagoon Tree Reserve established in 2008 is the flagship reserve holding above 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.

The UIE Main-Office Park

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 Macrophylla*, a Dipterocarp species of Meranti known locally as Enkabang by the native Ibans of Sarawak for deriving shea butter.

The Sungei Anak Macang Riparian Reserve

This 5.85-kilometre strip of land along the narrow boundary river covers 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.

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 2022, 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.

Mr. James Kingham - Malaysia's Tree Guru passes away at 86

Over the years, United Plantations has been very fortunate to have had a close working association with the late Mr. James Kingham. A passionate conservationist, an experienced planter, generous with his time and knowledge, often sharing his wisdom and expertise gained from his encounters with the local indigenous community, forest rangers and anyone with a keen interest and eager ear, he indeed leaves behind a rich and colourful legacy.

We sincerely thank James Kingham for a lifetime of tree plantings, not least at UIE, which has benefitted our Group immensely.

Surrounded by the lagoon and a vast variety of flowering and fruits trees, the Kingham-Cooper Tree Reserve is a haven for food and shelter to many types of birds and other fauna.

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 CO_2 (-eq) emissions continue to come from the burning of fossil fuels.

Palm oil on the other hand, accounts for about 0.6% of the global CO_2 (-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 2022. The updated 2022 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.

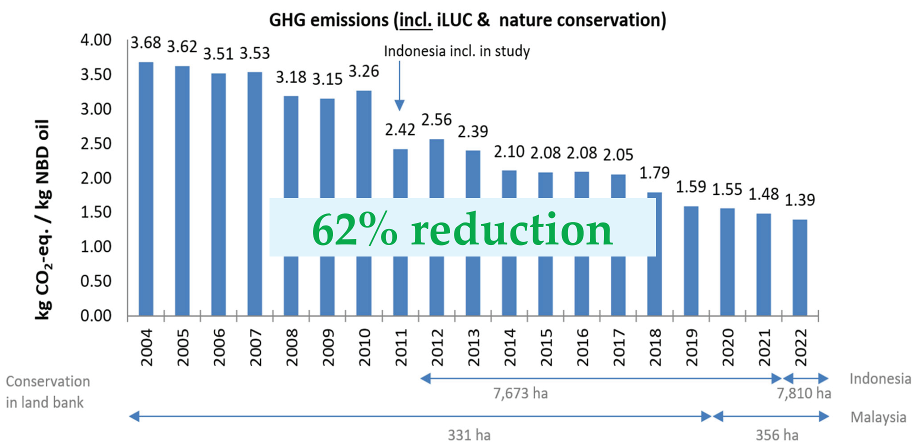
This effectively means that GHG emissions calculated in the LCA study are systematically higher compared to a similar calculation using the PalmGHG calculator, which adopts a different approach to deal with land use changes, nature conservation and the modelling of by-products. The PalmGHG calculator 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, and include scope 3 emissions.

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 1.48 kg CO_2-eq emissions per kg. NBD oil in 2021 to 1.39 kg CO_2-eq emissions per kg NBD oil in 2022 including indirect land use change (iLUC) and nature conservation. This is equivalent to a reduction of 6%, which can mainly be attributed to a reduction in the emissions from our field activities and agricultural inputs in particular. Moreover, this represents a substantial reduction in our GHG emissions of 62% 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.

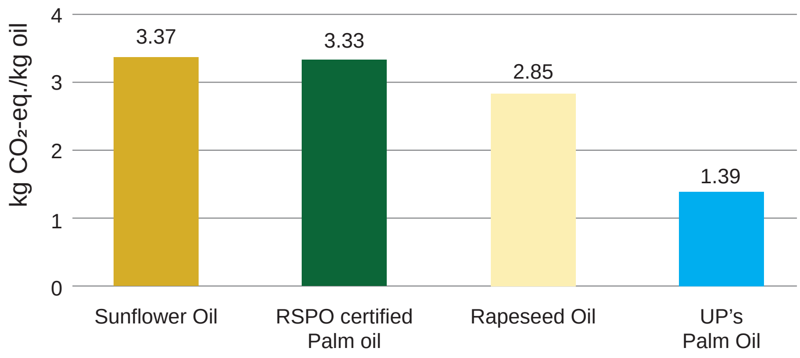
2030 Target

In 2021, we 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 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 8 years.



Time-series for NBD palm oil at United Plantations Berhad 2004-2022. Results include contributions from iLUC and off-setting from nature conservation.

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



The 2022 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. Today, all of our mills are equipped with Biogas Plants.

These projects combined have since helped to significantly reduce our emissions of CO_2 by 70% and CH_4 by 80% at the respective operating units thereby paving the way for additional green investments.

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 2022 a total of 6,654MWh of electricity was generated from the biogas plant and sold to the grid which is similar to the quantum supplied in 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 cells generate about 525kW/day for the Tissue Culture Laboratory, with the unutilised electricity channelled to other laboratories in the Research Department. A total of 193 MWh of renewable electricity was generated in 2022. In May 2022, a larger photovoltaic project was commissioned at the Unitata Refinery, which generated 460 MWh of electricity throughout the rest of 2022.

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.

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 2022. 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	0.128
Ulu Bernam	- Boiler 1 of 2	0.105
Ulu Basir	- Boiler 4	0.145
UIE	- Boiler 3	0.133
Lada	- Boiler 1 & 2	0.051

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/Nm^3

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

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

Palm oil mill effluent and palm oil refinery effluent are treated in treatment ponds to reduce their BOD and COD contents before they are used to irrigate the oil palm fields. The quality of effluent is monitored monthly and reported to the respective Government authorities. The summary of the effluent's quality for all UP's processing facilities in 2022 is shown below. With the implementation of Biogas plants and other initiatives to reduce the BOD and COD of effluent, we aim to reduce the BOD and COD by 10% from the respective averages of 550 and 2200 mg/L in 2021, by 2025. In addition, we will soon start commissioning a polishing plant to treat POME from the Optimill with the objective of reaching a BOD level of <30ppm.

		Malaysian Operations			Indonesian Operations		
		2022	2021	2020	2022	2021	2020
Parameters (mg/L)	BOD	466	594	623	453	478	502
	COD	2121	2615	2686	2068	2025	2076

Biomass utilisation and economic value

In 2022, a total of 720,969 MT of biomass residues were generated through UP's various field and mill operations in Malaysia.

Almost all of the total biomass generated (99.6%) or 718,279 MT were effectively utilised as organic mulch in the nursery and field or as fuel source, thereby enriching our soils and displacing the use of fossil fuels whilst enhancing the value of the biomass generated.

Our Indonesian operations generated a total of 156,805MT biomass dry matter in 2022. Here too, a very high proportion of the biomass (156,316MT or 99.7%) was utilised through recycling in the field or as a green energy source.

Biomass utilisation is an important part of our nutrient recycling programme and in line with our Environment and Biodiversity Policy which demonstrates our commitments to minimise the use of chemicals, pesticides as well as fertilizers in our operations.

Similar commitments apply to our FFB suppliers whom we educate on Best Management Practices during our annual Smallholders' Field Day.

Production and Level of Utilisation of Oil Palm Biomass Residues in UP in 2022

Malaysian Operations (Dry Matter Basis)	Quantity Produced (MT)	Quantity Utilised (MT)	% Utilisation	Method of Utilisation
Trunks and fronds at replanting	69,042	69,042	100	Mulch
Pruned fronds	362,135	362,135	100	Mulch
Spent male flowers	34,821	34,821	100	Organic matter recycled on land
Fibre	74,479	74,479	100	Fuel & mulch in nursery
Shell	47,786	47,786	100	Fuel & mulch for polybag seedlings
POME	35,870	33,180	93	Biogas generation, nutrient source, field irrigation and base for organic fertiliser production
EFB	96,836	96,836	100	Mulch and Fuel
Total	720,969	718,279	-	-
Level of utilisation = 99.6%				

Indonesian Operations (Dry Matter Basis)	Quantity Produced (MT)	Quantity Utilised (MT)	% Utilisation	Method of Utilisation
Trunks and fronds at replanting	-	-	-	-
Pruned fronds	86,331	86,331	100	Mulch
Spent male flowers	8,301	8,301	100	Organic matter recycled on land
Fibre	19,493	19,493	100	Fuel & mulch in nursery
Shell	11,996	11,996	100	Fuel & mulch for polybag seedlings
POME	6,523	6,034	93	Biogas generation, nutrient source, field irrigation
EFB	24,161	24,161	100	Mulch and Fuel
Total	156,805	156,316	-	-
Level of utilisation = 99.7%				

Fertilizer Equivalent and Monetary Value of Oil Palm Biomass Residues Recycled on Land in UP in 2022

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	69,042	863	290	1,110	529
Pruned fronds	mulch	362,135	8,164	2,656	6,905	4,520
Spent male flowers	organic matter	34,821	1,120	742	2,060	1,069
EFB	mulch	43,007	748	315	2,079	478
Digested POME	biogas generation & irrigation	33,180	1,154	730	1,814	1,327
Total (MT)		542,185	12,049	4,733	13,968	7,923
Monetary value (RM)			41,449,137	2,626,628	34,780,048	10,340,156
Total monetary value (RM)			89,195,969			

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	86,331	1,946	633	1,646	1,078
Spent male flowers	organic matter	8,301	267	177	491	255
EFB	mulch	23,072	401	169	1,115	256
Digested POME	biogas generation & irrigation	6,034	210	133	330	241
Total (MT)		123,738	2,824	1,112	3,582	1,830
Monetary value (RM)			8,039,226	949,018	10,513,392	2,636,350
Total monetary value (RM)			22,137,986			

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 2022, the total organic matter recycled on land in UP amounted to 542,185MT of dry matter which is equivalent to 314,467MT of carbon. This translate to an annual recycling rate of 15MT organic matter or 8MT of carbon to each hectare of land, thereby being 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 38,673 MT NPKMg fertiliser which in itself has a monetary worth of RM 89.2 million based on the unusually high fertiliser prices in 2022.

For our Indonesian operations, a total of 123,738MT of biomass was recycled back onto our plantation land. This is equivalent to enriching our soils with 71,768MT of organic matter which on a hectare basis is akin to returning 15MT organic matter or over 9MT organic carbon to the land.

On the more sandy soils in Indonesia such inputs will improve long term soil health significantly as the soil carbon status is built up over the years. The nutrient content in the recycled biomass is equivalent to 9,349MT of inorganic NPKMg fertilisers, with a value equivalent to RM22.1 million at 2022 prices.

In these unusual times the monetary value of nutrients in the recycled biomass, combined for our Malaysian and Indonesian operations, exceeded RM 100 million in total.

Triple rinsed plastic pesticide containers (MT)

	2022	2021	2020
Malaysian operations	14.5	12.9	14
Indonesian operations	3.2	1.0	1.4

Used batteries (pieces)

	2022	2021	2020
Malaysian operations	142	68	107
Indonesian operations	0	0	11

Spent lubricants (lit)

	2022	2021	2020
Malaysian operations	45,801	38,712	51,167
Indonesian operations	2,900	5,060	4,677

Spent fuel filters (pieces)

	2022	2021	2020
Malaysian operations	5,086	3,934	4,936
Indonesian operations	96	204	195

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. This may have substantial financial or strategic impact on our business too.

We have therefore conducted an assessment in line with the guidelines by the Task Force on Climate-Related Financial Disclosures (TCFD) to identify risks, opportunities, and challenges across all our operations in Malaysia and Indonesia to build resilience for our business and mitigate climate change.

The identified transition risks are summarised in the table below, which has been produced by the Sustainability Team of UP who is well-versed with the TCFD guidelines and the identification of transition and physical risks.

Climate related transition risks, opportunities and challenges

Types of transition risks	Risks	Opportunities	Challenges
Current and emerging regulations • Adhering to existing and new rules and regulations on emissions or climate change mitigations.	Higher compliance costs (additional costs associated to carbon pricing, taxes imposed on fossil fuels, etc) Failure to comply with new regulations which restrict emissions or promote climate-change adaptation.	Low carbon footprint operations will significantly reduce the operational costs arising from increasing carbon prices and the dependence on non-renewable fuels.	Significant investments needed to meet new requirements.
Technology • Innovative technology to optimise efficiency of production.	New processing methods and technology lead to different waste output and environmental impact. Increasing costs associated with conventional systems that are energy inefficient.	New innovative technology and circular economy solutions could bring about efficiency in energy usage and resilience in the use of natural resources.	High costs associated with the advancement of new technologies to reduce carbon footprints. Availability of new proven technologies to continuously reduce carbon footprints.
Market • Increasing consumer awareness on climate change and expectations to manage climate-related impacts.	Failure to comply with increasing customer expectations and requirements insofar as low carbon products are concerned.	Benign low footprint could give access to markets and customers with strict carbon emissions regulations and requirements.	Reduced pool of compliant suppliers. Reduced demand for commodities that fail to meet market expectations.
Reputational • Increased scrutiny from non-governmental organisations (NGOs) and consumers.	Reputational risks as stakeholders are increasingly focusing on the companies' carbon footprint and plan to manage climate risks.	Improved environmental score and reputation could lead to new opportunities with conscious customers.	The industry as a whole must raise the bar or all companies risk being painted with the same brush regardless of individual efforts.

Physical Risks

Types of physical risks	Risks	Opportunities	Challenges
Acute • Temperature change and increase frequency of extreme weather events such as floods and droughts.	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.	Safeguard operations by ensuring that emergency response teams are prepared to deal with fire and flood during drought and flood seasons.	Peat areas possess high risk of fire outbreaks during drought seasons and maintaining adequate water levels is therefore crucial.
Chronic • Rising sea levels.	We have some properties located close to the coast and there are risk related to the rising sea levels.	Develop mitigation plans to address the risk of rising levels, and identify alternative water sources and water retention facilities to increase operational resilience.	Significant cost associated with establishing additional water retention facilities.

Early morning at the Kumai River with its beautiful mangrove area bordering Lada Estate on PT SSS.

UP is committed to continuously improve and operationalise the short-, medium- and long-term measures and strategies to minimise the identified climate risks. This goes hand in hand with our strategic focus on the "circular economy" concept of converting waste into renewable energy via innovations and investments in new technologies to reduce our GHG emissions.

The UP Group's GHG emissions intensity baseline and target covering plantations, milling, and refining operations are assessed and monitored annually, and in line with the TCFD's recommendations, we have also initiated our disclosure of GHG emissions for Scope 1, 2 and 3. For more information on our journey to reduce the company's carbon footprint vis-à-vis our baseline monitoring in 2004, reduction trends and targets, please refer to page 62.

All strategies, programmes and developments related to the climate risk assessment are headed by the Chief Executive Director of UP and any significant resources required for related projects are subject to approval by the UP Board. The climate risks will be deliberated and reviewed as deemed necessary during the Group Sustainability Committee (GSC) Meeting. Lastly, climate change is also listed as an important indicator under our materiality assessment and the level of prioritisation is assessed annually based on feedback from our stakeholders.

Water Management

Water management is particularly important on acid sulphate and peat soils. These soils are fragile and if over drained, they will rapidly deteriorate. On acid sulphate soils, the water level should be maintained up to the jarosite layer, thereby submerging the pyrite (FeS_2) and preventing it from oxidising to sulphuric acid, which can cause a steep drop in the soil 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 average, one weir is provided for every 40 to 60 hectares or every 600-1000 meters 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 minimise the risk of fire, as well as to be on high alert with firefighting equipment, in case of fire outbreak.

Water Impacts

UP fully appreciates that more can be done to preserve and protect water ways and manage the use of water throughout our organisation. 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.

Indeed, 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 water use (evapotranspiration) ranges from 120-150 mm per month. To meet this requirement, 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 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 managers, 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 residents to be frugal on water usage. Old water pipes, water tanks and 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 domestic water is sourced from either Government supply or our own treated water from river or reservoir. In 2022, upgrading work in our mills and estates resulted in the increase of domestic water consumption in Malaysia as seen from the table below.

Domestic Water Consumption (gallons per capita per day)	2022	2021	2020
Malaysian operations	81 ($0.37m^3$)	77 ($0.35m^3$)	73 ($0.33m^3$)
Indonesian operations	75 ($0.34m^3$)	84 ($0.38m^3$)	77 ($0.35m^3$)

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 also 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. With this, we aim to reduce our mill water consumption by 10% in 2025 compared with the average of 1.6 MT water/MT FFB in 2020.

Mill water consumption (MT water/MT FFB processed)	2022	2021	2020
Malaysia operations	1.5	1.5	1.7
Indonesia operations	1.2	1.2	1.1

Pesticides and Chemical Usage

Conducting our operations under the best principles of agricultural management is a key priority for the UP Group to reduce chemical and pesticides usage thereby minimising the impact to the natural environment.

Furthermore, 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.

United Plantations Palm Oil (Malaysian Operations*)			Soybean**	Sunflower**	Rapeseed**
	2022	2021	2020			
Pesticides / Herbicides (kg per MT oil)	0.568	0.76	0.76	3.95	28	3.73

*Includes palm oil+palm kernel oil (UP, 2020-2022 - 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**
	2022	2021	2020			
Pesticides / Herbicides (kg per MT oil)	0.273	0.26	0.15	3.95	28	3.73

*Includes palm oil+palm kernel oil (UP, 2020-2022 - Indonesian operations)
**Data from FAO, 1996- Pesticide data for soybean and rapeseed updated in 2007/9 and 2010 respectively

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. Indeed, in the tropics crop losses can reach as high as 75%.

Careful use of pesticides can deliver substantial benefits for our society by 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 minimise 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.

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. This commitment towards continuous improvements has resulted in minimising 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 6-7 times lower per tonne of oil produced compared to Rapeseed and Soybean farmers and about 40-50 times lower compared to Sunflower growers.

Establishing Beneficial Flowering Plants

A total of 274,782 broadleaf flowering plants have been planted in our Malaysian and Indonesian plantations to encourage parasite and predator activities which is a vital part of our IPM programme.

Flowering plants planted	*Malaysia*	*Indonesia*
Cassia cobanensis	*42,358 planted*	*15,122 planted*
Tunera subulata/ulmifolia	*104,293 planted*	*80,331 planted*
Antigonon leptosus	*14,806 planted*	*97 planted*
Carambola sp	*3,554 planted*	*10 planted*
Others	*5,577 planted*	*8,634 planted*
Total	*170,588 planted*	*104,194 planted*

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.

Surveillance and Monitoring of Pest Outbreaks

Regular surveillance and monitoring is key to minimising both the economic impact of pest and environmental impacts from excessive use of pesticides. 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 are 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 yields. The 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, the 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 cobras (*Naja sumatrana*) and water monitor lizards (*Varanus v. salvator*).

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 274,782 beneficial broadleaf flowering plants have been planted in both Malaysia and Indonesia.

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

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

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

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

Monocrotophos and Metamidophos phased out completely

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

Multiple experimental and existing insecticidal compounds have been evaluated for bagworm control with our partners with no success in matching the efficacy of monocrotophos and metamidophos. 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 and metamidophos 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 significant achievement 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 but safer product.

Nonetheless, bagworm is an endemic pest in Lower Perak and the Federal Government has gazetted this as a "Dangerous Pest" on 15 November 2013. It is an offence under the Plant Quarantine Act 1976 if this dangerous pest is left without any control and companies 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 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 also extended as a service to the neighbouring plantations the use of its airstrips for aerial bagworm control and taking the plantation managers for aerial reconnaissance flights to monitor the extent of bagworm infestations in the region.

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

Th Pesticide usage in 2022 was lower than 2021 level in Malaysia with less herbicide use whereas the very wet conditions in the Indonesian operations resulted in higher herbicide usage in the past year. The direct fossil fuel energy consumption in 2022 was similar to 2021 and based on similar cropping levels.

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 therefore 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.

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

Input	Per tonne oil basis					
	Oil Palm*			Soybean**	Sunflower**	Rapeseed**
	2022	2021	2020			
Fertiliser nutrients						
Nitrogen (N-kg)	19	15	19	315	96	99
Phosphate (P_2O_5-kg)	9	9	8	77	72	42
Potash (K_2O-kg)	45	43	43	NA	NA	NA
Magnesium (MgO-kg)	7	6	7	NA	NA	NA
Pesticides/Herbicides (kg)	0.568	0.76	0.76	3.95	28	3.73
Energy (GJ)	0.56	0.56	0.55	2.90	0.20	0.70

* *includes palm oil + palm kernel oil (UP, 2020-2022 - Malaysian Operations)*
** *Data from FAO, 1996- Pesticide data for soybean and rapeseed updated in 2007/9 and 2010 respectively*

Fortunately, we have not had any severe infestation in neither our Malaysian operations nor in Indonesia over the last several years, hence there has been no use of *Bacillus thuringiensis*.

Quantity (kg) of Bacillus thuringiensis	2022	2021	2020
Malaysia operations	0	0	0
Indonesia operations	0	0	0

Mowing of Harvesters' Paths

Harvesters' paths are mowed to maintain a flora which is favourable to natural enemies of crop pests and minimise erosion. For this reason, blanket weeding is discouraged, whereas soft weeds with shallow root system which do not grow to excessive heights are encouraged outside the weeded palm circle.

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

In the wet tropics, weed species rapidly cover the ground and 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 cooperated with leading agrochemical manufacturers to evaluate a range of novel 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.

The introduction of Indaziflam has contributed to reducing the overall herbicide usage per hectare in our Malaysian operations in 2022 but the significantly higher rainfall in the Indonesian operations has necessitated an increase in herbicide spraying in the past year.

Herbicide usage (kg a.i/ha)	2022	2021	2020
Malaysia operations	2.97	4.13	3.84
Indonesia operations	1.46	1.33	0.81

Calibration for Pesticide Application Equipment

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

This 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 (Prionailirus bengalensis) and Barn Owls (Tyto alba) significantly reduce rat population and usage of rodenticides.

Biological pest control of rats

Rats thrive in the oil palm ecosystem with an abundance of food sources (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*), the padi field rat (*Rattus argentiventer*) and the house rat (*Rattus rattus diardii*).

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

Barn Owls

The Barn owl is a much-loved countryside bird by oil palm planters as it predates on rats, resulting in major reduction of rodent damage. This bird is the best partner to growers due to its ability to adapt well to oil palm plantations. It survives on a staple diet of 99% rats, and 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 discs. 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 and skulls are regurgitated out.

Barn owl population in tandem with preys' availability can be expanded in the plantation by construction of nesting 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 optimise its' occupancy.

At United Plantations, the barn owl is the first line of defence against this serious pest. Where owls cannot 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/PT SSS 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 too, 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 a negative relationship between cat numbers and the rat population, with high abundance of cats associated with low rat numbers and vice versa (Silmi et al.,2013).

Barn Owl Data	2022	2021	2020
Total Boxes	2765	2,707	2,717
Total Area Under Owl (Ha)	33,081	32,624	32,603
Box to land ratio in Scheme	11.96	12.05	12.00
% Occupancy in Scheme	46.65	45.33	48.58
Total Planted Area (Ha)	34,242	33,033	34,158
Box to land ratio over Total Planted Area	12.38	12.20	12.57
Rodenticide ai/planted Ha (kg/Ha)	0.0002	0.006	0.0006

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

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

With a body weight range of 2.5-4.0 kg leopard cats are expected to consume more food than the much lighter barn owl, a factor which may be favourable in its role as a rat control agent (Silmi et al.,2013) Our observations reveal that leopard cats can reproduce rapidly with some females giving birth to 4 cubs, with a 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 are pleased to inform that there were no fire incidents within our Malaysian and Indonesian operations in 2022. Our Emergency Response Team (ERT) is well-trained and equipped with all necessary equipment, and periodic fire drills are conducted in all estates throughout our Group to ensure preparedness of the ERT. To further enhance the fire patrol, four additional fire watch towers were constructed at strategic points and purchased additional six units of GPS devices.

On top of this, 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. With this, our goal is total eradication of fire as a means to clear land by the local communities in the surrounding areas. This year thankfully there was no severe drought in Indonesia.

Hectares Burnt in Fires

	2022	2021	2020
Non Planted	0	0	0
Planted	0	0.05	1.06
Total	0	0.05	1.06

Outer Ring Range of ≤500 m

	2022	2021	2020
Outer ring ≤500 m (Ha)	0	0.004 *Community oil palm area neighbouring Lada	13.2 *Grassland in outer ring of Kumai

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

A joyful Merdeka parade by school children from the Jendarata Tamil school in Division 1.

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 2020 to 2022

	2022	2021	2020
UP Bhd	4,513	4,217	4,550
Unitata Bhd. and UniFuji Sdn. Bhd.	305	291	291
Butterworth Bulking Installation Sdn. Bhd.	-	-	14
PT SSS, Indonesia	1,563	1,227	1,243
Total	6,381	5,735	6,098

**On 1 November 2021, UP disposed of its interest in a wholly-owned subsidiary, Butterworth Bulking Installation Sdn. Bhd.*

Summary of our Group's employees gender mix

	UP Indonesia (PT SSS)	UP Malaysia	UP Group
Percentage Female Employees	20.22%	10.00%	12.51%
Percentage Male Employees	79.78%	90.00%	87.49%

Category of Employees (Malaysian) as at 31 December 2022

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	120	25	15	94	36	29	23	91	2	145
Staff	182	131	59	153	101	79	5	224	5	313
Workers - PT SSS	489	310	202	362	235	249	-	546	4	799
Total	792	466	276	609	373	357	29	861	11	1,258

Category of Employees (Other Nationalities) as at 31 December 2022

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	12	5	3*	17	-	-	-	20
Staff	43	13	13	41	2	-	55	-	-	1	56
Workers - PT SSS	1,185	300	450	904	131	-	1,485	-	-	-	1,485
Guest Workers - Malaysia	3,544	16	1,239	2,260	61	4	569	9	928	2,050	3,560
Total	4,791	332	1,705	3,219	199	9	2,126	9	928	2,051	5,123

** Danish, British and Japanese*

Grand Total = 6,381

Our CED presenting on UP's sustainable practices to a group of foreign visitors.

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 of Malaysia, in line with its anti-corruption drive has announced the 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 minimise 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 familiarise 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

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 therefore 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.

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.

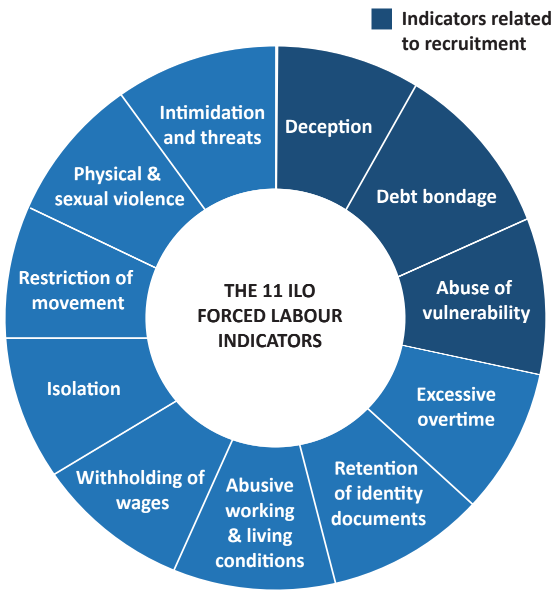
Indeed, according to the latest estimates by the ILO from September 2022, there are 50 million people globally in situations of modern slavery on any given day, either forced to work against their will or in a marriage that they were forced into. This translates to nearly one of every 150 people in the world. Of this, forced labour accounts for 27.6 million, a number which has increased by 2.7 million over the last 5 years, and virtually touches all industries right from services, manufacturing and construction to agriculture and domestic work. In this regard, the ILO's 11 forced labour indicators highlighted in the flywheel below, 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. 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.

On 21 March 2022, Malaysia became the 58th country in the world, and the second ASEAN Member State to ratify the ILO Protocol of 2014 to the Forced Labour Convention, 1930 (No. 29). With this ratification, Malaysia commits to fight forced labour in all its forms, including human trafficking, and improving the access to legal remedies for victims of forced labour.

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 2023. This includes the three forced labour indicators that are directly related to the process of recruiting guest workers, i.e., deception and abuse of vulnerability leading to debt bondage, which will be covered in more detail 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 – an international labour 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 details and information on our human rights policy.

Ethical recruitment of Guest Workers

The Malaysian Plantation sector remains reliant on guest workers, who provide about 80-85% of the industry's labour requirement 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.

In UP, as of 31 December 2022, we have 3,560 guest workers – mainly from Bangladesh, India and Indonesia – whom 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 is an important topic that has escalated exponentially in 2021 and 2022 through numerous reports and media articles, particularly on the corrupt practices of undisclosed middlemen as part of the guest workers' recruitment process.

In light of this, it has become evident that the fees guest 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 guest workers during their recruitment, from potentially becoming victims of deception, abuse of vulnerability and debt bondage. In this connection, we have conducted an internal assessment and interviewed our guest workers, and extensively deliberated on various guidelines and studies on guest 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 abovementioned concerns and risks, through close collaboration with Verité and key customers, we have therefore decided to proactively incorporate ethical recruitment and employer pays principles in our updated Guest Worker Policy, effective 31 December 2021.

This is to ensure that all our Guest Workers are recruited fairly and ethically; no forms of forced labour or trafficked labour are used; and that all reasonable and legitimate costs incurred by Guest Workers during our recruitment processes are covered by UP, thereby ensuring that no guest workers pay any recruitment fees to come and work for UP. Further, a provision for corrective action, investigation, and remediation process in case of a breach of the recruitment protocols is also added together with a comprehensive Standard Operating Procedure (SOP) to support the implementation and enforcement of this policy.

In addition, 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. The updated Guest Workers Policy and SOP were revised in collaboration with- and subsequently endorsed by Verité. For more information, please refer to our website as follows: https://unitedplantations.com/policies/.

Reimbursement of retrospective recruitment costs

Whilst strengthening our policies going forward, we also acknowledge that reasonable remediation of past recruitment practices plays an additional role in alleviating the risk of forced labour in our operations. We therefore initiated an investigation which included interviews with more than 300 of our guest workers from various source countries during different recruiting periods. This investigation was completed in January 2022 and established beyond doubt that our Guest Workers too had paid undisclosed recruitment fees to third parties in exchange for a job in UP Malaysia.

This process was carried out in close collaboration and partnership with social NGO Verité as well as Fuji Oil and Mars. The investigation resulted in all eligible Guest Workers receiving a reimbursement payment for the undisclosed recruitment fees paid to third parties in the past, calculated as an average figure based on their nationality and period of entry. This payment was made on 5 December 2022, and amounted to RM 24.7 million in total.

Briefing given by Mr. C Mathews, Group Advisor, HRSS on the details of reimbursement cost related to recruitment expenses to our Guest workers.

Recruitment of new Guest Workers

In early 2022, whilst waiting for the Malaysian Government to re-open the recruitment avenues for Guest Workers and release their updated recruitment procedures and MOUs with the respective source countries, we established an In-House Call Centre to help disseminate our updated Guest Workers Policy and bridge the gap between the candidates in their villages and our accredited recruiting agents located in the larger cities.

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 the village folks in exchange for a job.

The Call Centre, manned by employees who speak the respective local languages, clarify the overall recruitment process, the do's and don'ts to the interested workers, as well as the job scope at the plantation.

Although it is still early days, the feedbacks from the prospective Guest Workers who are made aware of their rights, entitlements, and watch-outs upfront through clear communication and expectation setting, have been very positive.

This was also the message received from the first batch of new Guest Workers who arrived in UP on the 11 April 2022 following the announcement by the Malaysian Government just 10 days earlier on the reopening of its international boarders which had been closed for almost two years due to the COVID-19 pandemic.

Not all recruitment avenues opened up right away, though, and for Bangladesh, UP therefore participated in a Government-to-Government project for the safe and ethical recruitment and employment of Bangladeshi workers in Malaysia, which was announced in September 2022 by the Malaysian Ministry of Human Resources under the MoU signed between the two countries in December 2021.

This gave us a chance to work closely with the Bangladesh Overseas Employment and Services (BOESL), through whom we managed to bring in the first batch of new Guest Workers from Bangladesh in November 2022 after having signed an MoU on 30 September 2022 covering our previously described ethical recruitment principles.

With this, UP has recruited up to 31 December 2022 993 workers including some from Indonesia and India, through the rigorous implementation of our ethical recruitment principles, including on-site verification of newly arrived Guest Workers to ensure that all procedures have indeed been in place and followed without compromise.

This has been a most pleasing development, and whilst it has of course increased the cost of recruiting new Guest Workers substantially, we are hopeful that all parties along our supply chain will acknowledge this added cost of doing business in the spirit of shared responsibility, thereby helping to minimize the risk of forced labour.

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

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 RM2,698 which includes productivity incentives and overtime. This is higher than the minimum monthly wage of RM1,500 rate set by the Malaysian Government from 1 May 2022. 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 IDR3,743,662 which includes productivity incentives and overtime. The monthly minimum wage set by the Indonesian Government in 2022 was IDR3,077,218. The average earnings per worker per month are reflected in the table below.

Total Average Earnings per worker per month	2022	2021	2020
Malaysian operations – Mills and Plantations	RM2,698	RM2,204	RM1,894
Malaysian operations – Refineries	RM2,414	RM2,041	RM2,582
Indonesian operations - Permanent Workers	IDR3,743,662	IDR3,459,936	IDR 3,423,246
Indonesian operations - Temporary Workers	IDR3,547,633	IDR3,205,956	IDR3,279,475

Ratio of Basic Salary and Remuneration of Female Employees to Male Employees

Region	Employee Category	Ratio
Malaysian operation	Executives	1:1.64
	Staff	1:1.28
	Workers	1: 1.14
Indonesian operations	Executives	1: 1.38
	Staff	1: 1.1
	Workers	1: 1.36

**The salary and remuneration package varies based on the history of employment (length of service, performances, and designation).*

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.

In 2019, 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. Until the national benchmark is established by RSPO Secretariat, we are adhering to the applicable regulations in relation to the national Minimum Wages in the countries where we operate.

However, we are conducting the prevailing wage assessment as per the RSPO Prevailing Wage Calculation Guidance to understand and compare the benchmark of DLW determined by the third-party assessment as mentioned above against the prevailing wage.

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	2022	Total number of guest workers (%)
Total number of guest workers	3,620	100
Repatriation	382	11
Gone on leave	612	17
Gone on leave and returned	508	14
Gone on leave and didn't/ couldn't return	104	3

During 2022, 382 guest workers were repatriated upon completion of their employment tenure. Another 612 guest workers went back on leave to their respective home countries of which 508 have returned.

Freedom to form a Union

Our staff and workers have the right to form and become members of Labour Unions on a voluntary basis. Through these Unions, they are 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)	2022	2021	2020
% 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)	14	17	15
% of workers as members of Food Industry Employees' Union	49	52	56
UP Group (Indonesia)	2022	2021	2020
% of workers as members of Union*	9	5	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. All requests, complaints, grievances, consultations for internal stakeholders are lodged in a standard template called Stakeholders Logbook and shall be addressed in a timely manner.

Request and Grievances	Malaysian Operations	Indonesian Operations
Housing repair and maintenance issues	375	86
Request for leave/repatriation	994	N/A for local Indonesian workers
Human rights related matter	0	0
Land dispute	0	0
Others	0	0

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

We will also be establishing an in-house helpline to deal with request and 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. This will be done in collaboration with Verité to strengthen our Grievance Redressal Procedure and evaluate the effectiveness of our consultation and communication process with our workers and other affected stakeholders.

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 2022 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 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. Finally, places of worship, Group Hospitals & Clinics, an Old Folks' Home to care for the unwell, aged and the homeless as well as a fully operational Danish Bakery are also part of our care and commitment towards the wellbeing of our employees.

In addition, 22 scholarships were granted to children of our employees during 2022 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.

Social Commitments of the Group	2022 RM	2021 RM	2020 RM	Grand Total RM
Hospital & Medicine for Employees, Dependents & Nearby Communities	3,004,886	2,828,114	2,464,774	8,297,775
Retirement Benevolent Fund *	915,963	486,202	692,500	2,094,665
Education, Welfare, Scholarships & Other	344,857	314,887	247,273	907,017
Bus Subsidy for School Children	228,372	88,312	132,354	449,038
External Donations	135,620	307,835	539,806	983,260
New Infrastructure-Road, TNB and Water–Supply for domestic use	129,800	197,401	1,138,072	1,465,273
Employee Housing	8,460,864	10,149,666	6,828,433	25,438,963
Infrastructure Projects, Buildings, Community Halls, Places of Worship	1,881,688	1,963,058	584,829	4,429,575
Provision of Social Amenities	5,918,837	6,109,270	5,416,182	17,444,288
Total	21,020,886	22,444,745	18,044,223	61,509,854

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

FFB collection in progress at a mature oil palm field.

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

At UP we are committed to providing a safe and healthy workplace environment for our employees through the implementation of best preventive safety practices. These practices are monitored continuously based on the saying that "an ounce of prevention is worth a pound of cure ".

This is of paramount importance for all employees and our respective Managers/Head of departments who are responsible for implementing and complying with our OSHA policy.

Our Safety and health Management system is comprised of:

- Hazard Identification, Risk Assessment and Risk Control (HIRARC) conducted on all our operations to identify weak links and to raise the level of awareness of the risks before the occurrence of an accident.
- A well-planned occupational safety and health planner are established involving all the respective business unit to ensure that UP's safety programmes are carried out as planned.
- Impromptu safety audits in our mills, estates, research department and refineries are carried out by our competent safety and health officers to measure the level of compliance towards the safety management system.
- Our "Reach & Teach, Reach & Remind" training is an integral part of our behaviour-based safety program to make awareness while increasing the safety knowledge for our employees and to further inculcate a safety-oriented culture throughout all our respective business units.

Briefing on safety awareness program.

- Quarterly safety meetings are carried out as a communication platform to discuss on occupational safety and health matters with the participation of all level of employers and employees.

- Occupational health services with the provision of two group hospitals and inhouse clinics at all respective estates to provide medical facilities for our employees with the guidance and assistance by visiting medical officer / occupational health doctors.

In 2020, the company has established a dedicated safety division with six safety officers under the Human Resources, Sustainability and Safety (HRSS) Department to strengthen our commitment in establishing a safe work environment.

In addition to this, we are appointing Safety and Health Coordinators throughout all our business units as an effort to reinforce our safety management and to comply with the new amendment of the local workplace safety legislation which will take place in 2023.

With this, we are pleased to inform that there were no occupational related fatal accidents within our Malaysian and Indonesian operations in 2022.

The leading cause of accidents in 2022, involved harvesting operations accounting for about 35% (injury from thorn pricks, debris falling into eyes during harvesting and pruning, injury from stalk cutting, and buffalo related accidents) followed by commuting accidents, slip and falls cases, and accidents related to locomotives/cages.

Fatal Accident Rate (FAR per 1000 employees)

	2022	2021	2020
Malaysian operations	0	0	0.39
Indonesian operations	0	0.75	1.41

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

	2022	2021	2020
Malaysian operations	4.13	5.02	8.31
Indonesian operations*	97.10	87.41	117.20

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

In addition to that, the OSHA of Indonesia stipulates that any accident regardless the manday lost shall be reported to JAMSOSTEK whereas OSHA of Malaysia stipulates that any accident above 4 mandays lost shall be reported to DOSH/JKKP and SOCSO.

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 engages - both formally and informally - 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 state 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 a 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 Managers or Heads 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 2022 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/sustanability/.

Land Disputes and Free, Prior and Informed Consent (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 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.

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.

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 to provide an optimal balance between community, commercial and conservation interests.

At United Plantations, we recognise 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 the business units within our operations to discuss and collate their feedback on the Social and Environment Impact Assessment (SEIA). This is reviewed annually with the participation of stakeholders.

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

Plasma Schemes and Smallholders

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.

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

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 2022, 1,392Ha of Plasma have been developed for 850 Plasma Scheme smallholders and another approximately 150 Ha is expected to be provided and developed for the communities surrounding the Company's properties in 2023.

The Jendarata Junior Football Academy has been established in 2019 for employee's children between 5 to 12 years of age. The above picture is taken from one of the training sessions which is held twice a week.

Smallholders' Field Day

Oil palm smallholders have a critical role in helping us achieve our sustainability goals, as they are part of the supply chain providing an estimated 40% to 50% of the world's 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 2022 was deferred.

During Smallholders' Field Days, we invite smallholders from local districts to visit our plantations to get a better understanding of good agricultural practices, sustainability initiatives and environmental protection. They are 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 are also carried out to further enhance the awareness of neighbouring smallholders in case of fire incidences and they are informed to contact UP for emergency assistance in the case of such incidences.

Furthermore, we invite the Malaysian Palm Oil Board (MPOB) to provide a briefing on Good Agricultural Practices (GAP) as per their GAP Manual and MSPO certification for smallholders.

Food Security

According to the 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 that 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 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.

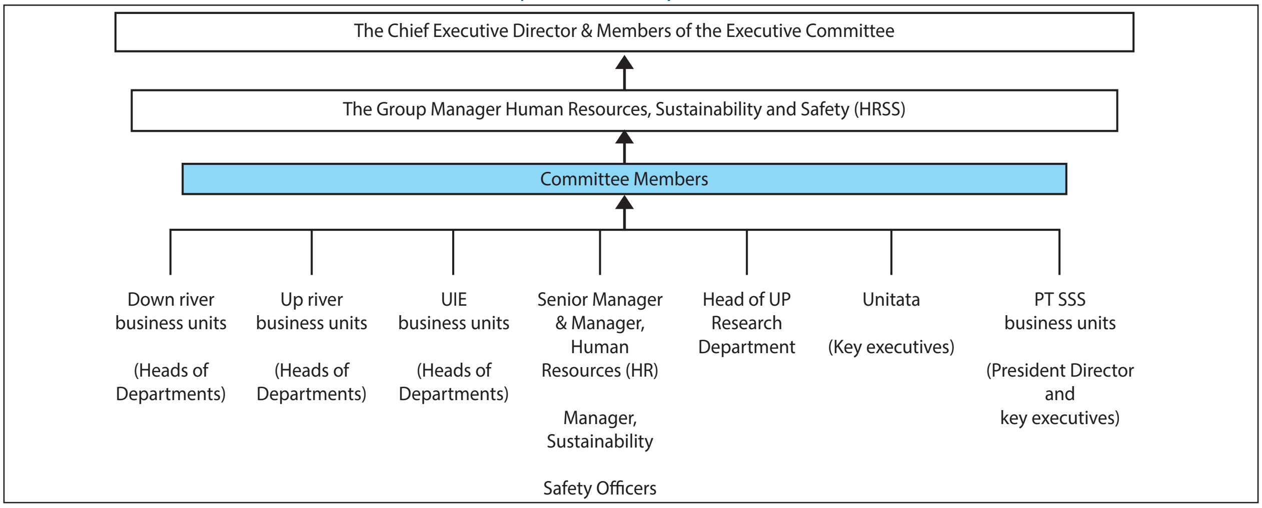
In relation to UP's overall sustainability objectives, targets and priorities, the Board of Directors has delegated responsibility to the Executive Committee (EXCOM) headed by the Chief Executive Director (CED), Dato' Carl Bek-Nielsen. The Executive Committee reviews and approves UP's sustainability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

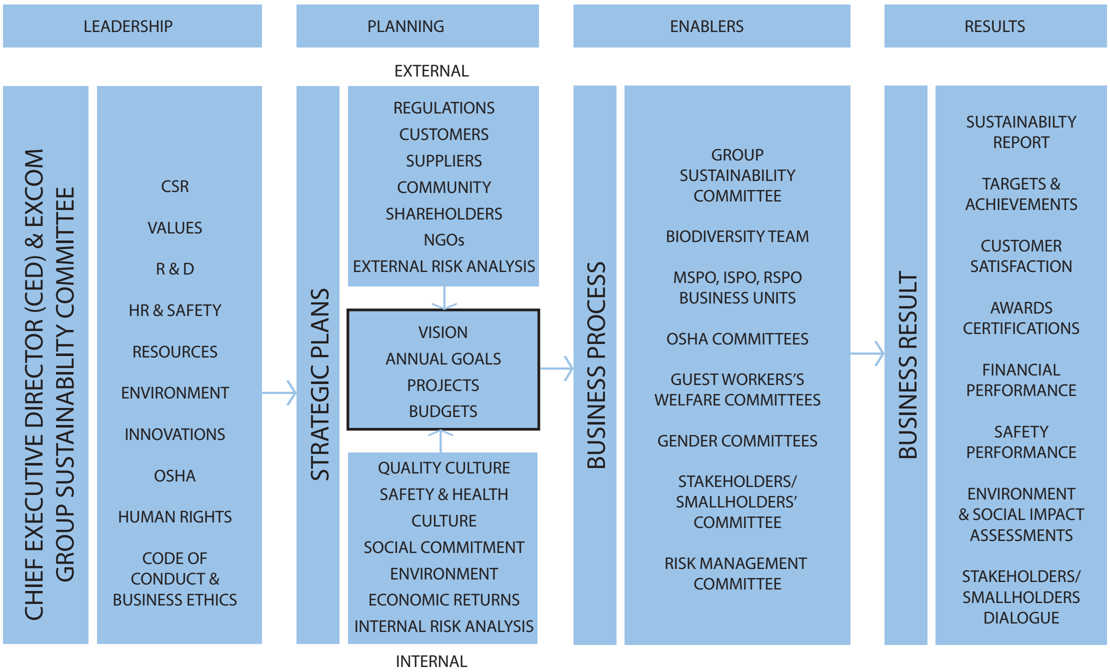
Since the Sustainability Report became mandatory in 2016, Mr. Martin Bek-Nielsen has been briefing the Board, CED and EXCOM on the work of the GSRT and sustainability issues at every official meeting held. Sustainability is also a key aspect in the Group's Risk Management Structure which assesses various 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) ISO9001:2015, 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 62% between 2004 and 2022. Our new target for 2030 is to reduce carbon footprint per metric tonnes of NBDPO produced by 66%.

Another example is, our strong commitments in minimising the risk of forced labour by strengthening our policies, procedures, and practices in collaboration with Verité. This is to ensure, amongst others, that our Guest Workers are not paying any recruitment fees to come and work in UP. In this connection, we have established an in-house call centre to facilitate communication with potential Guest Workers via the "workers recommend workers programme" and new workers provided by our Accredited Recruiting Agents. Our dedicated call centre officers contact potential Guest Workers to minimise the risk of recruitment fees being charged to workers by sub-agents or other third-party intermediaries during their recruitment journey. This proactive step is important to minimise the exploitation taking place in the villages in the source countries.

Awards and Recognitions

For the second straight year, under the Plantations Sectoral category, UP was awarded:

- Highest return on equity (ROE) over three years,

which it also won in 2010 based on the financial performance indicator by the Edge Billion Ringgit Club.

A certificate of recognition was also awarded to UP for being the Best Employer in the district of Teluk Intan from the Employee Provident Fund Board.

Furthermore, we are pleased to inform that UP also received the following awards and recognitions:

- Our newly acquired plantation, Tanarata Estate has successfully received RSPO and MSPO certifications in April 2022.
- No. 2 ranking in the SPOTT ESG transparency assessment 2022 against 100 palm oil producers, processors and traders globally.

Sustainability Certifications

Roundtable on Sustainable Palm Oil (RSPO) Certification

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' principlesand criteria on sustainable palm oil.

Following that, UP was one of the initial palm plantations signatories to the RSPO in 2004 and part of the stakeholders group involved in developing the principles and criteria to define sustainable palm oil.

For the second straight year, under the Plantations Sectoral category, UP was awarded -Highest return on equity (ROE) over three years by the Edge Billion Ringgit Club. Mr. Ng Eng Ho, Company Secretary, receiving the award on behalf of UP.

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

Today, UP remains fully committed to the RSPO, examplified by our CED, Dato' Carl Bek-Nielsen, being the Co-Chairman of the RSPO Board of Governors 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.

This 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 235,000MT of palm oil and 48,000MT of palm kernels in 2022 for our Malaysian and Indonesian operations.

For our Indonesian operations, UP/PT SSS have successfully obtained the RSPO certificate for the entire HGU area of 6,717.62 Ha in December 2019. HGU refers to the certificate on land cultivation rights title issued by the Government of Indonesia. 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. For our Plasma scheme smallholders, the full certification is expected by 2023 subject to the issuance of individual land certificates by the local government. Today, all of our estates and mills in Malaysia are fully certified against the new RSPO Principles and Criteria 2018 (Malaysian National Interpretation 2019) which demonstrates a stringent compliance with No Deforestation, No New Planting on Peat regardless its Depth and No Exploitation of Workers and Local Communities (NDPE).

Supply outpacing RSPO certified demand

Whilst it is commendable that approximately 20% 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 only 64 % in 2022, thereby outpacing demand. This discourages the uncertified growers to participate in the RSPO certification. The RSPO certified oil not purchased will still end up in the supply chain being sold as conventional palm oil. This sends 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 2022.

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. It is important for all RSPO members to step up implementing and operationalizing the concept of "shared responsibility" as sustainability is a collective mission which requires critical individual changes. UP is actively participating in the RSPO P&C 2023 Standards Review Task Force with the spirit to improve auditability, applicability, and commitments on shared responsibility in the revised standards. This should not add extra layers on top of the current complex and stringent set of criteria, as this would risk derailling the overarching goal of raising both the floor and the ceiling insofar as sustainabilty is concerned.

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. Today, all of our mills and estates in Malaysia have successfully obtained the MSPO Certificates, most recently our newly acquired plantation, Tanarata Estate, in April 2022. We are now in the midst of aligning our compliance towards the revised MSPO P&C 2022 in preparation for external audits in the third quarter of 2023. All refineries in Malaysia shall be certified against the revised MSPO P&C 2022 before 1 January 2024, and in this connection, our Sustainability Team has initiated the preparation of sites and documentation in line with the new MSPO P&C for refineries.

Indonesian Sustainable Palm Oil (ISPO) Certification

In Indonesia, the Government established a mandatory certification scheme in 2011 called the Indonesian Sustainable Palm Oil Principles & Criteria (ISPO) to ensure that all producers live up to certain standards. We 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 now ongoing every year.

Sustainable Palm Oil Transparency Toolkit (SPOTT)

UP participates in the Sustainable Palm Oil Transparency Toolkit (SPOTT) assessment conducted by Zoological Society of London (ZSL), which scores tropical forestry, palm oil and natural rubber companies annually against over 100 sector-specific indicators to benchmark their progress over time. By measuring 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 assessment aims at promoting industry transparency and accountability to drive the uptake and implementation of environmental, social and governance (ESG) best practices in high biodiversity impact sectors.

In 2022, UP took a great leap forward and was ranked as number one in Malaysia and number two of all hundred companies globally with an improved score of 92.6% for our efforts related to environmental, social and governance matters and transparency and public disclosure of our policies. Whilst this is a pleasing achievement, we remain committed to engage and collaborate actively with the Zoological Society of London to further improve wherever possible.

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

Our Assistant Manager, Logistics, Ms. S. Thanggamalar, seen here at the tanker loading bay at UniFuji Refinery Complex.

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 has over the last 50 years 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 and Glycidyl Esters

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 (µg/kg bw per day.)

In line with our focus on sustaining and improving the production of high quality products within our Group much attention is directed towards reducing contaminants in our supply chain. This dedicated focus 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.

Low 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.

A worker storing packed products securely in our designated warehouse at Unitata.

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.

Commitment to quality – Product bottling under stringent hygienic conditions at one of our filling plants at Unitata.

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 encompass four pillars of responsible practices, ie. 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.

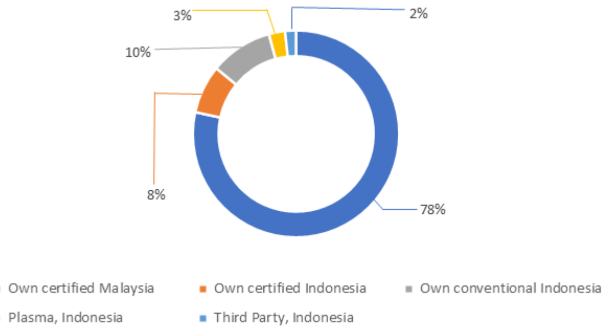
Upstream Traceability

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 (PT SSS)	80.35	19.65	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 (PT SSS)	S 2°35′24″	E 111°46′16″

The location of third-party FFB suppliers for PT SSS 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

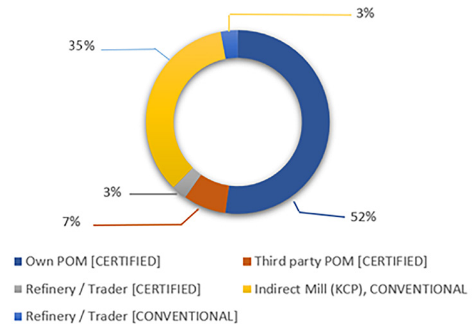
As at 31 December 2022.

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 2022 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)	Refinery/ Trader (Certified)	Indirect Mill (KCP) (Conventional)	Refinery / Trader (Conventional)
52.17%	7.51%	2.66%	34.65%	3.00%

From this, it can be seen that the RSPO-certified percentage of all palm oil products handled/traded/ processed (tonnes) is 62.34% (52.17% + 7.51% + 2.66%).

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 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 (1)	100%	third party mills (1)	100%
PK	own mills (4)	100%	own mills (4)	100%
	third party mills (3)	100%	third party mills (3)	100%

As at 31 December 2022, total CPO and PK supplying mills is 8, consisting of 4 owns mills and 4 third party mills. The breakdown of these 4 third-party mills is as per below:

- 1 mill supplying CPO only
- 3 mills supplying PK only

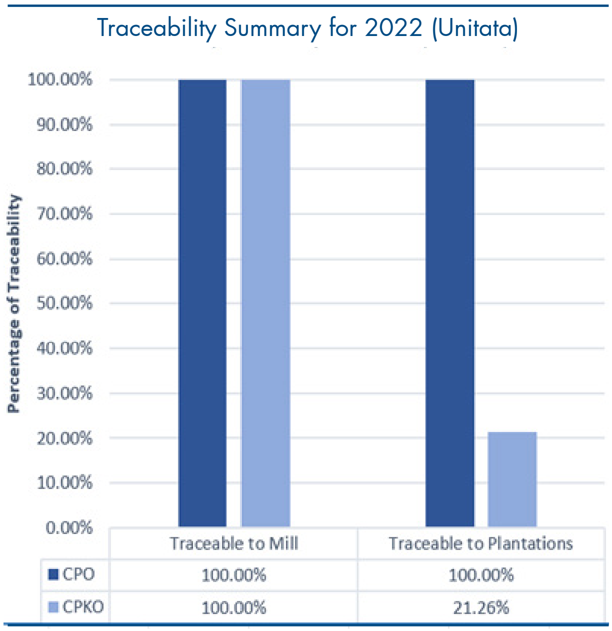
All of the above own and third-party supplying mills 100% source from their own plantations.

The summary 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	94	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 2022 is as tabulated per below:

Summary of the Traceability - Unitata	
Traceable to Plantations	62.34%
Traceable to Mill	100.00%

The percentage of derivatives sourced from intermediary traders/refiners as at 31 December 2022 is as follows:

	Refinery / Trader
Percentage	5.66%

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 2022 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%

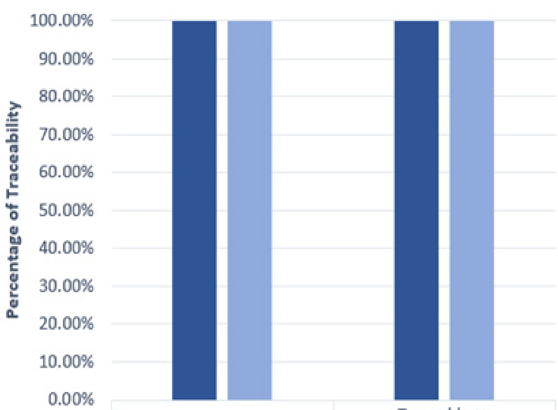
Indirect Mill Supplier:

Raw material	Number of supplying mills	Traceable to plantations	Numbers of supplying mills sourced from own plantations	Percentage sourced from own plantations
PPO	7	100%	own mills (4)	68%

Visit by the President and CEO of Fuji Oil Holdings, Mr. Mikio Sakai and his team to UniFuji.

This can be further summarized and illustrated as follows:

Traceability Summary for 2022 (UniFuji)



	Traceable to Mill	Traceable to Plantations
CPO	100.00%	100.00%
CPKO	100.00%	100.00%

Suppliers

Evaluation of Suppliers' Sustainable Commitment

As 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 they were informed to contact UP for emergency assistance within close vicinity. We also explain UP's company policies, specifically on our No Deforestation, No Peat and No Exploitation (NDPE) commitment as well as our suppliers code of conduct. However, 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 2023 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, suppliers' 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:

Key elements/criteria of assessment:

a) Management system & Certifications
b) Management Commitments
c) Human Rights & Social Commitments
d) Business Integrity Commitments
e) Environmental Commitments
f) Transparency & Traceability

Suppliers' Assessment	Upstream	Downstream (Unitata)	Downstream (UniFuji)
Total number of suppliers assessed	3	11	3
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 2022.*

Based on the above assessments, there are no suppliers with significant negative environmental and social impact in their supply chain. All our suppliers have lived up to our Responsible Palm Oil Sourcing Policy and Supplier Code of Conduct.

Tankers loaded with high quality certified sustainable palm oil leaving the UniFuji refinery.

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 supress 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

INDEPENDENT ASSURANCE OPINION STATEMENT

Statement No.: **SRA-MY 784621**

United Plantations Berhad
Sustainability Report 2022

The British Standards Institution is independent of United Plantations Berhad (hereafter referred to as "UP" in this statement) and has no financial interest in the operation of UP other than for the assessment and assurance of UP Sustainability Report 2022 (the "**Report**").

This independent assurance opinion statement has been prepared for UP solely for the purposes of assuring its statements relating to the Report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or towards any person by whom the independent assurance opinion statement may be read. This statement is intended to be used by stakeholders of UP.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by UP. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to UP only.

Scope

The scope of engagement agreed upon with UP includes the following:

1. The assurance covers part of the Report and focuses on systems and activities of UP and its subsidiaries in the form of Refineries (Unitata and UniFuji) in Malaysia and Indonesia, which include plantations and mills and refineries for palm oil and palm kernel oil, during the period from 1st January 2022 to 31st December 2022 (the "**Reporting Year**"), for following sustainability subject matter.
   - Total average earnings per worker per month
   - Lost time injury frequency rate
   - Fatal accident rate
   - Mill water consumption in processing Fresh Fruit Bunches ("FFB")
   - Domestic water consumption
   - Local and international certifications, and Roundtable on Sustainable Palm Oil ("RSPO") certifications
   - Usage of pesticides / herbicides
   - Area planted on peat (hectarage as per the peat soil map from United Plantations Research Department ("UPRD"))
   - Percentage of suppliers (FFB, Crude Palm Oil ("CPO"), Crude Palm Kernel Oil ("CPKO") and processed palm oil) that has been self-assessed to the key elements of UP's Responsible Sourcing Policy
   - UP's Suppliers' engagement and assessment/programme to support suppliers (FFB, CPO, CPKO and processed palm oil)
2. Type 1 Moderate Level of Assurance evaluates the nature and extent of UP adherence to four reporting principles: Inclusivity, Materiality, Responsiveness and Impact. The specified sustainability performance information/data disclosed in the sustainability subject matter of the Report has been evaluated.

Opinion Statement

We conclude that the sustainability subject matter of the Report provides a fair view of UP's sustainability programmes and performance in the Reporting Year. We believe that the social and environmental performance indicators for the sustainability subject matter of the Report are fairly represented in the Report, in which UP's efforts to pursue sustainable development are widely recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurors. We planned and performed this part of our work to obtain the necessary information and explanations. We considered UP has provided sufficient evidence during the assurance processes.

Methodology

Our work was designed to gather evidence on which our conclusion is based. We undertook the following activities:

- A top level review of issues raised by external parties that could be relevant to UP's policies to check on the appropriateness of statements made in the Report;
- Discussion with senior executives on UP's approach to stakeholder engagement. We had no direct contact with external stakeholders;
- Interview with staff involved in sustainability management, report preparation and provision of report information;
- Review of key organizational developments;

- Review of supporting evidence for claims made in the sustainability subject matter of the Report including raw data and supporting evidence of the sustainability information; and
- An assessment of UP's reporting and management processes concerning reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact.

Conclusions

A detailed review against the Principles of Inclusivity, Materiality, Responsiveness and Impact is set out below.

Inclusivity

The Report has reflected the fact that UP has engaged with its significant stakeholders through various channels such as procedures for handling complaints, grievance, and consultations; negotiations and interactions with stakeholders prior to any development or acquisition of land; stakeholder meeting; community engagement process; self-assessment questionnaires (SAQ), supplier audits, onsite verifications and follow-ups with suppliers; and more.

UP's operation involves various methods of engaging its stakeholders on an on-going basis. The Report covers economic, social and environmental aspects of concern to its stakeholders with a fair level of disclosure. In our professional opinion, UP adheres to the principle of Inclusivity. Areas for enhancement of the Report were adopted by UP before the issuance of this opinion statement.

Materiality

UP publishes sustainability information that enables its stakeholders to make informed judgments about UP's management and performance. In our professional opinion, the Report adheres to the principle of Materiality and identifies UP's material aspects by using appropriate methods of materiality analysis and demonstrating material issues in a matrix form. Areas for enhancement of the Report were adopted by UP before the issuance of this statement.

Responsiveness

UP has implemented practices that respond to the expectations and perceptions of its stakeholders. These include sustainability reporting for both internal and external stakeholders. In our professional opinion, UP adheres to the principle of Responsiveness. Areas for enhancement of the Report were adopted by UP before the issuance of this statement.

Impact

UP has established processes to understand, measure and evaluate its impacts in qualitative and quantitative way. These processes enable UP to assess its impact and disclose them in the sustainability subject matter of the Report. In our professional opinion, UP adheres to the principle of Impact. Areas for enhancement of the Report were adopted by UP before the issuance of this statement.

Assurance Level

The Type 1 Moderate Level of Assurance provided in our review is defined by the scope and methodology described in this opinion statement.

Responsibility & Limitations

It is the responsibility of the UP's senior management to ensure that the information being presented in the Report is accurate. The assurance is limited by information presented by UP. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of lead assurors, who are experienced in the industrial sector, and trained in a range of sustainability, environmental and social standards including GRI G3, GRI G3.1, GRI G4, GRI Standards, AA1000, HKEX's ESG Reporting Guide, UNGC's Ten Principles, ISO 20121, ISO 14064, ISO 14001, OHSAS 18001, ISO 45001, ISO 9001, and ISO 10002, etc. British Standards Institution is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Evelyn Chye

Managing Director Assurance – Malaysia

Verifier of the Report

Mr. Aaron Chim

Lead Assuror

GRI content index

Statement of use	United Plantations Berhad has reported the information cited in this GRI content index for the period of 1st January 2022 - 31st December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	United Plantations in Brief, Page 2
	2-2 Entities included in the organization's sustainability reporting	About This Report, Page 34
	2-3 Reporting period, frequency and contact point	About This Report, Page 34
	2-4 Restatements of information	About This Report, Page 34 (There is no structural change in the Annual Report 2022)
	2-5 External assurance	About This Report, Page 34
	2-6 Activities, value chain and other business relationships	Creating Value Through UP's Integrated Business Activities, Page 45
	2-7 Employees	Our Employees, Page 75
	2-8 Workers who are not employees	Information unavailable,Nil
	2-9 Governance structure and composition	Sustainability Governance,Page 88
	2-10 Nomination and selection of the highest governance body	Corporate Governance Overview Statement, Page 112
	2-11 Chair of the highest governance body	Corporate Governance Overview Statement, Page 112
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance Overview Statement, Page 112
	2-13 Delegation of responsibility for managing impacts	Sustainability Governance,Page 88
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance Overview Statement, Page 112
	2-15 Conflicts of interest	Corporate Governance Overview Statement, Page 112
	2-16 Communication of critical concerns	Sustainability Governance,Page 88
	2-17 Collective knowledge of the highest governance body	Corporate Governance Overview Statement, Page 112
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Overview Statement, Page 112
	2-19 Remuneration policies	Remuneration Committee - Statement on Corporate Governance Overview Statement, Page 112
	2-20 Process to determine remuneration	Remuneration Committee - Statement on Corporate Governance Overview Statement, Page 112
	2-21 Annual total compensation ratio	Confidentially constraints,Nil
	2-22 Statement on sustainable development strategy	Environment, Social and Sustainability Governance, Page 46
	2-23 Policy commitments	Environment, Social and Sustainability Governance, Page 46
	2-24 Embedding policy commitments	Environment, Social and Sustainability Governance, Page 46
	2-25 Processes to remediate negative impacts	Remuneration Committee - Statement on Corporate Governance,106-110
	2-26 Mechanisms for seeking advice and raising concerns	"ESG Governance Environment Social (Employees, Community) Sustainability Governance Marketplace,46,47,73,86,91"
	2-27 Compliance with laws and regulations	Remuneration Committee - Statement on Corporate Governance Overview Statement, Page 112
	2-28 Membership associations	Procedure for Handling External Stakeholders' Issues, Page 84
	2-29 Approach to stakeholder engagement	Code of Ethics and Business Conduct,76
	2-30 Collective bargaining agreements	Profile of Directors, Page 10
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality, Page 42
	3-2 List of material topics	Materiality, Page 43
	3-3 Management of material topics	Materiality, Page 42
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Notes to the Financial Statement, Page 142
	201-2 Financial implications and other risks and opportunities due to climate change	Confidentially constraints,Nil
	201-3 Defined benefit plan obligations and other retirement plans	Notes to the Financial Statement, Page 189
	201-4 Financial assistance received from government	Confidentially constraints,Nil
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	"Paying Fair Wages and Employees' Benefits,Page 80"
	202-2 Proportion of senior management hired from the local community	Information unavailable,Nil
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Social Commitments and Social Amenities, Page 81
	203-2 Significant indirect economic impacts	Information unavailable,Nil
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	We endeavour to support local suppliers I the countries we operate in, which is Malaysia and Indonesia,Nil

GRI STANDARD	DISCLOSURE	LOCATION
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Internal Audit Function, Page 122
	205-2 Communication and training about anti-corruption policies and procedures	Internal Audit Function, Page 122
	205-3 Confirmed incidents of corruption and actions taken	Information unavailable,Nil
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Information unavailable,Nil
GRI 207: Tax 2019	207-1 Approach to tax	Audit and Risk Committee Report, Page 121
	207-2 Tax governance, control, and risk management	Audit and Risk Committee Report, Page 121
	207-3 Stakeholder engagement and management of concerns related to tax	Information unavailable,Nil
	207-4 Country-by-country reporting	Information unavailable,Nil
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Production and Level of Utilization of Oil Palm Biomass Residues in UP in 2022, Page 64
	301-2 Recycled input materials used	Fertilizer Equivalent of Oil Palm Biomass Residues Recycled on Land in UP in 2022, Page 65
	301-3 Reclaimed products and their packaging materials	Information unavailable,Nil
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Biogas to Grid Project, Page 63
	302-2 Energy consumption outside of the organization	"Carbon Footprint Initiatives and Climate Action, Page 62-63"
	302-3 Energy intensity	"Carbon Footprint Initiatives and Climate Action, Page 62-63"
	302-4 Reduction of energy consumption	"Carbon Footprint Initiatives and Climate Action, Page 62-63"
	302-5 Reductions in energy requirements of products and services	"Carbon Footprint Initiatives and Climate Action, Page 62-63"
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Impacts, Page 67-68
	303-2 Management of water discharge-related impacts	Water Impacts, Page 67-68
	303-3 Water withdrawal	Water Impacts, Page 67-68
	303-4 Water discharge	Water Impacts, Page 67-68
	303-5 Water consumption	Water Impacts, Page 67-68
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	"Partnership, Biodiversity and Conservation, Page 50-58"
	304-2 Significant impacts of activities, products and services on biodiversity	"Partnership, Biodiversity and Conservation, Page 50-58"
	304-3 Habitats protected or restored	"Partnership, Biodiversity and Conservation,50-58"
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	"Partnership, Biodiversity and Conservation, Page 50-58"
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	"Carbon Footprint Initiatives and Climate Action, Page 62-63"
	305-2 Energy indirect (Scope 2) GHG emissions	"Carbon Footprint Initiatives and Climate Action, Page 62-63"
	305-3 Other indirect (Scope 3) GHG emissions	"Carbon Footprint Initiatives and Climate Action, Page 62-63"
	305-4 GHG emissions intensity	"Carbon Footprint Initiatives and Climate Action, Page 62-63"
	305-5 Reduction of GHG emissions	"Carbon Footprint Initiatives and Climate Action, Page 62-63"
	305-6 Emissions of ozone-depleting substances (ODS)	Not applicable,Nil
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	VORSEP Dust Collector System, Page 63
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Recycling of Pesticides Containers and Scheduled Wastes - Environment, Page 64
	306-2 Management of significant waste-related impacts	Information unavailable,Nil
	306-3 Waste generated	Waste Management, Page 66
	306-4 Waste diverted from disposal	Production and Level of Utilization of Oil Palm Biomass Residues in UP in 2022, Page 64
	306-5 Waste directed to disposal	Information unavailable,Nil
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Evaluation of Suppliers Sustainability Commitment, Page 99
	308-2 Negative environmental impacts in the supply chain and actions taken	Evaluation of Suppliers Sustainability Commitment, Page 99
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Our Employees, Page 75
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	"Paying Fair Wages and Employees' Benefits,Page 80"
	401-3 Parental leave	Information unavailable,Nil

GRI STANDARD	DISCLOSURE	LOCATION
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Website: *www.unitedplantations.com/employees/#Demographic-of-Employees*
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Safety and Health, Page 82-83
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Safety and Health, Page 82-83
	403-3 Occupational health services	Occupational Safety and Health, Page 82-83
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Safety and Health, Page 82-83
	403-5 Worker training on occupational health and safety	Occupational Safety and Health, Page 82-83
	403-6 Promotion of worker health	Occupational Safety and Health, Page 82-83
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Safety and Health, Page 82-83
	403-8 Workers covered by an occupational health and safety management system	Occupational Safety and Health, Page 82-83
	403-9 Work-related injuries	Occupational Safety and Health, Page 82-83
	403-10 Work-related ill health	Occupational Safety and Health, Page 82-83
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Information unavailable,Nil
	404-2 Programs for upgrading employee skills and transition assistance programs	Training and Development, Page 81
	404-3 Percentage of employees receiving regular performance and career development reviews	Information unavailable,Nil
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	"Paying Fair Wages and Employees' Benefits,Page 80"
	405-2 Ratio of basic salary and remuneration of women to men	"Paying Fair Wages and Employees' Benefits,Page 80"
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	"Paying Fair Wages and Employees' Benefits,Page 80"
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Evaluation of Suppliers Sustainability Commitment, Page 99
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Evaluation of Suppliers Sustainability Commitment, Page 99
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Evaluation of Suppliers Sustainability Commitment, Page 99
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Training and Development, Page 81
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Not applicable,Nil
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Land Disputes and FPIC, Page 85
	413-2 Operations with significant actual and potential negative impacts on local communities	Land Disputes and FPIC, Page 85
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Evaluation of Suppliers Sustainability Commitment, Page 99
	414-2 Negative social impacts in the supply chain and actions taken	Evaluation of Suppliers Sustainability Commitment, Page 99
GRI 415: Public Policy 2016	415-1 Political contributions	Confidentially constraints, Nil
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Food Safety and Certifications, Page 96
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Food Safety and Certifications, Page 96
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Food Safety and Certifications, Page 96
	417-2 Incidents of non-compliance concerning product and service information and labeling	Food Safety and Certifications, Page 96
	417-3 Incidents of non-compliance concerning marketing communications	Food Safety and Certifications, Page 96
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Website: *www.unitedplantations.com/wp-content/uploads/2020/03/Personal_Data_Protection_Policy.pdf*

In-field inspection of crop quality and ripeness standard at PT SSS by our CED together with the President Director, Dr.V. Ramesh.

Glossary

Biodiversity (BioD)	The diversity (number and variety of species) of plant and animal life within a region.
Biological Oxygen Demand (BOD)	The amount of oxygen used when organic matter undergoes decomposition by micro- organisms. Testing for BOD is done to assess the amount of organic matter in water.
Carbon Footprint	A measure of the total amount of greenhouse gases, including carbon dioxide, methane and nitrous oxides, emitted directly or indirectly by an organisation, event, product or person.
Child Labour	According to the International Labour Organization (ILO) core labour standards, minimum age should not be less than 16 years old.
CO_2 Equivalents	Carbon dioxide equivalents (CO_2eq) provide a universal standard of measurement against which the impacts of releasing (or avoiding the release of) different greenhouse gases can be evaluated.
Crude Palm Oil (CPO)	Oil produced from oil palm fruits in milling process.
Creating Shared Value (CSV)	A responsibility to manage our resources resourcefully and engage in activities that optimize return for shareholders and the society we operate in.
Deforestation	Defined by UP as direct human-induced conversion of forest to non-forests, with an exception for small scale low intensity subsistence conversion by indigenous peoples and forest dependent traditional communities (consistent with RSPO P & C as well as Indonesian laws, Environmental Impact Assessments (EIA) and High Conservation Value Assessment (HCV).
Effluents	Water discharged from one source into separate body of water, such as mill process water.
ERT	Emergency Response Team
Forced Labour	A person who is coerced to work under the threat of violence, intimidation, or undue stress of penalty.
Free, Prior and Informed Consent (FPIC)	The principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or otherwise use.
Fresh Fruit Bunches (FFB)	Bunch harvested from the oil palm tree. The weight of the fruit bunch ranges between 10 kg to 40 kg depends on the size and age.
FDA	Food and Drug Administration
Global Reporting initiative (GRI)	A multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators.
Greenhouse Gas (GHG) emissions	Greenhouse gas or carbon emissions are gasses in an atmosphere that absorb and emit radiation within the thermal infrared range. This process is the fundamental cause of the greenhouse effect. The primary greenhouse gases in the Earth's atmosphere are water vapor, carbon dioxide, methane, nitrous oxide, and ozone.
HRSS	Human Resources Sustainability and Safety
High Conservations Value (HCV)	The concept of High Conservation Value Forests (HCVF) was first developed by the Forest Stewardship Council (FSC) in 1999 as their ninth principle. The FSC defined HCVF as forests of outstanding and critical importance due to their environmental, socio-economic and cultural biodiversity and landscape value.
High Carbon Stock (HCS)	The HCS Approach is a methodology to avoid deforestation in land development. The approach stratifies the vegetation on an area of land into different classes using analyses of satellite images and field plot measurements. Each vegetation class is validated through calibrating it with carbon stock estimates in the above-ground tree biomass.
Hak Guna Usaha(HGU)	The right to enjoy immovable property of another person with the obligation to pay the annual income to the landowner.
ILO (International Labour Organisation)	Is a tripartite world body representative of labour, management and government, and is an agency of the United Nations. It disseminates labour information and sets minimum international labour standards called "conventions", offered to member nations for adoption.
Integrated Pest management (IPM)	A pest management system that in context of the associated environment and the population dynamics of the pest species utilizes all suitable techniques and methods in as compatible a manner as possible and maintains the pest population at levels below those causing economically unacceptable damage and loss.
IUCN Red List	Based in Switzerland, the International Union for Conservation of Nature and Natural Resources (also known as The World Conservation Union) is an organisation involved in the preservation of natural resources. IUCN publishes the Red Data Book, which lists the endangered species of every nation.
Identity Preserved/ IP	Certified sustainable palm oil is physically separated from other certified and non-certified palm oil throughout the supply chain, i.e from the RSPO mill through to the end-user.
Oil Extraction Rate	The amount of oil extracted from oil palm fruit at a mill. Crude palm oil (CPO) is extracted from the flesh; palm kernel oil (PKO) from the nut.
Mass Balance	Certified sustainable palm oil and non-certified palm oil is mixed to avoid the cost of keeping the two quantities controlled. The mass balance system is constructed in such a way that volumes of RSPO certified products shipped will never exceed volumes received by the end-user.
Mature Oil Palm	After planting, the oil palm tree is classified as immature until fresh fruit bunches are produced, which is approximately 30 months later, whereupon the oil palm tree is classified as mature.
MOSH	Mineral Oil Saturated Hydrocarbons
MOAH	Mineral Oil Aromatic Hydrocarbons
Non-Governmental Organisation (NGO)	Is used in this report to refer to grassroots and campaigning organisations focused on environmental or social issues.
Palm oil Mill effluent (POME)	By-product of processed fresh fruit bunch (FFB).
Peat	Peat is an accumulation of partially decayed vegetation matter. Peat forms in wetlands or peat lands, variously called bogs, moors, muskegs, pocosins, mires, and peat swamp forests.
Plasma schemes	A programme initiated by the Indonesian government to encourage the development of smallholders' plantations with the assistance and cooperation of plantation companies (the nucleus) which assist and support the surrounding community plantations (the plasma).
Palm Kernel (PK)	Seed of the oil palm fruit, which is processed to extract palm kernel oil and other by-products.
Roundtable on sustainable palm oil (RSPO)	A non-governmental multi-stakeholder organisation based in Kuala Lumpur, Malaysia. The organisation has developed a certification scheme for sustainable palm oil.
Social Impact Assessment	A process of analysing, monitoring and managing the intended and unintended, both positive and negative social consequences of planned interventions (policies, programs, plans, projects) and any social change processes invoked by the interventions. Its primary purpose is to bring about a more sustainable and equitable biophysical and human environment.
Segregated/ SG	Certified sustainable palm oil is physically separated from non-certified palm oil throughout the entire supply chain.
Stakeholders	Any group or individual who are affected by or can affect a company's operations.
Sustainability	A term expressing a long-term balance between social, economic and environmental objectives. Often linked to Sustainable Development which is defined as "Development that meets the need of current generations without compromising the needs of future generations"
Traceability	Traceability is the capability to track sustainable palm oil along the entire supply chain.
Toxicity	Toxicity measures the degree to which a substance is harmful to living organisms.

Governance

List of content

UP's Executive Committee (EXCOM) consists of 3 Board Members namely, our CED, Dato Carl'Bek-Nielsen, Mr. Martin Bek- Nielsen, Executive Director, Finance & Marketing and Mr. Loh Hang Pai, Executive Director (Estates). The Executive Committee is a standing committee that often acts as a steering committee for the full Board.

Corporate Governance Overview Statement

The Board of Directors recognizes the importance of good corporate governance and continues to be committed to ensuring 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 2021 (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 2022 has to be deferred due to the pandemic which is beyond the control of the Management. The Management is targeting to fully adopt Integrating Reporting in the next two years.

The detailed explanation of the application of the corporate governance practices is 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 except for the following:

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% of 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 9.2

The Audit Committee has a Policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Practice 12.2

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

The Company has in line with the application mechanism of MCCG provided explanations on the departures of the above practices. The explanations on the departures are supplemented with alternative measures that seek to achieve the intended outcome, measures that the Company has taken or intends to take to adopt the departed practices as well as the timeframe for the adoption of the departed practices. For further details, please refer to the CG Report via the Company's website at *www.unitedplantations.com.*

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 last reviewed and updated on 26 April 2022 to ensure that it continues to remain relevant and appropriate for the Board in discharging its duties.

The Board has also on 13 July 2022 adopted the Fit and Proper Policy which serves as a guide for the assessment of Directors and candidates for the Board.

The Board Charter and the Fit and Proper Policy 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 comprise 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. The Terms of Reference of the Nomination Committee, Remuneration Committee and Audit and Risk Committee are disclosed at the Company's website at *www.unitedplantations.com.*

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, and 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 125 to 127 of this Corporate Governance Overview Statement 2022.

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 here below:-

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, this policy was last reviewed in March 2020. 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 daily 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 2022 to deliberate on the new service contract of one executive director as well as bonuses for the executive directors and made its recommendation to the Board.

The aggregate remuneration for the year of the following directors is as shown in the table below.

B1.3 Audit and Risk 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

	Directors' Fees						Meeting	
	Company	Subsidiaries	Salary*	Bonus	Benefits-in Kind	Other Benefits	Attendance Allowance	Total
	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)
Ybhg. Dato' Mohammad Nasir bin Ab. Latif *(Chairman, Independent, Non-Executive) (wef 22 April 2021)*	210,000	-	-	-	-	13,140	9,000	232,140
Ybhg. Dato' Carl Bek-Nielsen *(Chief Executive Director)*	145,000	25,000	1,896,000	103,500	66,393	335,085	6,000	2,576,978
Mr. Ho Dua Tiam *(Non-Independent, Non-Executive)*	130,000	-	-	-	-	-	6,000	136,000
Mr. Ahmad Riza Basir *(Independent, Non-Executive) (rtd wef 26 April 2022)*	46,082	-	-	-	-	-	6,000	52,082
Y. Hormat Dato' Jeremy Derek Campbell Diamond *(Independent, Non-Executive)*	160,000	-	-	-	-	-	16,500	176,500
Mr. Martin Bek-Nielsen *(Executive Director)*	130,000	20,000	1,776,000	99,000	62,190	313,470	6,000	2,406,660
Mr. Loh Hang Pai *(Executive Director)*	130,000	-	1,164,000	72,000	42,948	214,860	6,000	1,629,808
Mr. R. Nadarajan *(Independent, Non-Executive)*	145,000	-	-	-	-	-	16,500	161,500
Madam Rohaya binti Mohammad Yusof *(Non-Independent, Non-Executive)*	130,000	-	-	-	-	-	6,000	136,000
Mr. Jorgen Balle (Non-Independent, Non-Executive)	130,000	-	-	-	-	-	6,000	136,000
Ms. Belvinder Kaur a/p C Nasib Singh *(Independent, Non-Executive) (wef 6 Nov 2021)*	130,000	-	-	-	-	-	6,000	136,000
Mr. Yap Seng Chong (Independent, Non-Executive) (wef 26 April 2022)	99,315	-	-	-	-	-	9,000	108,315
Total	1,585,397	45,000	4,836,000	274,500	171,531	876,555	99,000	7,887,983

** including additional remuneration*

are as spelt out under the Terms of Reference. The activities of the Audit and Risk Committee during the financial year 2022 have been described at length in a separate statement in this Annual Report (pages 121 to 124).

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 include reviewing the annual revenue and capital budgets before presenting to the Board, reviewing the monthly, quarterly, and annual results of the Company and the 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 marketplace. 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 2022, 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 responses 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 2022, 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 that 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 acting as a check and balance for the executive directors.

The Board has established in the Board Charter 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. In 2022, the long serving Independent Directors were Dato' Jeremy Derek Campbell Diamond, who had served on the Board for twenty-one (21) years and Mr. Ahmad Riza Basir, who had served on the Board for twenty-two (22) years. At the last AGM, Mr Ahmad Riza Basir elected to retire from the Board and the resolution for retention of Dato' Jeremy Derek Campbell Diamond as Independent Director for another term was tabled to the shareholders and approved with 78.63% majority. Dato' Jeremy Derek Campbell Diamond has indicated his intention to retire from the Board at the forthcoming AGM.

The Nomination Committee and the Board have determined at the annual assessment carried out on 10 December 2022, that Mr. R. Nadarajan who has served on the Board for (9) years remains objective and independent in participating in the deliberations and decision-making of the Board and Board Committees.

The length of his service on the Board does not interfere with his exercise of independent judgment and acts in the best interest of the Group notably in discharging his roles as a member of the Audit and Risk Committee as well as the member of the Remuneration and Nomination Committees.

Mr. R. Nadarajan has provided annual confirmation of his independence to the Nomination Committee and the Board. The Board has recommended the continuation of Mr. R. Nadarajan as an independent director of the Company at the forthcoming Annual General Meeting as the Board believes that it is in the best position to evaluate and determine whether any independent director can continue acting in the best interest of the Group and bringing unbiased and professional judgement to Board deliberations. The Board has to balance the need to continue with Directors who have intimate knowledge of the Group's business and fresh perspectives which new candidates may bring.

The Board notwithstanding the view that diversity should be in tandem with expertise, experience, and skills and not gender alone acknowledges the importance of gender diversity. The Board in recognition of this has updated the relevant article of the Board Charter in 2022. Additionally, 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 represent the Board's commitment to consider women directors on the Board. The 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 includes not only formal board meetings but also preparation for meetings, Board committee meetings, discussion with management, dealing with the authorities, when necessary, professional and educational conferences, and Company functions. The Board is satisfied with the level of time commitment given by each of the directors toward 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 here below:-

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
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*	4	4
Mr. Yap Seng Chong *	3	4
Mr. Ahmad Riza Basir**	1	4

**Appointed on 26 April 2022*
***Retired on 26 April 2022*

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 input from the Company Secretary, assessed the training needs of individual directors and was 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 2022 were:

1) EPF Climate Change and Workers Well-Being organised by Employees Provident Fund on 17 January 2022.

2) PLUS Safety Day 22 organised by PLUS Berhad on 22 January 2022.

3) Mandatory Accreditation Programme (MAP) organised by Bursa Malaysia on 15 to 17 February 2022.

4) Sustainability For The Palm Oil Sector organised by

ICLIF (Asia School of Business) on 17 March 2022.

5) Sustainability Investment Policy organised by Employees Provident Fund on 31 March 2022.

6) Task Force on Climate-Related Financial Disclosures Impact of COVID19 & Emerging Risks and what we need to do to ready our Organisation, organised by ERM Consulting on 8 May 2022.

7) Empowering and Rewarding the "Boardroom Brigade"- A Board Remuneration Masterclass organised by KPMG on 18 May 2022.

8) Webinar on Artificial Intelligence (AI) for Company Directors and Executives organised by MICG on 7 June 2022).

9) Fiduciary Duties of Board and Investment Panel organised by Messrs Shook Lin & Bok on 7 June 2022.

10) Webinar on Corporate Governance Guide 4th Edition: Rise Together – Unpacking the Guide on how it assists in applying the Principles, Practices & Guidance of the updated Malaysian Code on Corporate Governance 2021 organised by MICG on 14 June 2022.

11) FCD Series Module D: Financial Essentials for Non-Finance Directors organised by the Institute of Corporate Directors Malaysia (ICDM) on 15 & 16 June 2022.

12) Conflict of Interest organised by RHB Group Compliance on 10 July 2022.

13) Heavy Vehicle Technology and Safety Conference organised by MIROS Malaysia on 17 August 2022.

14) Overview on Corruption Risk Management & Organisational Anti-Corruption Plan organised by RHB Group Legal, Secretariat & Governance on 3 September 2022.

15) Corporate Governance & Remuneration Practices for ESG World organised by Asia School of Business on 6 September 2022.

16) Board leadership Center Exclusive/ Human Rights Risk Management for Malaysian Companies organised by KPMG on 27 September 2022.

17) Navigating Venture Capital and Technology & Technology Investment in Malaysia organised by Ernst & Young Advisory on 19 October 2022.

18) The Blue Economy organised by RHB Islamic Training on 23 November 2022.

19) ESG Disclosures: Improving the Quality of ESG Data and its Impact organised by SIDC on 24 November 2022.

20) Annual Roundtable Conference on Sustainable Palm Oil 2022 (RT2022) organised by RSPO on 28 November to 1 December 2022.

21) Sustainability in the Energy Sector organised by ICLIF (Asia School of Business) on 4 December 2022.

E. Sustainability

The Board in recognising that UP has a long history of embedding sustainable practises in its operation ensures that the Board takes into account sustainability considerations in its decision making in line with the Group Philosophy of producing sustainable palm oil for the World.

F. 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.

F.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 that conducts regular reviews of the internal controls and reports 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.

F.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.

G. 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 an internal audit function, complemented by an in-house team and an external professional firm. Both the internal audit teams report directly 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.

H. 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 the 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.

I. Strengthen Relationship Between the Company and Shareholders

I.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 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. Due to other major commitments, no such briefing was held in 2022. The Management has undertaken to have an analyst briefing in March/April 2023. 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.

I.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 Board of Directors of United Plantations Berhad.

Statement On Directors' Responsibility As At 31 December 2022

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 2022, 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, simultaneously.

The RMIC is embedded in its culture as documented in the Group Sustainability System Framework as illustrated below. RMIC overlaps with the Sustainability Governance Management Structure.

RMIC Framework

RMIC 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 recognises that the cost of control procedures should not exceed the expected benefits.

Assurance from Management

The Board has received assurances from the Chief Executive Director and the Executive Director, Finance & Marketing, that the Group's system of RMIC is operating adequately and effectively in all material aspects.

Internal Control And Risk Management

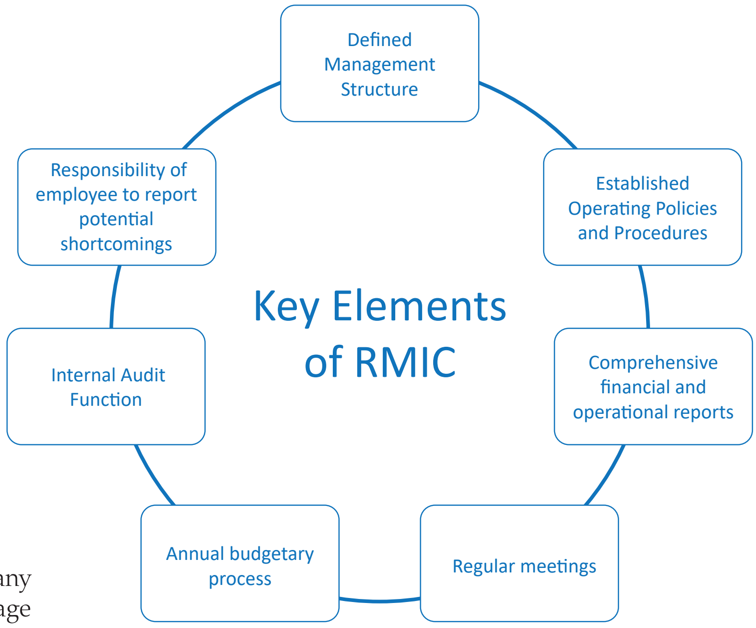
The Board regards risk management as an integral part of business operations. There is in place a formal process to identify, evaluate and manage significant strategic, operational, financial, tax-related and legal risks faced by the Group. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken and the time frame to mitigate and minimise these risks.

The process is undertaken by the RMIC 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, all subsidiaries including joint ventures of the group are (as a minimum requirement) subjected annually to scrutiny of their financial statements by external auditors, any comments relating to external audits 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 including the year under review.

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 121 to 124.

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 2022 are outlined in the chart below:

Review of the Statement by External Auditors

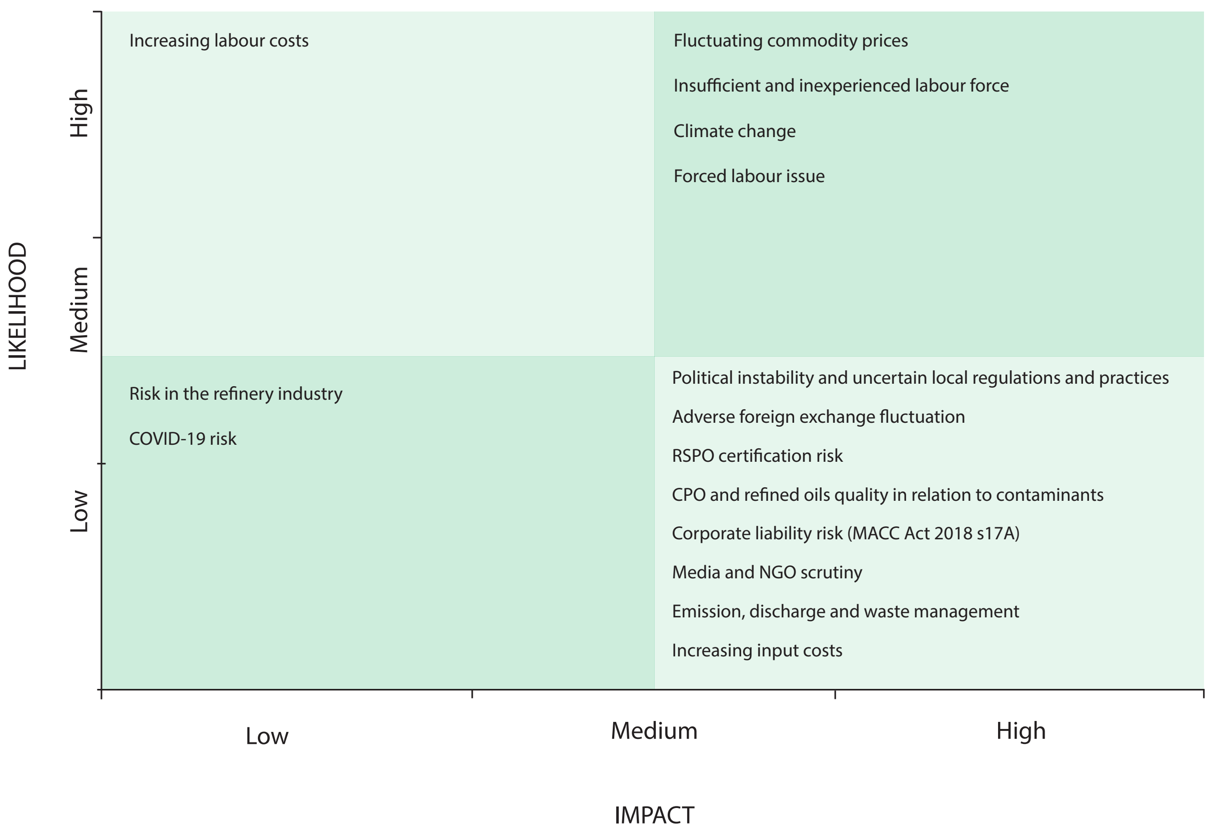
The external auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Group's Annual Report for the year ended 31 December 2022 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 paragraphs 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

AAPG 3 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.

2022 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. R. Nadarajan
(appointed on 1-6-2013)
(Independent, Non-executive Director)

Mr. Yap Seng Chong
(appointed on 26-4-2022)
(Independent, Non-executive Director)

Mr. Ahmad Riza Basir
(appointed on 19-6-2004, retired on 26-4-2022)
(Independent, Non-executive Director)

The Audit and Risk Committee consists entirely of independent non-executive directors. Mr. R. Nadarajan and Mr. Yap Seng Chong are both members 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 Governance 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 in 2022 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. R. Nadarajan	5	5
Mr. Yap Seng Chong**	3	5
Mr. Ahmad Riza Basir*	2	5

** Retired 26 April 2022.*
*** Appointed 26 April 2022.*

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 2022 to ensure adequate scope, coverage of the activities of the Company and the Group and the resource requirements and budget of in- house Internal Audit department to carry out its functions;

ii. Reviewed the Internal Audit reports, audit recommendations and Management's responses to these recommendations (further details provided under item 3);

iii. Reviewed the status report on corrective actions implemented by Management to rectify the outstanding audit issues to ensure control lapses are addressed;

iv. Instructed the conduct of investigations on activities within its terms of reference;

v. Evaluated the performance and effectiveness of the outsourced internal auditors, KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG") and the in-house internal auditors;

vi. Reviewed and assessed the trading manual limits for the Group;

vii. Reviewed the carry forward capital expenditure todate listing with explanation if expenditure todate is less than 25% of carry forward budget;

viii. Reviewed the debtors ageing listing with explanation if overdue;

ix. Reviewed the risk assessment on the Group exposure under S17(A) MACC Amendment Act 2018 and the adequate procedures implemented;

x. Review the Group safety report.

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 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.

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 28 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 and Risk 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 2022 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 three (3) executives with experiences in the audit and estate operations. The Internal Audit programs 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 programs 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 (including foreign operations) 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 2022, 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.

h) Conducted 4 sessions of Reach & Teach to the various estates on MACC S17(A) and coconut count procedures.

A total of 13 (2021: 14) audit engagements (in-house internal audits) were completed in 2022. The in-house internal audit team visited 3 estates (2021: 2) in 2022 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 (2021: 10) were conducted primarily focusing on Covid-19 SOPs compliance, checking on the operations and management of estate hospitals, review of the oil extraction rates and workers attendance in one of the palm oil mills, review and checking of the coconut counting operations in the coconuts estates, review of payment vouchers in one of the estate and checking for double payments in one of the refineries. (2021: 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 estates). The findings include among others identification of weaknesses in the cash handling, stock management, recording of workers attendance, coconut counting operations, and underpayment to contractors. (2021: 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 staff, detailed and constructive two ways discussions and recommendations are exchanged.

We observed that the above approach has yielded positive results in some areas. The feedbacks received are positive and the Chief Executive Director has instructed that this specialised training sessions are to be conducted in all operating units continuously.

For the outsourced internal audits, 11 (2021: 6) audit engagements were completed in 2022, encompassing 6 estate audits, 1 mill audit, 1 research department and 3 refinery audits (2021: 5 estate audits and 1 mill audit).

The audit objectives are to independently assess the system of internal control as established by Management, the adequacy and integrity of such internal control system versus the objectives served, and to make appropriate recommendation thereof.

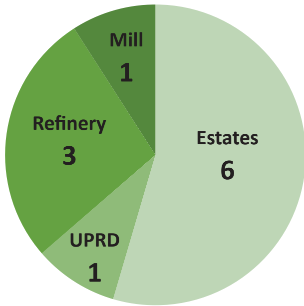
These also include determining the extent of adherence to internal controls by personnel responsible for the function. Material findings include among others are weaknesses in the FFB dispatches, lapses in monitoring of FFB qualities dispatched to the mill, weaknesses in the purchase orders issuance procedures, lapses in monitoring the sales of planting materials and monitoring of deposits collection.

(2021: 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). The audit engagements are performed on a rotational basis to ensure that all business units are 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 24 (2021: 20) audit engagements (combined in-house and outsourced internal audits) were completed in 2022, categorized as follows:

Internal Audits completed in 2022 by In-house Internal Audit Team

Internal Audits completed in 2022 by Out-sourced Internal Auditors, KPMG



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

Nomination Committee Report

The members of the Nomination Committee (NC) as at the end of financial year 2022 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 that 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 toward 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 acquaintances, consultants, etc. to gain access to a wide pool of potential candidates.

The Nomination Committee will normally meet with the proposed candidates to assess their suitability in terms of age, qualifications, experience, expertise, any potential conflict of interest, and leadership quality before recommending them for appointment to the Board.

Activities of the NC during the year

In 2022, the NC met twice (2) 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 2022 undertaken various activities in the discharge of its duties and these are summarised as follows:-

A) Evaluated and recommended suitable Candidates for appointment to the Board

The Nomination Committee met up with Mr. Yap Seng Chong. Mr. Yap Seng Chong, 61 years old had spent his entire career with Ernst and Young. During his 35 years with Ernst and Young, he held various important and strategic positions handling business and advisory services in various industries. He retired as Partner in Charge of partner matters in 2021.

Mr. Yap Seng Chong is a member of the Malaysia Institute of Accountants (MIA). He had served as Chairman/member of various committees of MIA. He was also a member of the Interpretation Committee of the Malaysian Accounting Standards Board.

Mr. Yap Seng Chong currently is a member of the panel interviewers of approved company auditors, representing MIA. He has recently been appointed as the Chairman of the Audit and Risk Committee of Malaysia Smelting Corporation Berhad, a company listed on the Main Market of Bursa Malaysia and the Singapore Stock Exchange.

The Nomination Committee after interviewing him found him to have the necessary skills, experiences, integrity, and competency to be considered for a board position at UP. The Nomination Committee also found him to have the ability to exercise independent judgement and resolved to propose to the Board to consider appointing him as an independent director. Mr. Yap Seng Chong has after the appointment undergone the induction process to familiarise himself with the businesses as well as the management of the Group as provided under Article 13 of the Board Charter.

B) Fit and Proper Policy

In line with the amendments to the Main Market Listing Requirements, the Nomination Committee proposed to the Board, the adoption of the Fit and Proper Policy (Policy). This Policy is to be read in conjunction with the Board Charter and serves as a guide to the Board and Nomination Committee in the following assessments:

- Existing Directors of the Company and its subsidiaries seeking for re-election/re-appointment or whenever the Company becomes aware of information that may materially compromise a person's fitness and propriety; and

- Candidates identified to be elected or appointed as Directors of the Company and its subsidiaries.

The Policy is available on the Company's website, *www.unitedplantations.com*.

C) Review of Board Charter and Terms of Reference of Nomination Committee

The Nomination Committee in recognising the importance of gender diversity recommended to the Board to update the relevant sections of the Board Charter and the Terms of Reference of the Nomination Committee. With the approval of the Board obtained on 26 April 2022, the Board Charter and Terms of Reference of the Nomination Committee were subsequently updated and are available at our website www.unitedplantations.com.

D) 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. The criteria used for such assessment are competency, skill, knowledge, and preparedness. For independent directors, they are also being assessed on their abilities to exercise independent judgement.

- 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 of the effectiveness of the Board and the Board Committees. The criteria used for such assessment are the composition with regard to the required mix of skills, knowledge, and experience, and the effectiveness of the Board and Committees in discharging their respective duties.

- 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 including an annual review of succession planning and boardroom diversity.

In addition to the above, the Nomination Committee has also like in past years carried out an independence assessment on all Independent Directors to evaluate whether the Independent Directors are able to exercise independent judgements without being unduly influenced. The Nomination Committee has after evaluations found that all Independent Directors have discharged their duties to the satisfaction of the Committee. When the evaluation involved the Nomination Committee member, the particular member would abstain from the deliberation.

During the year, there was one (1) independent director who had exceeded the nine (9) years tenure on the Board, namely Dato' J.D.C. Diamond. The Nomination Committee, with the abstention of Dato' J.D.C. Diamond, had reviewed the attendance records of Dato' J.D.C. Diamond, his participation in Board deliberations, including Board Committees, and concluded that he remains objective and independent and his length of service does not interfere with his exercise of independent judgement and accordingly recommended to the Board to propose to the shareholders to retain him as an independent director based on the following justifications.

a) He fulfills the criteria of an independent directors pursuant to the Main Listing Requirement,

b) He has wide experience relating to the Company's business operations,

c) He has devoted sufficient time and attention in discharging his duties as an independent directors of the Company,

d) He has been exercising due care in discharging his duties as an independent director in the best interest of the Company and shareholders.

The Company had in the last AGM held on 26 April 2022 sought and obtained the shareholders' approval for him to be retained as independent director for a new term until the forthcoming AGM. The Nomination Committee notes that Dato' J.D.C. Diamond has expressed his intention to step down from the Board after the conclusion of the forthcoming AGM.

The Nomination Committee had at its recent meeting on 10 December 2022 noted that the Independent Director, Mr. R. Nadarajan's tenure on the Board would exceed nine (9) years in 2023 and with the abstension of Mr. R. Nadarajan, has conducted an assessment of the retention of his position as an Independent Director on the Board in line with the application of Practice 5.3 of the Malaysian Code on Corporate Governance. The Nomination Committee after evaluation is satisfied that Mr. R. Nadarajan is able to exercise independent judgement and has discharged his duties as an independent director. The Nomination Committee accordingly recommended to the Board to propose to the shareholders to retain him as an independent director in the forthcoming AGM.

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 2022. 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 to the Board, Board Committees, and individual Directors to the Chairman of the 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 capacities 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.

Our Director of Engineering, Upstream, Mr P. Seker briefing visitors at the Optimill in Ulu Bernam, with beautiful crop arriving in the background less than 24 hours from harvesting.

Additional Disclosures

Pursuant to the listing requirements of Bursa Malaysia Securities Berhad, additional disclosures by the Group for the year ended 31 December 2022 are as follows: -

1) Utilization 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: RM93,850

3) Cost of Internal Audit

RM844,882 was incurred by the Group in the Financial year for its outsourced internal audit and in-house internal audit department.

The Audit and Risk Committee headed by its Chairman, Y. Hormat Dato' Jeremy Derek Campbell Diamond together with our Company Secretary, Financial Controller, and Internal Audit Manager, in discussion with the External Auditors at our KL office.

UP supports the principles of valuing our staff and puts much consideration in acknowledging the fact that the important resources in any organisation are the employees.
Picture 1: Bidding fond farewell to our loyal and dedicated executives of UP, Unitata and PT SSS who retired on 14 January 2023. Picture 2: Unitata rewarding and recognising its long serving loyal and dedicated employees at a farewell ceremony held on 21 June 2022. Picture 3: On 12 January 2023, the Benevolent Fund, UP paid out a total sum of RM521,000 in appreciation to our 56 Long Service Award recipients for their dedication, contribution, and loyal service to UP.

Dedicated workers attending to oil palm seedlings at the main nursery before field planting.

Financial Statements
For the year ended 31 December 2022

Contents

Report Of The Directors For The Financial Year Ended 31 December 2022

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 2022.

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 ventures 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	605,564	480,880
Attributable to:		
Equity owners of the parent	601,684	480,880
Non-controlling interests	3,880	-
Total	605,564	480,880

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 2022

Dividends

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

(a) A final single-tier dividend of 65 sen per share amounting to RM269,610,240 in respect of the previous financial year was declared and paid on 28 February 2022 and 18 May 2022 respectively.

(b) A special single-tier dividend of 20 sen per share amounting to RM82,956,996 in respect of the previous financial year was declared and paid on 28 February 2022 and 18 May 2022 respectively.

(c) An interim single-tier dividend of 40 sen per share amounting to RM165,913,994 in respect of the current financial year was declared and paid on 7 November 2022 and 5 December 2022 respectively.

At the forthcoming Annual General Meeting, a final single-tier dividend of 70 sen per share amounting to RM290,349,489 and a special single-tier dividend of 30 sen per share amounting to RM124,435,495 in respect of the financial year ended 31 December 2022 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 2023.

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 26 April 2022. 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 2022, 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 preceding 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 2022

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
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
Mr. Yap Seng Chong (appointed on 26 April 2022)
Mr. Ahmad Riza Basir (retired on 26 April 2022)

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

The name of the director of a subsidiary of the Company since the beginning of the financial year to the date of this report, not including those directors listed above is:

Mr. Geoffrey Ian George Cooper

The following Directors who held office at the end of the financial year had according to the register required to be kept under Section 59 of the Companies Act 2016 an interest in shares of the Company and its subsidiary companies, as stated below:

	Number of ordinary shares				
	1 January 2022	Bought	Sold	31 December 2022	% of issued share capital*
The Company:					
Ybhg Dato' Mohamad Nasir bin Ab. Latif					
- held directly	30,000	20,000	-	50,000	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
Y. Hormat Dato' Jeremy Derek Campbell Diamond					
- held directly	5,300	700	-	6,000	-
- deemed interested	748,500	9,500	-	758,000	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	200,000	30,000	50,000	180,000	0.04
Mr. R. Nadarajan					
- held directly	101,000	-	20,000	81,000	0.02
- deemed interested	68,000	-	-	68,000	0.02

Report Of The Directors For The Year Ended 31 December 2022

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 28 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 RM29,691 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 2022

(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). There has not been any third party claims and no payment has been paid to indemnify Ernst & Young PLT for the financial year ended 31 December 2022.

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 RM660,000 and RM372,000 respectively.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 25 February 2023.

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

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 142 to 203 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 2022 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 25 February 2023.

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 142 to 203 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 27 February 2023.

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 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 142 to 203.

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 2022 and of their financial performance and their 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 audit 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 produce stocks and finished goods recognised by the Group during the financial year amounted to RM2,514.8 million. We identified revenue recognition in respect of sale of produce stocks and finished goods to be an area of audit focus as we consider the high volume of transactions for numerous types of produce stocks and 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, trade receivables and cash.

Refer to Notes 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, selling prices of Crude Palm Oil ("CPO") and Palm Kernel ("PK"), costs of producing CPO and PK, oil extraction rate ("OER"), kernel extraction rate ("KER") and replanting cost 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 in 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 intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but 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 with 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 of the Group and of the Company 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 financial statements of the Group. 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

EDWIN JOSEPH FRANCIS
No. 03370/05/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
25 February 2023

Statements Of Comprehensive Income
For The Financial Year Ended 31 December 2022

		Group			Company		
	Note	2022 RM'000	2021 RM'000	*Changes (%)*	2022 RM'000	2021 RM'000	*Changes (%)*
Revenue	4	2,514,808	2,033,482	*23.7*	1,001,527	893,073	*12.1*
Other income		16,280	22,120	*(26.4)*	10,419	17,307	*(39.8)*
		2,531,088	2,055,602	*23.1*	1,011,946	910,380	*11.2*
Changes in finished goods		51,038	(11,633)	*538.7*	23,042	(4,684)	*591.9*
Raw materials and consumables used		(960,258)	(684,205)	*40.3*	-	-	-
Depreciation of property, plant and equipment		(96,762)	(92,450)	*4.7*	(70,281)	(66,958)	*5.0*
Depreciation of right-of-use assets		(5,965)	(8,033)	*(25.7)*	(4,839)	(6,925)	*(30.1)*
Staff costs	5	(227,774)	(204,814)	*11.2*	(173,507)	(160,317)	*8.2*
Other expenses		(467,464)	(378,159)	*23.6*	(252,735)	(138,349)	*82.7*
Profit from operations	5	823,903	676,308	*21.8*	533,626	533,147	*0.1*
Finance costs	6	(2,312)	(26)	*8,792.3*	(2,307)	(21)	*10,885.7*
Investment and interest income	7	11,596	6,813	*70.2*	117,654	103,838	*13.3*
Share of results of joint ventures	14	13,298	325	*3,991.7*	-	-	-
Profit before taxation		846,485	683,420	*23.9*	648,973	636,964	*1.9*
Taxation	8	(240,921)	(161,177)	*49.5*	(168,093)	(129,558)	*29.7*
Net profit for the financial year		605,564	522,243	*16.0*	480,880	507,406	*(5.2)*
Attributable to:							
Equity owners of the parent		601,684	518,335	*16.1*	480,880	507,406	*(5.2)*
Non-controlling interests		3,880	3,908	*(0.7)*	-	-	-
		605,564	522,243	*16.0*	480,880	507,406	*(5.2)*
Earnings per share (sen)	9	145	125	*16.0*			

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

Statements Of Comprehensive Income
For The Financial Year Ended 31 December 2022

	Group			Company		
	2022 RM'000	2021 RM'000	*Changes (%)*	2022 RM'000	2021 RM'000	*Changes (%)*
Net profit for the financial year	605,564	522,243	*16.0*	480,880	507,406	*(5.2)*
Other comprehensive income:						
Items that will be reclassified subsequently to profit or loss:						
Currency translation differences						
- subsidiaries	(10,415)	5,342	*(295.0)*	-	-	-
Cash flow hedge						
- changes in fair value	(57,219)	(226,999)	*(74.8)*	-	-	-
- transfers to profit or loss	198,204	157,650	*25.7*	-	-	-
	130,570	(64,007)	*304.0*	-	-	-
Items that will not be reclassified subsequently to profit or loss:						
Actuarial changes on defined retirement benefit obligations	1,635	4,141	*(60.5)*	-	-	-
Withholding tax effect on dividend	-	(9,491)	-	-	-	-
	1,635	(5,350)	*130.6*	-	-	-
Total other comprehensive income/(loss) for the financial year	132,205	(69,357)	*290.6*	-	-	-
Total comprehensive income for the financial year	737,769	452,886	*62.9*	480,880	507,406	*(5.2)*
Total comprehensive income attributable to:						
Equity owners of the parent	734,410	448,877	*63.6*	480,880	507,406	*(5.2)*
Non-controlling interests	3,359	4,009	*(16.2)*	-	-	-
	737,769	452,886	*62.9*	480,880	507,406	*(5.2)*

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

Statements Of Financial Position
As At 31 December 2022

Group

	Note	2022 RM'000	2021 RM'000
Assets			
Non-Current Assets			
Property, plant and equipment	10 (a)	1,241,751	1,209,944
Right-of-use assets	10 (b)	406,068	395,415
Associated company	13	50	50
Joint ventures	14	53,499	40,201
Goodwill	15	356,856	356,856
Other receivables	17	692	5,196
Derivatives	31(g)	11,342	-
Deferred tax assets	21	2,134	2,705
		2,072,392	2,010,367
Current Assets			
Biological assets	11	45,643	48,044
Inventories	16	219,549	139,269
Trade and other receivables	17	160,664	437,386
Prepayments		6,515	7,420
Tax recoverable		37	21,989
Derivatives	31 (g)	34,486	10,837
Cash and bank balances	18 (a)	537,232	299,662
Short term funds	18 (b)	242,282	178,170
		1,246,408	1,142,777
Total Assets		3,318,800	3,153,144
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	2,519,347	2,303,418
		2,890,733	2,674,804
Non-controlling interests		14,028	10,669
Total Equity		2,904,761	2,685,473
Non-Current Liabilities			
Deferred tax liabilities	21	180,148	136,671
Retirement benefit obligations	22	12,805	13,908
Derivatives	31 (g)	-	22,898
Lease liabilities	25	11,969	-
		204,922	173,477
Current Liabilities			
Trade and other payables	23	153,521	121,556
Tax payable		52,674	48,476
Retirement benefit obligations	22	2,674	2,341
Derivatives	31 (g)	-	121,820
Bank borrowings	24	248	1
		209,117	294,194
Total Liabilities		414,039	467,671
Total Equity and Liabilities		3,318,800	3,153,144

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

Statements Of Financial Position
As At 31 December 2022

Company

	Note	2022 RM'000	2021 RM'000
Assets			
Non-Current Assets			
Property, plant and equipment	10 (a)	987,406	955,292
Right-of-use assets	10 (b)	368,704	358,822
Subsidiary companies	12	44,032	44,002
Associated company	13	50	50
Joint ventures	14	30,000	30,000
Goodwill	15	356,856	356,856
		1,787,048	1,745,022
Current Assets			
Biological assets	11	39,059	38,975
Inventories	16	66,266	32,317
Trade and other receivables	17	55,396	255,216
Prepayments		1,750	5,120
Cash and bank balances	18 (a)	99,017	79,150
Short term funds	18 (b)	240,781	131,731
		502,269	542,509
Total Assets		2,289,317	2,287,531
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	1,611,214	1,648,815
Total Equity		1,982,600	2,020,201
Non-Current Liabilities			
Deferred tax liabilities	21	167,472	162,433
Retirement benefit obligations	22	6,542	6,566
Lease liabilities	25	11,969	-
		185,983	168,999
Current Liabilities			
Trade and other payables	23	77,081	57,592
Tax payable		41,955	39,277
Retirement benefit obligations	22	1,698	1,462
		120,734	98,331
Total Liabilities		306,717	267,330
Total Equity and Liabilities		2,289,317	2,287,531

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

Statements Of Changes In Equity
For The Financial Year Ended 31 December 2022

Group	Note	Share capital (Note 19(a))	Cash flow hedge reserve (Note 20)	Capital reserve (Note 20)	Foreign currency translation reserve (Note 20)	Treasury shares (Note 19(b))	Retained profits (Note 20)	Total	Non-controlling interests	Total equity
		← Attributable to equity owners of the parent						→		
		← Non-distributable			→	← Distributable	→			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022		390,054	(109,825)	21,798	(15,935)	(18,668)	2,407,380	2,674,804	10,669	2,685,473
Total comprehensive income for the financial year		-	140,985	-	(9,894)	-	603,319	734,410	3,359	737,769
Dividends, representing total transaction with owners of the parent	26	-	-	-	-	-	(518,481)	(518,481)	-	(518,481)
At 31 December 2022		390,054	31,160	21,798	(25,829)	(18,668)	2,492,218	2,890,733	14,028	2,904,761
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	26	-	-	-	-	-	(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

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

Statements Of Changes In Equity
For The Financial Year Ended 31 December 2022

Company

	Note	Share capital (Note 19(a))	← Distributable Treasury shares (Note 19(b))	Retained profits (Note 20) →	Total
		RM'000	RM'000	RM'000	RM'000
At 1 January 2022		390,054	(18,668)	1,648,815	2,020,201
Total comprehensive income for the financial year		-	-	480,880	480,880
Dividends, representing total transaction with owners	26	-	-	(518,481)	(518,481)
At 31 December 2022		390,054	(18,668)	1,611,214	1,982,600
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	26	-	-	(394,045)	(394,045)
At 31 December 2021		390,054	(18,668)	1,648,815	2,020,201

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

Statements Of Cash Flows
For The Financial Year Ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash Flows From Operating Activities					
Receipts from customers		2,584,541	1,995,152	1,001,606	891,821
Payments to suppliers		(958,913)	(676,258)	-	-
Payments of operating expenses		(707,208)	(561,793)	(417,907)	(273,932)
Receipts/(payments) of deposits in derivatives operations		206,313	(114,058)	-	-
Payments of taxes		(215,823)	(133,585)	(160,376)	(108,739)
Other receipts		15,406	21,029	10,335	11,501
Net cash generated from operating activities		924,316	530,487	433,658	520,651
Cash Flows From Investing Activities					
Proceeds from disposal of property, plant and equipment		874	1,091	591	853
Interest income		11,577	6,921	12,471	5,282
Net change in deposits with licensed banks with tenure more than 3 months		-	(93)	-	-
Net change in short term funds		(64,112)	158,113	(109,050)	(3,227)
Dividend received from a subsidiary company		-	-	105,500	98,700
Redemption of RCCPS		-	-	-	77,600
Purchase of property, plant and equipment	(a)	(132,549)	(93,906)	(100,358)	(71,232)
Payment for right-of-use assets	(b)	(6,192)	(20,503)	(3,429)	(19,667)
Proceeds from disposal of a subsidiary		-	1,500	-	-
Net cash (used in)/generated from investing activities		(190,402)	53,123	(94,275)	88,309
Cash Flows From Financing Activities					
Interest paid		(1,635)	(26)	(1,630)	(21)
Dividends paid		(518,481)	(394,045)	(518,481)	(394,045)
Dividends paid to non-controlling shareholders of a subsidiary		-	(4,271)	-	-
Inter-company balances		-	-	183,527	(180,675)
Associated company balances		(8)	(8)	(8)	(8)
Joint ventures balances		23,533	(14,129)	17,076	(16,878)
Net cash used in financing activities		(496,591)	(412,479)	(319,516)	(591,627)
Net increase in cash and cash equivalents		237,323	171,131	19,867	17,333
Cash and cash equivalents at the beginning of financial year		262,822	91,691	48,150	30,817
Cash and cash equivalents at the end of financial year	(c)	500,145	262,822	68,017	48,150

Statements Of Cash Flows
For The Financial Year Ended 31 December 2022

(a) Total purchases of property, plant and equipment during the financial year for the Group and the Company amounted to RM135,710,000 and RM103,519,000 respectively, out of which RM132,549,000 for the Group and RM100,358,000 for the Company were fully paid in cash, and the remaining amounts included in sundry payables.

(b) Total additions of right-of-use assets during the financial year for the Group and the Company amounted to RM17,484,000 and RM14,721,000 respectively, out of which RM6,192,000 for the Group and RM3,429,000 for the Company were fully paid in cash, and the remaining amounts represent the initial recognition of right-of-use assets in accordance with MFRS 16 Leases.

(c) Analysis of cash and cash equivalents:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits with licensed banks	405,328	186,200	93,341	39,361
Cash at banks and in hand	131,904	113,462	5,676	39,789
Bank overdrafts	(248)	(1)	-	-
	536,984	299,661	99,017	79,150
Less: Deposits with licensed banks with tenure more than 3 months	(36,839)	(36,839)	(31,000)	(31,000)
Cash and cash equivalents at the end of financial year	500,145	262,822	68,017	48,150

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 ventures 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 2022 for the Group was 6,381 (2021: 5,735) and for the Company was 4,513 (2021: 4,217).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 25 February 2023.

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 2022, 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 2022.

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

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.

Notes To The Financial Statements

2.3 Standards Issued But Not Yet Effective

The standards 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.

Description	Effective for annual periods beginning on or after
• MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 17: Insurance Contracts Initial Application of MFRS 17 and MFRS 9 - Comparative Information	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 101: Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2024
• Amendments to MFRS 16: Leases (Lease Liability in a Sale and Leaseback)	1 January 2024
• 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 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 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),

(b) Exposure, or rights, to variable returns from its involvement with the investee, and

(c) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee,

(b) Rights arising from other contractual arrangements, and

(c) The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statements of financial position and statements of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

(a) Derecognises the assets (including goodwill) and liabilities of the subsidiary,

(b) Derecognises the carrying amount of any non-controlling interests,

(c) Derecognises the cumulative translation differences recorded in equity,

(d) Recognises the fair value of the consideration received,

(e) Recognises the fair value of any investment retained, and

(f) Recognises any surplus or deficit in profit or loss.

Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(iii) Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(b) Associated companies

Associated companies are entities in which the Group has significant influence and that is neither a subsidiary company nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associated company is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associated company.

The Group's share of the net profit or loss of the associated company is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associated company, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associated company. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any long-term interest that, in substance, form part of the Group's net investment in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The most recent available audited financial statements of the associated companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Joint ventures

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 ventures 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 ventures 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.

(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) 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%

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.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

– when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associate and joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

– when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and

– in respect of deductible temporary differences associated with investments in subsidiaries, associate and joint venture, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(j) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to the functional currency at exchange rates ruling on the transaction dates.

Exchange differences arising on the settlement of monetary items or on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

(a) Assets and liabilities for each statements of financial position presented are translated at the closing rate prevailing at the reporting date;

(b) Income and expenses for each profit or loss are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(c) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

The principal exchange rates used for currency ruling at the reporting dates are as follows:

	2022 RM	2021 RM
1 United States Dollar (USD)	4.3900	4.1650
100 Indonesian Rupiah (IDR)	0.0282	0.0292

(k) Revenue recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax or sales and services tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group and the Company have generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The Group and the Company recognise revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:

Notes To The Financial Statements

a) Identify contract with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

b) Identify performance obligations in the contract

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

c) Determine the transaction price

The transaction price is the amount of consideration to which the Group and the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

If the consideration in a contract includes a variable amount, the Group and the Company estimate the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Using the practical expedient in MFRS 15 Revenue from Contract with Customers, the Group and the Company do not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

d) Allocate the transaction price to the performance obligation in the contract

For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

e) Recognise revenue when (or as) the Group and the Company satisfies a performance obligation

The Group and the Company satisfies a performance obligation and recognise revenue over time if the Group's and the Company's performance:

(i) does not create an asset with an alternative use to the Group and the Company and has an enforceable right to payment for performance obligation completed to-date; or

(ii) creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) provides benefits that the customer simultaneously receives and consumes as the Group and the Company performs.

For performance obligations where any one of the above conditions are met, revenue is recognised over time at which the performance obligation is satisfied.

For performance obligations that the Group and the Company satisfies over time, the Group and the Company determined that the input method is the best method in measuring progress of the services because there is direct relationship between the Group's and the Company's effort and the transfer of service to the customer.

The following describes the performance obligation in contracts with customers:

(i) Sale of goods

Revenue from sale of produce stocks and finished goods is recognised at the point in time when control of the goods is transferred to the customer, measured at fair value of the consideration received or receivable, net of trade discounts.

(ii) Revenue from services

Revenue from services is recognised when services have been completely rendered to the customer, measured at fair value of the consideration received or receivable, net of trade discounts.

Revenue from other sources are recognised as follows:

(a) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(b) Dividend income

Dividend income from investment is recognised when the right to receive payment is established.

(c) Rental income

Rental income is recognised on a time proportion basis.

(l) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund (“EPF”). In addition, the Group and the Company also contribute to a defined contribution fund set up for certain eligible employees of the Group and the Company.

(iii) Defined benefit plans

The Company and certain subsidiary companies provide for retirement benefit for their eligible employees on unfunded defined benefit plans in accordance with the terms of employment and practices. The Group’s and the Company's obligations under these plans are determined internally using the Projected Unit Credit Method based on certain actuarial assumptions where the amount of benefits that employees have earned in return for their services rendered is estimated.

Full provision is recognised for retirement benefit payable to all eligible employees. Should an employee leave before attaining the retirement age, the provision made for the employee is written back. Actuarial gains or losses are recognised as income or expense immediately through OCI. Past service costs are recognised immediately.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, including land clearing and planting up to the time of maturity, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

(n) Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of its assets, other than inventories, assets arising from employee benefits and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of an asset's fair value less cost to sell and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs and prorated to the asset by reference to the cost of the asset to the cost of the cash-generating unit.

An impairment loss is charged to the income statement immediately.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount.

(o) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs. However, receivables without a significant financing component is initially measured at the transaction price.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at amortised cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income ("OCI").

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes short term funds and derivative instruments which the Group and the Company had not irrevocably elected to classify at fair value through OCI.

(iii) Financial assets at fair value through OCI (debt instruments)

Debt instruments at fair value through OCI are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either the Group and the Company have transferred substantially all the risks and rewards of the asset, or the Group and the Company neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(p) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

The Group and the Company recognise an allowance for expected credit losses ("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, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(q) Cash and cash equivalent

Cash and cash equivalents represent cash on hand and at banks and short term deposits with a maturity of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents consist of unrestricted cash and bank balances, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Group’s and of the Company's cash management.

(r) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, are recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either payables, interest-bearing borrowings or other financial liabilities.

(i) Payables

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

(ii) Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

(iii) Other financial liabilities

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(s) Equity instruments

Ordinary shares are classified as equity. The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided. Costs of issuing equity securities in connection with a business combination are included in the cost of acquisition. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(t) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(u) Research and development costs

All general research and development costs are expensed as incurred.

(v) Provision

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group and the Company expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(w) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as commodity futures contracts, to hedge its commodity price risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses commodity futures contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to commodity contracts is recognised in other operating income or expenses. Refer to Note 31(g) for more details.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

(x) Leases

The Group and the Company 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.

(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 - 11 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.

In calculating the present value of lease payments, the Group and the Company use their incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's and the Company's lease liabilities are as disclosed in Note 25.

(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.

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

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) 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*		Principal Activities (see below)
		2022 %	2021 %	2022 %	2021 %	
Unitata Berhad	Malaysia	100	100	-	-	(a)
Butterworth Bulking Installation Sdn. Bhd.	Malaysia	-	-	-	-	(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	5	(d)
Bernam Agencies Sdn. Bhd.	Malaysia	100	100	-	-	(e)
United International Enterprises (M) Sdn. Bhd.	Malaysia	100	100	-	-	(e)

** 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 principal 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.

The joint ventures are as follows:

Company	Country of incorporation and principal place of business	Percentage of equity held by the Group*		Principal Activities
		2022 %	2021 %	
Unifuji Sdn. Bhd.	Malaysia	50	50	Refining of palm oil and trading of palm oil products
UP Elite Palm Sdn. Bhd.	Malaysia	50	-	Research and development in oil palm seeds

** equals to the proportion of voting rights held*

The joint ventures are accounted for using the equity method.

These joint ventures have the same reporting period as the Group. No quoted market prices are available for the shares of Unifuji Sdn. Bhd. and UP Elite Palm Sdn. Bhd. as the companies are private companies.

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.

UP Elite Palm Sdn. Bhd. is a private limited company incorporated and domiciled in Malaysia. The registered office and principal place of business is located at Jendarata Estate, 36009 Teluk Intan, Perak. The company has yet to commence operations pending approval of permits from the relevant authorities.

The associated company is as follows:

Company	Country of incorporation and principal place of business	Percentage of equity held by the Group* 2022 %	Percentage of equity held by the Group* 2021 %	Principal Activity
Bernam Bakery Sdn. Bhd.	Malaysia	30	30	Investment holding

** equals to the proportion of voting rights held*

The associated company is accounted for using the equity method.

The financial statements of the joint ventures and the associated company are coterminous with those of the Group.

All subsidiary companies, the joint ventures 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers consists of the following:				
Sales proceeds of produce stocks	705,315	625,032	1,001,527	893,073
Sales proceeds of finished goods	1,809,493	1,407,191	-	-
Rendering of services	-	1,259	-	-
	2,514,808	2,033,482	1,001,527	893,073
Disaggregation of revenue from contracts with customers				
Upstream (Plantations)				
- Malaysia	476,843	428,224	1,001,527	893,073
- Indonesia	228,472	196,808	-	-
Downstream (Refinery)				
- Malaysia	1,809,493	1,407,191	-	-
Other operations	-	1,259	-	-
	2,514,808	2,033,482	1,001,527	893,073

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

Notes To The Financial Statements

5. Profit From Operations

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Profit from operations is arrived at, after charging:				
Directors' remuneration				
- fees	1,630	1,196	1,585	1,151
- emoluments	5,987	5,847	5,987	5,847
- others	99	104	99	96
Auditors' remuneration				
- statutory audit: current year	494	472	363	342
- non-audit service	9	8	9	8
- statutory audit fee received by a member firm of EY Global	157	149	-	-
Inventories written-down	7,500	-	-	-
Inventories written-off	596	-	596	-
Fair value loss in biological assets, net	2,092	-	-	-
Loss on disposal of property, plant and equipment	771	1,083	584	1,081
Property, plant and equipment written-off	1,939	207	-	207
Impairment on investment in a subsidiary	-	-	-	278
Unrealised foreign exchange loss	1,263	13,943	-	-
Realised foreign exchange loss	3,619	-	-	-
Expenses relating to leases of low-value assets	219	108	65	59
Expenses relating to short-term leases	2,079	2,479	-	-
Profit from operations is arrived at, after crediting:				
Rental income	447	418	411	382
Profit on disposal of property, plant and equipment	45	65	-	-
Inventories written-back	-	83	-	83
Fair value gain in biological assets, net	-	9,159	84	5,806
Reversal on impairment on investment in a subsidiary	-	-	30	-
Unrealised foreign exchange gain	2	-	-	-
Realised foreign exchange gain	-	5,160	-	-
Gain on disposal of a subsidiary	-	1,330	-	-

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Wages and salaries	190,843	169,394	147,065	134,306
Social security cost	3,518	2,979	1,248	1,152
Retirement benefit costs				
- defined contribution plans	8,437	9,794	7,365	8,766
- defined benefit plans (Note 22)	2,386	3,013	566	621
Other staff related expenses	22,590	19,634	17,263	15,472
	227,774	204,814	173,507	160,317

Included in staff costs of the Group and of the Company are executive directors' emoluments both amounting to RM5,974,000 respectively (2021: RM5,739,000 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Finance costs consist of interest expenses on:				
- Bank overdraft, bankers acceptances and revolving credit facilities	1,635	26	1,630	21
- Interest on lease liabilities (Note 25)	677	-	677	-
	2,312	26	2,307	21

7. Investment And Interest Income

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Dividend income from a subsidiary company	-	-	105,500	98,700
Interest income from deposits with licensed banks	10,847	6,440	5,537	3,338
Interest income from advances to a subsidiary	-	-	6,268	1,598
Interest income from advances to a joint venture	749	373	349	202
	11,596	6,813	117,654	103,838

8. Taxation

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current income tax:				
Income tax	238,471	153,418	162,630	123,057
Under/(over) provision in prior financial years	3,502	(1,117)	424	(1,090)
	241,973	152,301	163,054	121,967
Deferred tax (Note 21):				
Relating to origination and reversal of temporary difference	1,389	6,738	5,120	7,322
(Over)/under provision in prior financial years	(2,441)	2,138	(81)	269
	(1,052)	8,876	5,039	7,591
Tax expense for the financial year	240,921	161,177	168,093	129,558

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% and 33% (2021: 24%) of the estimated assessable profit for the financial year. The Government has introduced Cukai Makmur which is a special one-off tax on companies which have chargeable income above RM100 million in the Year of Assessment 2022. The first RM100 million chargeable income will continue to be taxed at the current rate of 24% and amounts in excess of RM100 million taxed at 33%.

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before taxation	846,485	683,420	648,973	636,964
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	203,156	164,021	155,754	152,871
Effect of Cukai Makmur at the tax rate of 33% (2021: Nil)	45,013	-	37,804	-
Effect of different tax rates in other country	(1,650)	(2,503)	-	-
Income not subject to tax	(92)	(2,773)	(25,320)	(24,626)
Expenses not deductible for tax purposes	5,720	4,043	3,073	2,134
Effect of reinvestment allowance	(8,974)	(2,554)	(3,441)	-
Effect of double deduction	(120)	-	(120)	-
(Over)/under provision of deferred tax expense in prior financial years	(2,441)	2,138	(81)	269
Under/(over) provision of income tax in prior financial years	3,502	(1,117)	424	(1,090)
Tax effects on share of results of joint ventures	(3,193)	(78)	-	-
Tax expense for the financial year	240,921	161,177	168,093	129,558

9. Earnings Per Share

a) Basic

	Group	
	2022	2021
Net profit attributable to owners of the parent (RM'000)	601,684	518,335
Number of shares in issue as of 1 January ('000)	414,784	414,784
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)	145	125

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 2022 and 31 December 2021 are the same as the basic earnings per ordinary share of the Group as the Group has no dilutive potential ordinary shares.

Notes To The Financial Statements

10. (a) Property, Plant And Equipment

Group

	Freehold land RM'000	Bearer plants RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in-progress* RM'000	Spare parts RM'000	Total RM'000
Cost							
At 1 January 2022	204,413	1,023,037	367,799	919,126	34,255	1,532	2,550,162
Additions	-	25,573	16,850	77,505	15,782	-	135,710
Disposals	-	-	(118)	(11,196)	-	-	(11,314)
Written off	-	(3,406)	(210)	-	-	-	(3,616)
Reclassifications	-	-	6,663	41,583	(48,246)	-	-
Exchange differences	-	(5,045)	(2,321)	(3,226)	-	(8)	(10,600)
Net transfer from inventories during the financial year	-	-	-	-	-	166	166
At 31 December 2022	204,413	1,040,159	388,663	1,023,792	1,791	1,690	2,660,508
Accumulated depreciation and impairment losses							
At 1 January 2022							
Accumulated depreciation	-	578,825	204,953	556,440	-	-	1,340,218
Depreciation for the financial year	-	34,707	12,831	49,224	-	-	96,762
Disposals	-	-	(18)	(9,696)	-	-	(9,714)
Written off	-	(1,656)	(21)	-	-	-	(1,677)
Exchange differences	-	(3,078)	(1,111)	(2,643)	-	-	(6,832)
At 31 December 2022	-	608,798	216,634	593,325	-	-	1,418,757
Net book value At 31 December 2022	204,413	431,361	172,029	430,467	1,791	1,690	1,241,751

Group

	Freehold land RM'000	Bearer plants RM'000	Buildings RM'000	Plant and machinery RM'000	Capital work-in-progress* RM'000	Spare parts RM'000	Total RM'000
Cost							
At 1 January 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 transfer to inventories during 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
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

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:

	2022 RM'000	2021 RM'000
In the estates of the Company in Peninsular Malaysia	459	9,250
In Unitata Berhad	1,332	25,005
	1,791	34,255

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 2022	203,848	885,328	256,035	604,856	9,250	311	1,959,628
Additions	-	24,771	15,234	63,055	459	-	103,519
Disposals	-	-	(118)	(4,302)	-	-	(4,420)
Reclassification	-	-	11	9,239	(9,250)	-	-
Net transfer from inventories during the financial year	-	-	-	-	-	51	51
At 31 December 2022	203,848	910,099	271,162	672,848	459	362	2,058,778
Accumulated depreciation							
At 1 January 2022	-	499,931	166,236	338,169	-	-	1,004,336
Depreciation for the financial year	-	27,366	8,316	34,599	-	-	70,281
Disposals	-	-	(18)	(3,227)	-	-	(3,245)
At 31 December 2022	-	527,297	174,534	369,541	-	-	1,071,372
Net book value At 31 December 2022	203,848	382,802	96,628	303,307	459	362	987,406
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 transfer to inventories during 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

10. (b) Right-Of-Use Assets

Group

	Leasehold land RM'000	Land use rights RM'000	Total RM'000
Cost			
At 1 January 2022	450,476	39,926	490,402
Additions	14,721	2,763	17,484
Exchange differences	-	(866)	(866)
At 31 December 2022	465,197	41,823	507,020
Accumulated depreciation			
At 1 January 2022	91,654	3,333	94,987
Depreciation for the financial year	4,839	1,126	5,965
At 31 December 2022	96,493	4,459	100,952
Net book value At 31 December 2022	368,704	37,364	406,068
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

Company

	Leasehold land RM'000	Total RM'000
Cost		
At 1 January 2022	450,476	450,476
Additions	14,721	14,721
At 31 December 2022	465,197	465,197
Accumulated depreciation		
At 1 January 2022	91,654	91,654
Depreciation for the financial year	4,839	4,839
At 31 December 2022	96,493	96,493
Net book value At 31 December 2022	368,704	368,704
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

In the prior financial year, the Group and the Company have obtained the approval for the extension of lease of the leasehold lands at Tanarata Estate for 99 years. The new titles were issued during the financial year.

11. Biological Assets

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	48,044	38,767	38,975	33,169
Exchange differences	(309)	118	-	-
Transfers to produce stocks	(47,735)	(38,885)	(38,975)	(33,169)
Fair value changes	45,643	48,044	39,059	38,975
At 31 December	45,643	48,044	39,059	38,975
The biological assets of the Group and the Company comprise:				
Oil palm fresh fruit bunches	38,225	37,916	31,641	28,847
Coconuts	7,418	10,128	7,418	10,128
	45,643	48,044	39,059	38,975

The biological assets of the Group and the Company comprise 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	
	2022	2021
Oil palms		
FFB production (MT)	84,454	76,303
Average FFB selling price (RM/MT)	768	821
Coconut palms		
Coconut production (nuts '000)	6,013	8,165

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
10% increase	4,709	4,583	3,978	3,518
10% decrease	(4,709)	(4,583)	(3,978)	(3,518)

12. Subsidiary Companies

Investment in subsidiary companies	Company	
	2022 RM'000	2021 RM'000
Unquoted shares at cost	44,451	44,451
Less: Accumulated impairment losses	(12,719)	(12,749)
	31,732	31,702
Unquoted Redeemable Cumulative Convertible Preference Shares:		
As at 1 January	12,300	89,900
Redemption	-	(77,600)
As at 31 December	12,300	12,300
Total	44,032	44,002

The Company had in the previous years subscribed to a total of 324,800,000 RCCPS issued by the following subsidiary companies. In the prior financial years, 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 prior 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 issued by Berta Services Sdn. Bhd. 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 interest in respect of PT SSS1 is not material to the Group and PT SSS2 was liquidated in the prior financial year. Hence, summarised financial information of PT SSS1 are not presented.

Notes To The Financial Statements

13. Associated Company

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 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 2022 RM'000	Group 2021 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 Ventures

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Unquoted shares, at cost	30,000	30,000	30,000	30,000
Share of post-acquisition reserves	23,499	10,201	-	-
	53,499	40,201	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	10,201	9,876	-	-
Share of results	13,298	325	-	-
At 31 December	23,499	10,201	-	-

The Group has joint control on its joint arrangements as unanimous consent is required for relevant activities from the parties sharing control under the contractual arrangements.

The joint arrangements are structured via separate entities and provide the Group with the rights to the net assets of the entities under the arrangements. Therefore, the entities are classified as joint ventures of the Group.

Notes To The Financial Statements

Summarised financial information of Unifuji Sdn. Bhd., a material joint venture 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 statements of financial position

	2022 RM'000	2021 RM'000
Assets and Liabilities		
Current assets, including cash and cash equivalents RM996,000 (2021 : RM34,731,000) and prepayments RM58,000 (2021 : RM212,000)	90,139	109,598
Non-current assets	162,215	168,394
Current liabilities	(88,405)	(136,626)
Non-current liabilities, including deferred tax liabilities RM15,159,000 (2021 : RM6,472,000) and long-term borrowing RM40,958,000 (2021 : RM54,491,000)	(56,939)	(60,964)
Equity	107,010	80,402
Group's share in equity - 50% (2021 : 50%)	53,505	40,201
Group's carrying amount of the investment	53,505	40,201

(ii) Summarised statements of comprehensive income

	2022 RM'000	2021 RM'000
Revenue from contracts with customers	661,607	414,339
Cost of sales	(590,452)	(377,571)
Administrative expenses, including amortisation and depreciation RM13,888,000 (2021 : RM13,529,000)	(29,778)	(32,439)
Finance costs, including interest expense RM6,107,000 (2021 : RM5,660,000)	(6,167)	(5,660)
Interest and other income	111	28
Profit/(loss) before tax	35,321	(1,303)
Income tax expense	(8,713)	1,953
Profit for the financial year	26,608	650
Total comprehensive income for the financial year	26,608	650
Group's share of profit for the financial year	13,304	325

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

	2022 RM'000	2021 RM'000
Net assets at 1 January	80,402	79,752
Total comprehensive income for the financial year	26,608	650
Net assets at 31 December	107,010	80,402
Interest in joint venture (%)	50	50
Carrying value of Group's interest in joint venture	53,505	40,201

Summarised financial information of UP Elite Palm Sdn. Bhd., a non-material joint venture 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.

	2022 RM'000
Total comprehensive loss for the financial year	(12)
Carrying value of Group's interest in joint venture	(6)

15. Goodwill

	Group/Company 2022/2021 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	2022	2021
Projection period	A 99-year cash flow projection, based on the maximum lease period of the leasehold lands	A 99-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")	3,298	3,309
- Palm Kernel ("PK")	2,093	2,168
Costs of production per MT (RM)		
- Crude Palm Oil ("CPO")	1,256	900
- Palm Kernel ("PK")	284	240
Oil extraction rate (%)	21.4%	21.8%
Kernel extraction rate (%)	4.3%	4.4%
Discount rate (Pre-tax)	13.2%	11.8%

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.

In the prior financial year, the Group and the Company have obtained the approval for the extension of lease for 99 years, pending issuance of new titles. The new titles were issued during the current financial year.

16. Inventories

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Produce stocks	34,393	15,269	29,868	6,826
Estate stores	49,471	36,282	36,398	25,491
Raw materials	35,515	16,445	-	-
Finished goods	93,532	65,451	-	-
Consumables	6,638	5,822	-	-
	219,549	139,269	66,266	32,317

17. Trade And Other Receivables

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-Current					
Other receivables					
Sundry receivables	(f)	692	5,196	-	-
Current					
Trade receivables					
Third parties		147,477	217,210	6,127	6,206
Due from subsidiary companies	(b)	-	-	37,164	165,832
Due from a joint venture	(d)	-	23,677	-	17,198
Trade receivables, net	(a)	147,477	240,887	43,291	189,236
Other receivables					
Due from subsidiary companies	(b)	-	-	3,966	58,833
Due from an associated company	(c)	24	16	24	16
Due from a joint venture	(d)	1,138	994	974	852
Deposits	(e)	475	167,804	290	1,305
Sundry receivables	(f)	11,550	27,685	6,851	4,974
		13,187	196,499	12,105	65,980
		160,664	437,386	55,396	255,216
Total trade and other receivables		161,356	442,582	55,396	255,216
Add: Cash and bank balances (Note 18(a))		537,232	299,662	99,017	79,150
Total financial assets carried at amortised cost		698,588	742,244	154,413	334,366

Details of how the credit risk is determined and managed are disclosed in Note 31(d).

(a) Trade receivables

The average credit terms granted to the Group's customers are 5 to 75 days (2021: 10 to 75 days).

(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 7 to 30 days (2021: 30 days) and the overdue trade and non-trade debts bear an average interest of approximately 2.74% (2021: 2.36%) 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 a joint venture (trade and non-trade)

The amount due from a joint venture is unsecured. The trade debt due from a joint venture has a repayment term of 7 to 30 days (2021: 30 days) and the overdue trade and non-trade debts bear an average interest of approximately 2.74% (2021: 2.36%) per annum. The non-trade debts are repayable on demand.

(e) Deposits

Included in deposits of the Group is RM129,000 (2021: RM166,443,000) 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 RM4,208,000 (2021: RM9,959,000) being plasma receivables.

18. (a) Cash And Bank Balances

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash at banks and on hand	131,904	113,462	5,676	39,789
Deposits with licensed banks	405,328	186,200	93,341	39,361
Cash and bank balances (Note 17)	537,232	299,662	99,017	79,150

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

	Group Weighted average interest rates		Company Weighted average interest rates	
	2022 %	2021 %	2022 %	2021 %
Deposits with licensed banks	2.50	2.00	3.01	2.10

The maturity period for deposits with licensed banks of the Group and the Company range from 1 day to 6 months (2021: range from 1 day to 12 months) respectively.

Notes To The Financial Statements

(b) Short Term Funds

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short term funds	242,282	178,170	240,781	131,731

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 short term funds are financial assets valued through profit or loss.

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

	Group Weighted average interest rates		Company Weighted average interest rates	
	2022 %	2021 %	2022 %	2021 %
Short term funds	2.72	1.90	2.72	1.93

19. (a) Share Capital

	Group and Company			
	Number of ordinary shares		Monetary value	
	2022 Unit'000	2021 Unit'000	2022 RM'000	2021 RM'000
Issued and fully paid:				
At 1 January / 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 preceding 12 months.

	Group / Company	
	No of shares	Cost RM'000
2022		
At 1 January / 31 December	1,483,548	18,668
2021		
At 1 January / 31 December	1,483,548	18,668

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

20. Reserves

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Distributable					
Retained profits	(a)	2,492,218	2,407,380	1,611,214	1,648,815
Non-distributable					
Cash flow hedge reserve	(b)	31,160	(109,825)	-	-
Capital reserve	(c)	21,798	21,798	-	-
Foreign currency translation reserve	(d)	(25,829)	(15,935)	-	-
		27,129	(103,962)	-	-
Total		2,519,347	2,303,418	1,611,214	1,648,815

The nature and purpose of each category of reserve are as follows:

(a) Retained profits

The entire retained earnings can be distributed as dividend under the single tier system.

(b) Cash flow hedge reserve

The effective portion of the gain or loss on a hedging instrument is recognised in OCI in the cash flow hedge reserve. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on a hedging instrument and the cumulative change in fair value of the hedged item.

(c) Capital reserve

The capital reserve is in respect of bonus shares issued by subsidiary companies out of their retained earnings.

(d) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from the translation of monetary items which form part of the Group's net investment in foreign operations.

21. Deferred Taxation

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	133,966	145,874	162,433	154,842
Recognised in profit or loss (Note 8)	(1,052)	8,876	5,039	7,591
Recognised in comprehensive income	44,983	(20,732)	-	-
Disposal of a subsidiary	-	(25)	-	-
Exchange differences	117	(27)	-	-
At 31 December	178,014	133,966	167,472	162,433
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	180,148	136,671	167,472	162,433
Deferred tax assets	(2,134)	(2,705)	-	-
	178,014	133,966	167,472	162,433

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities/(assets) of the Group:

	Biological Assets RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 January 2022	11,348	164,596	175,944
Recognised in profit or loss	(549)	9,439	8,890
Exchange differences	22	(16)	6
At 31 December 2022	10,821	174,019	184,840
At 1 January 2021	9,191	158,915	168,106
Recognised in profit or loss	2,149	5,885	8,034
Disposal of a subsidiary	-	(25)	(25)
Exchange differences	8	(179)	(171)
At 31 December 2021	11,348	164,596	175,944

Notes To The Financial Statements

Deferred tax liabilities/(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 2022	(29,580)	(3,489)	(8,909)	(41,978)
Recognised in profit or loss	(4,167)	(464)	(5,311)	(9,942)
Recognised in comprehensive income	44,522	461	-	44,983
Exchange differences	-	13	98	111
At 31 December 2022	10,775	(3,479)	(14,122)	(6,826)
At 1 January 2021	(12,782)	(4,276)	(5,174)	(22,232)
Recognised in profit or loss	5,102	(359)	(3,901)	842
Recognised in comprehensive income	(21,900)	1,168	-	(20,732)
Exchange differences	-	(22)	166	144
At 31 December 2021	(29,580)	(3,489)	(8,909)	(41,978)

Deferred tax liabilities/(assets) of the Company:

	Biological Assets RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 January 2022	9,353	155,172	164,525
Recognised in profit or loss	20	8,845	8,865
At 31 December 2022	9,373	164,017	173,390
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

	Retirement Benefit Obligations RM'000	Lease liabilities RM'000	Others RM'000	Total RM'000
At 1 January 2022	(1,927)	-	(165)	(2,092)
Recognised in profit or loss	(51)	(2,873)	(902)	(3,826)
At 31 December 2022	(1,978)	(2,873)	(1,067)	(5,918)
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)

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:

	2022 %	2021 %
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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Present value of unfunded defined benefit obligations	15,479	16,249	8,240	8,028
At 1 January	16,249	19,275	8,028	7,580
Provision during the financial year (Note 5)	2,386	3,013	566	621
Paid during the financial year	(888)	(669)	(354)	(173)
Actuarial changes during the financial year	(2,096)	(5,308)	-	-
Disposal of a subsidiary	-	(246)	-	-
Exchange difference	(172)	184	-	-
At 31 December	15,479	16,249	8,240	8,028
Analysed as:				
Current	2,674	2,341	1,698	1,462
Non-current:				
Later than 1 year but not later than 2 years	788	778	493	590
Later than 2 years but not later than 5 years	2,194	1,948	948	967
Later than 5 years	9,823	11,182	5,101	5,009
	12,805	13,908	6,542	6,566
	15,479	16,249	8,240	8,028

Sensitivity analysis

The impact on changes of each significant actuarial assumption as at the end of the reporting periods are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Discount rate increase by 1%	(1,195)	(1,384)	(645)	(643)
Discount rate decrease by 1%	1,384	1,618	755	755
The average rate of increase in future earnings increase by 1%	337	591	6	11
The average rate of increase in future earnings decrease by 1%	(310)	(521)	(6)	(11)
Turnover of employees increase by 1%	(114)	(82)	(20)	(21)
Turnover of employees decrease by 1%	116	83	20	21

23. Trade And Other Payables

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current					
Trade payables					
Third parties	(a)	25,567	24,222	392	424
Other payables					
Due to subsidiary companies	(b)	-	-	453	461
Advances from customers		2,766	2,174	2,766	917
Accruals		57,302	48,500	48,153	39,860
Sundry payables		67,886	46,660	25,317	15,930
		127,954	97,334	76,689	57,168
Total trade and other payables		153,521	121,556	77,081	57,592
Add: Bank borrowings (Note 24)		248	1	-	-
Add: Lease liabilities (Note 25)		11,969	-	11,969	-
Total financial liabilities carried at amortised cost		165,738	121,557	89,050	57,592

(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 (2021: 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	
	2022 RM'000	2021 RM'000
Bank overdraft - unsecured	248	1

The interest rate applicable to the bank borrowings for the financial year was 6.90% (2021: 5.90%) per annum.

25. Lease liabilities

	Group/Company	
	2022 RM'000	2021 RM'000
Current	-	-
Non-current	11,969	-
	11,969	-

The movement of lease liabilities during the financial years are as follows:

	Group/Company	
	2022 RM'000	2021 RM'000
At 1 January	-	-
Additions	11,292	-
Accretion of interest (Note 6)	677	-
At 31 December	11,969	-

The effective financing cost per annum at the reporting year 2022 was 6% (2021: nil).

The remaining maturities of the lease liabilities as at 31 December 2022 and 31 December 2021 are as follows:

	Group/Company	
	2022 RM'000	2021 RM'000
Within one year	-	-
After one year but not more than five years	1,470	-
More than five years	10,499	-
	11,969	-

26. Dividends

	Group / Company			
	Amount		Net dividends per share	
	2022 RM'000	2021 RM'000	2022 sen	2021 sen
Final single-tier dividend paid in respect of previous financial year: - 65 sen per share (2021: 15 sen per share)	269,610	62,218	65.00	15.00
Final special single-tier dividend paid in respect of previous financial year: - 20 sen per share (2021: 50 sen per share)	82,957	207,392	20.00	50.00
Interim single-tier dividend in respect of current financial year: - 40 sen per share (2021: 30 sen per share)	165,914	124,435	40.00	30.00
	518,481	394,045	125.00	95.00

At the forthcoming Annual General Meeting, a final single-tier dividend of 70 sen per share amounting to RM290,349,489 and a special single-tier dividend of 30 sen per share amounting to RM124,435,495 in respect of the year ended 31 December 2022 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 2023.

27. Significant Inter-Company Transactions

	Company	
	2022 RM'000	2021 RM'000
Dividend income from subsidiary companies	105,500	98,700
Sale of raw materials to a subsidiary company	524,684	464,849
Sale of biomass and biogas steam to a subsidiary company	3,699	3,661
Interest charged to a subsidiary company	6,268	1,598

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

28. 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 27 of the financial statements, the Group and the Company had the following transactions with related parties during the financial years:

Nature Of Transactions	Amount Billed Group		Amount Billed Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income from advances to Unifuji Sdn. Bhd.	749	373	349	202
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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Amount outstanding at 31 December:				
Due to UIES	(38)	(48)	(38)	(48)

The outstanding balances at the reporting dates 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 financial years were as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term employee benefits	5,145	4,954	5,145	4,954
Post employment benefits:				
Defined contribution plan	829	785	829	785
Directors fees	450	345	405	300
Others	18	18	18	18
	6,442	6,102	6,397	6,057

29. 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 (disposed in 2021) 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	
	2022 RM’000	2021 RM’000	2022 RM’000	2021 RM’000	2022 RM’000	2021 RM’000	2022 RM’000	2021 RM’000	2022 RM’000	2021 RM’000
Revenue and expenses										
Revenue:										
External sales	705,315	625,032	1,809,493	1,407,191	-	1,259	-	-	2,514,808	2,033,482
Inter-segment sales	524,684	464,849	-	-	-	-	(524,684)	(464,849)	-	-
Total revenue	1,229,999	1,089,881	1,809,493	1,407,191	-	1,259	(524,684)	(464,849)	2,514,808	2,033,482
Results:										
Segment results:										
Operating profit/(loss)	629,660	624,272	195,576	53,427	(1,333)	(1,391)	-	-	823,903	676,308
Investment and interest income	14,271	7,053	3,361	811	232	547	(6,268)	(1,598)	11,596	6,813
Interest expense	(2,310)	(24)	(6,270)	(1,600)	-	-	6,268	1,598	(2,312)	(26)
Share of results of joint ventures	(6)	-	13,304	325	-	-	-	-	13,298	325
Income taxes	(191,737)	(150,897)	(49,117)	(10,264)	(67)	(16)	-	-	(240,921)	(161,177)
Net profit for the financial year									605,564	522,243

	Plantations		Palm oil refining		Other segments		Elimination		Consolidated	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assets and liabilities										
Segment assets	2,487,686	2,239,512	770,560	760,430	7,005	112,951	-	-	3,265,251	3,112,893
Investment in an associated company	-	-	-	-	50	50	-	-	50	50
Investment in joint ventures	(6)	-	53,505	40,201	-	-	-	-	53,499	40,201
Consolidated total assets									3,318,800	3,153,144
Segment liabilities	349,090	289,523	64,877	178,108	72	40	-	-	414,039	467,671
Consolidated total liabilities									414,039	467,671
Other information										
Capital expenditure *	128,105	96,150	25,071	17,558	18	701	-	-	153,194	114,409
Depreciation of property, plant and equipment	85,965	82,943	10,745	9,410	52	97	-	-	96,762	92,450
Depreciation of right-of-use assets	5,965	8,033	-	-	-	-	-	-	5,965	8,033
Other significant non-cash expenses:										
Inventories written-down/ (written-back)	-	(83)	7,500	-	-	-	-	-	7,500	(83)
Inventories written-off	596	-	-	-	-	-	-	-	596	-
Net realised foreign exchange loss/(gain)	-	-	3,619	(5,261)	-	101	-	-	3,619	(5,160)
Net unrealised foreign exchange loss/(gain)	-	-	1,263	13,943	(2)	-	-	-	1,261	13,943

(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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	1,273,342	1,055,883	228,472	196,807	324,463	413,515	406	154	688,125	367,123	2,514,808	2,033,482
Total assets	2,951,604	2,778,252	313,390	262,414	1,265	56,929	-	-	52,541	55,549	3,318,800	3,153,144
Capital expenditure *	143,329	109,158	9,865	5,251	-	-	-	-	-	-	153,194	114,409

* Capital expenditure presented above consist of the following items as presented in the consolidated statements of financial position:

		Group	
	Note	2022 RM'000	2021 RM'000
Property, plant and equipment	10 (a)	135,710	93,906
Right-of-use assets	10 (b)	17,484	20,503
		153,194	114,409

(iii) Information about a major customer

Revenue from one major customer amounted to RM1,236,773,000 (2021: RM1,009,625,000), arising from sales by the palm oil refining segment.

30. Capital Commitments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Capital expenditure approved by the Directors but not contracted	84,828	112,928	64,640	94,433
Capital expenditure contracted but not provided for	6,904	39,889	5,418	39,390
	91,732	152,817	70,058	133,823

31. Financial Instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its interest rate, liquidity, foreign exchange, market and credit risks. The Group operates within clearly defined guidelines that are approved by the Board.

During the financial year, the Group entered into commodity futures contracts. Control and monitoring procedures include, amongst others, setting of trading limits and the manner and timing of management reporting. Such derivative trading is also under the close supervision of the executive committee. These control procedures are periodically reviewed and enhanced where necessary in response to changes in market condition.

(b) Interest rate risk

The Group's primary interest rate risk relates to short term fixed rate term deposits with licensed banks and negotiable papers issued by licensed banks. The Group does not hedge this exposure. The maturity periods are mixed such that the Group's cash flow requirements are met while yielding a reasonable return. The effective interest rates are as disclosed in Note 18.

The Group's bank borrowings are insignificant to hedge. The effective interest rate is disclosed in Note 24.

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 RM426,000 (2021: RM420,000) 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 RM426,000 (2021: RM420,000) 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 55% (2021: 52%) of the Group's sales and 46% (2021: 47%) 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 RM9,602,000 (2021: RM11,619,000) and RM202,000 (2021: RM126,000) for the Group and the Company respectively.

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 2022, the Group hedged 86% (2021: 85%) and 0% (2021: 0%) of its foreign currency denominated sales and purchases respectively, for which firm commitments existed at the reporting date, extending to December 2023 (2021: December 2022).

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:

		Maturities		
	Currency	Within 1 year RM'000	1 year up to 5 years RM'000	Total notional amount RM'000
At 31 December 2022:				
Forwards used to hedge receivables	USD	306,338	-	306,338
At 31 December 2021:				
Forwards used to hedge receivables	USD	327,299	-	327,299

The net recognised gain as at 31 December 2022 on forward exchange contracts used to hedge receivables and payables as at 31 December 2022 amounted to RM2,342,000 (31 December 2021: net recognised loss RM212,000).

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	
	2022 RM'000 Profit net of tax	2021 RM'000 Profit net of tax
USD/RM		
- strengthened 3%	(9,087)	(9,750)
- weakened 3%	9,087	9,750

(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 5 to 75 days.

The Group and the Company do not have trade receivables that are impaired.

The Group and the Company do not track changes in credit risk, but instead recognise a loss allowance of trade receivables 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.

The ECLs effect on trade receivables are immaterial to the Group and the Company.

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.

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.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the trade receivables of its operating segments on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting dates are as follows:

	2022		2021	
Group	RM'000	% of total	RM'000	% of total
By Segment:				
Plantations	11,675	7.92	24,340	10.10
Palm oil refining	135,802	92.08	216,547	89.90
	147,477	100.00	240,887	100.00

At the reporting date, approximately 79% (2021: 79%) of the Group's trade receivables were due from a major customer of the palm oil refinery unit.

(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 dates based on contractual undiscounted amounts.

Group	On demand or within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
2022				
Financial liabilities:				
Trade and other payables	153,521	-	-	153,521
Lease liabilities	-	2,430	75,323	77,753
Bank borrowings	248	-	-	248
Total undiscounted financial liabilities	153,769	2,430	75,323	231,522
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

Company	On demand or within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
2022				
Financial liabilities:				
Trade and other payables	77,081	-	-	77,081
Lease liabilities	-	2,430	75,323	77,753
Total undiscounted financial liabilities	77,081	2,430	75,323	154,834
2021				
Financial liabilities:				
Trade and other payables	57,592	-	-	57,592
Total undiscounted financial liabilities	57,592	-	-	57,592

(f) Market risk

Market risk is the potential change in value caused by movement in market prices. The contractual amounts stated under Note 31(g) provide only a measure of involvement in these types of transactions.

Sensitivity analysis for market price risk

At the reporting date, if the value of the derivatives as stated under Note 31(g) had been 3% higher/lower, with all other variables held constant, the Group's profit net of tax and OCI would have been RM18,404,000 (2021: RM17,787,000) 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
2022			
Current			
Non-hedging derivatives:			
Forward currency contracts	306,338	2,342	-
Commodity futures contracts	9,001	2,485	-
Hedging derivatives:			
Commodity futures contracts	658,745	29,659	-
		34,486	-
Non - Current			
Hedging derivatives:			
Commodity futures contracts	163,694	11,342	-
		11,342	-
Total derivatives		45,828	-

Notes To The Financial Statements

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)

During the financial year, the Group recognised a gain of RM45,828,000 (2021: loss of RM133,881,000) 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 October 2023 (2021: December 2022) (Note 31(c)).

Derivatives designated as hedging instruments

Cash flow hedge

Commodity price risk

The Group has designated certain commodity futures contracts as hedging derivatives to reduce the volatility attributable to price fluctuations of crude palm oil ("CPO"). Hedging of the price volatility of forecast CPO is in accordance with the risk management strategy outlined by the Board of Directors.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the commodity price and commodity forward contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the commodity price and commodity forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments,
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments,
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items, and
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments.

The Group is holding the following commodity forward contracts:

	Maturity			
	Less than 6 months RM'000	6 to 12 months RM'000	More than 12 months RM'000	Total RM'000
As at 31 December 2022:				
Commodity forward contracts				
Notional amount (in MT)	76,075	77,800	38,000	191,875
Notional amount (in RM'000)	308,154	350,591	163,694	822,439
Average hedged rate (in RM'000 per MT)	4.05	4.51	4.31	4.29
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

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	
	2022 RM'000	2021 RM'000
As at 31 December		
CPO	31,160	(109,825)

Determination of fair value

Fair value of the commodity futures contracts is determined by reference to the difference between the contracted rate and the forward rate as at the reporting date.

Fair value of the forward currency contracts is determined by reference to the difference between the contracted rate and the market rate as at the reporting date.

(h) Fair value of financial instruments

The Group and the Company use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Group and the Company held the following financial instruments carried at fair value in the statements of financial position:

Group	Assets/ (Liabilities) RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 31 December 2022				
Fair value through profit or loss:				
Biological assets	45,643	-	-	45,643
Short term funds	242,282	242,282	-	-
Commodity futures contracts	43,486	43,486	-	-
Forward currency contracts	2,342	-	2,342	-
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)	-

There were no transfers between Level 1, Level 2 and Level 3 in the current and previous financial years.

Company	Assets/ (Liabilities) RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 31 December 2022				
Fair value through profit or loss:				
Biological assets	39,059	-	-	39,059
Short term funds	240,781	240,781	-	-
At 31 December 2021				
Fair value through profit or loss:				
Biological assets	38,975	-	-	38,975
Short term funds	131,731	131,731	-	-

There were no transfers between Level 1, Level 2 and Level 3 in the current and previous financial years.

The key assumptions used to determine the fair value of biological assets of the Group and the Company are disclosed in Note 11.

The carrying amount of trade and other receivables and payables are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

32. Capital Management

The primary objective of the Group's and the Company's capital management is to ensure that it maintains acceptable capital ratios in order to support its business and maximise shareholder value.

The Group and the Company manage its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group and the Company. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting dividend payment policies. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 31 December 2021.

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Debt				
Bank borrowings	248	1	-	-
Lease liabilities	11,969	-	11,969	-
Trade and other payables	153,521	121,556	77,081	57,592
	165,738	121,557	89,050	57,592
Less: Cash and bank balances	(537,232)	(299,662)	(99,017)	(79,150)
Short term funds	(242,282)	(178,170)	(240,781)	(131,731)
Net surplus of cash and bank balances and short term funds over debt	(613,776)	(356,275)	(250,748)	(153,289)
Equity attributable to the owners of the parent, representing total capital	2,890,733	2,674,804	1,982,600	2,020,201
Surplus of capital, cash and bank balances and short term funds over debt	3,504,509	3,031,079	2,233,348	2,173,490
Gearing ratio	-	-	-	-

There are no externally imposed capital requirements.

Shareholders Information As At 31 January 2023

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 2023

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital *
Less than 100 shares	206	2.42	3,687	0.00
100 to 1,000 shares	3,060	35.92	1,866,166	0.45
1,001 to 10,000 shares	4,115	48.30	15,389,123	3.71
10,001 to 100,000 shares	940	11.03	29,251,323	7.05
100,001 to less than 5% of issued shares	195	2.29	135,153,745	32.59
5% and above of issued shares	3	0.04	233,120,940	56.20
Total	8,519	100.00	414,784,984	100.00

Substantial Shareholders As At 31 January 2023

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	36,387,596	8.77	-	-
3. Perbadanan Pembangunan Pertanian Negeri Perak (Perbadanan)	23,931,816	5.77	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 2023

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	52,000	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	-	-
Y. Hormat Dato' Jeremy Derek Campbell Diamond	6,000	0.00	758,000	0.18
Mr. Martin Bek-Nielsen	1,420,778	0.34	200,672,742	48.38
Mr. Loh Hang Pai	170,000	0.04	-	-
Mr. R. Nadarajan	81,000	0.02	68,000	0.02
Madam Rohaya binti Mohammad Yusof	-	-	-	-
Mr. Jorgen Balle	4,000	0.00	-	-
Ms. Belvinder Kaur a/p C Nasib Singh	-	-	-	-
Mr. Yap Seng Chong	-	-	-	-

Shareholders Information

Thirty (30) Largest Shareholders As At 31 January 2023			
	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	35,406,924	8.53
3.	CIMB Islamic Nominees (Tempatan) Sdn Bhd MIDF Amanah Asset Management Berhad for Perbadanan Pembangunan Pertanian Negeri Perak (PPPNP-JG507)	23,931,816	5.77
4.	United International Enterprises Limited	19,389,312	4.67
5.	Kumpulan Wang Persaraan (Diperbadankan)	8,962,300	2.16
6.	Maximum Vista Sdn. Bhd.	7,433,400	1.79
7.	Ybhg. Dato' Carl Bek-Nielsen	4,936,000	1.19
8.	KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn. Bhd. for Jendarata Bernam Provident Fund	4,503,498	1.09
9.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for Danske Bank A/S (Client Holdings)	3,672,515	0.89
10.	Amanahraya Trustees Berhad Amanah Saham Malaysia 2 - Wawasan	3,196,400	0.77
11.	Cartaban Nominees (Asing) Sdn Bhd Exempt An For The Bank of New York Mellon Sa/Nv (Jyske Clients)	2,612,192	0.63
12.	KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn. Bhd. for United Plantations Berhad Education And Welfare Fund	2,612,100	0.63
13.	Cartaban Nominees (Asing) Sdn Bhd BNYM SA/NV For Nykredit Bank A/S	2,505,280	0.60
14.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Rozilawati Binti Haji Basir	2,330,000	0.56
15.	HSBC Nominees (Asing) Sdn. Bhd. BPSS LDN For Aberdeen Standard Asia Focus Plc	2,205,200	0.53
16.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund Wtau for Wisdomtree Emerging Markets Smallcap Dividend Fund	1,727,600	0.42
17.	Amanahraya Trustees Berhad Amanah Saham Malaysia	1,678,300	0.40
18.	Citigroup Nominees (Asing) Sdn Bhd GSCO LLC for Truffle Hound Global Value LLC	1,650,000	0.40
19.	Citigroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn. Bhd. (Aberdeen 2)	1,532,200	0.37
20.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	1,531,900	0.37
21.	KAF Nominees (Tempatan) Sdn. Bhd. Bernam Nominees (Tempatan) Sdn. Bhd. for United Plantations Workers Benevolent Retirement Scheme	1,500,500	0.36
22.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	1,500,000	0.36
23.	United Plantations Berhad Share Buy Back Account	1,483,548	0.36
24.	Mr. Martin Bek-Nielsen	1,420,778	0.34
25.	Mr. Ho Dua Tiam	1,414,800	0.34
26.	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Private Wealth Management for Rozilawati Binti Haji Basir (PW-M00823) (421210)	1,350,000	0.33
27.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	1,324,400	0.32
28.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An For UBS Switzerland AG (Clients Assets)	1,319,682	0.32
29.	Madam Rozilawati Binti Haji Basir	1,164,880	0.28
30.	Sungei Ream Holdings Sendirian Berhad	1,060,000	0.26
		319,137,725	76.94

* 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 102nd Annual General Meeting of the Company will be held at the Dewan Sanmarka Orang India, 36400 Hutan Melintang, Perak Darul Ridzuan, Malaysia on Thursday, 27 April 2023 at 10.00 a.m. for the purpose of considering the following business:-

		Ordinary Resolutions
1.	To receive the financial statements for the year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon. (Refer to Explanatory Note 1).	
2.	To approve the payment of a Final Single-tier dividend of 70sen per share and a Special Single-tier dividend of 30sen per share for the financial year ended 31 December 2022.	1
3.	To approve the payment of Directors' fees (inclusive of Board Committees' fees) of RM1,630,397 for the financial year ended 31 December 2022.	2
4.	To approve the payment of Directors' benefits (other than Directors' fees) of RM112,140 for the financial year ended 31 December 2022.	3
5.	To re-elect as Director, Ybhg. Dato' Mohamad Nasir bin Ab Latif who retires by rotation pursuant to Article 107 of the Company's Constitution.	4
6.	To re-elect as Director, Madam Rohaya binti Mohammad Yusof who retires by rotation pursuant to Article 107 of the Company's Constitution.	5
7.	To re-elect as Director, Mr. Yap Seng Chong who retires by rotation pursuant to Article 100 of the Company's Constitution.	6
	Y. Hormat Dato' Jeremy Derek Campbell Diamond and Mr. Ho Dua Tiam are also retiring at the forthcoming Annual General Meeting (AGM) and have expressed their intention not to seek re-election. They will retain office until the conclusion of the 102nd AGM.	
8.	To re-appoint Ernst & Young, PLT as auditors of the Company for the year 2023 and to authorise the Directors to fix their remuneration.	7

As Special Business

To consider and if thought fit, to pass the following ordinary resolutions:

(a) Proposed Continuation in Office as Independent Non-Executive Director

Notice Of Annual General Meeting

9. "That Mr. R. Nadarajan 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." 8

(b) Proposed Renewal of Authority for Purchase of Own Shares

10. "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 2022 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: 9

(i) the conclusion of the next Annual General Meeting of the Company ("AGM") in 2024 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."

(c) Authority for Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

11. "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 without first offer to holders of existing issued shares of the Company 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." 10

Notice on Entitlement and payment of Final Dividend and Special Dividend

NOTICE IS HEREBY GIVEN THAT the Final Single-tier dividend of 70sen per share and a Special Single-tier dividend of 30sen per share, if approved at the 102nd Annual General Meeting will be paid on 17 May 2023 to shareholders whose names appear in the Record of Depositors and the Register of Members at the close of business on 3 May 2023.

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 3 May 2023 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
27 February 2023

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, corporate shareholders and nominees) 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 17 April 2023 shall be entitled to attend the said meeting or appoint a proxy to attend and/ or vote on his/her behalf.

Notice Of Annual General Meeting

Explanatory Notes on Ordinary Business

Audited Financial Statements for the Financial Year Ended 31 December 2022. (Note 1)

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only and does not require a formal approval of the shareholders and as such, will not be put forward for voting.

For Ordinary Resolution 4 to 6 - For the purpose of determining the eligibility of the Directors to stand for re-election at the 102nd AGM, the Board through its Nomination Committee has assessed the retiring Directors, namely Ybhg. Dato' Mohamad Nasir bin Ab. Latif, Madam Rohaya binti Mohammad Yusof and Mr. Yap Seng Chong. The Board found that the Retiring Directors have a good understanding of the Group's businesses and they have actively participated in the Board meetings. The Board is satisfied with their performance and supports the re-election of these Retiring Directors.

For Ordinary Resolution 8 - In line with the Malaysian Code on Corporate Governance, the Nomination Committee has assessed the independence of Mr. R. Nadarajan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended for him to continue to act as Independent Non-Executive Director of the Company. The Board supports the Nomination Committee's recommendation and the justifications for recommending and supporting the resolution for him to continue in office are set out under the Corporate Governance Overview Statement in the Company's 2022 Annual Report.

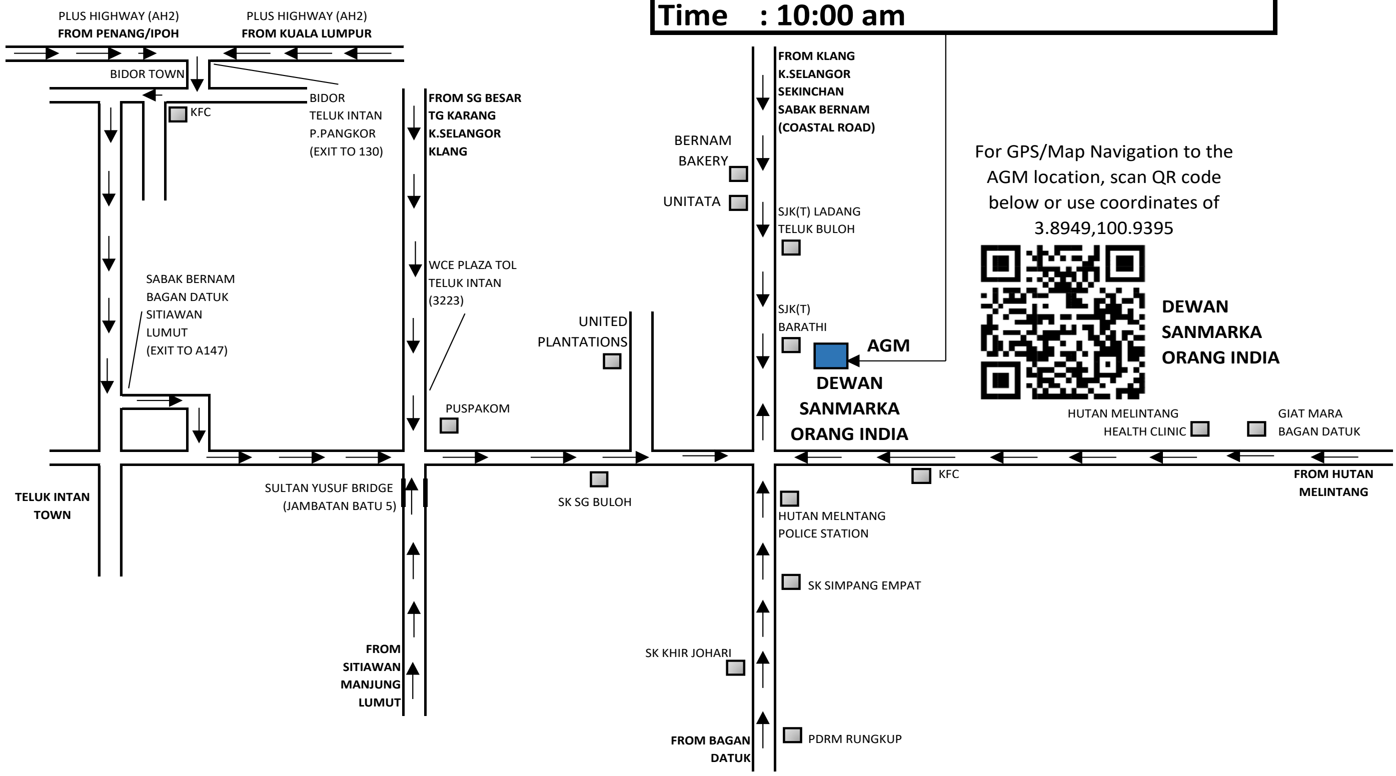
For Ordinary Resolution 9 - Please refer to explanatory information in the Share Buy-Back Statement to Shareholders dated 27 February 2023.

For Ordinary Resolution 10 - 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, without first offer to holders of existing shares of the Company.

The Company did not utilise the Shareholders' Mandate that was approved at the 101st 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.

102ND ANNUAL GENERAL MEETING

Venue : Dewan Sanmarka Orang India,
36400 Hutan Melintang,
Perak Darul Ridzuan, Malaysia
Date : 27 April 2023
Time : 10:00 am



Financial Calendar

Date	**Announcements & Key Events**
27th February 2023	Annual Report 2022 & Notice of AGM
27th April 2023	1st Quarter Results
31st July 2023	2nd Quarter Results
16th November 2023	3rd Quarter Results
	2022 Dividends
	Final Dividends
27th February 2023	Notice of Book Closure
3rd May 2023	Entitlement Date
17th May 2023 (Tentative)	Payment Date
	Interim Dividend Paid
7th November 2022	Notice of Book Closure
22nd November 2022	Entitlement Date
5th December 2022	Payment Date

Corporate Information

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

Group Properties As At 31 December 2022

Properties	Tenure	Area In Hectares	Description	Age In Years	*Net Tangible Asset Value RM '000
Jendarata Estate	Leasehold		Registered Office - 1,369 sq.m.	58	5,993
36009 Teluk Intan	Expiring on:		Research Station - 1,070 sq.m.	57	1,673
Perak Darul Ridzuan	15.01.2062	594.50	Oil Palm & Coconut Estate		120,331
	07.06.2104	611.65	Palm Oil Mill } 10,032	88	6,629
	07.06.2104	34.81	Biomass Plant } sq.m.	17	5,052
	20.11.2067	982.19			
	22.08.2068	149.67			
	Yr to Yr	33.62			
	Freehold	3,929.46			
Kuala Bernam Estate	Freehold	829.60	Coconut Estate		11,614
Batu 18, Jalan Bagan Datoh					
36300 Sungai Sumun					
Perak Darul Ridzuan					
Sungei Bernam Estate	Leasehold		Coconut Estate	48	38,421
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		57,898
36500 Ulu Bernam	Yr to Yr	95.31	Optimill/Biogas/Unifuji - 545,100 sq.m.	5	23,021
Perak Darul Ridzuan					
Changkat Mentri Estate	Leasehold		Oil Palm Estate		24,925
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		40,799
36500 Ulu Bernam	Expiring on:		Palm Oil Mill - 6,352 sq.m.	33	1,209
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		67,129
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		15,403
Batu 11 3/4	Expiring on:				
Jalan Bidor	15.06.2068	1,418.90			
36000 Teluk Intan	Freehold	2.82			
Perak Darul Ridzuan	Yr to Yr	6.29			
Lima Blas Estate	Freehold	2,891.89	Oil Palm Estate		134,383
Lot 1899, Mukim Ulu Bernam					
35800, Hulu Selangor, Selangor.					
UIE	Leasehold		Oil Palm Estate		383,234
Pantai Remis	Expiring on:		Palm Oil Mill - 6,148 sq.m.	31	346
Perak Darul Ridzuan	23.12.2103	10,355.26			
	Freehold	9.94			
Unitata Berhad	Freehold	18.45	Palm Oil and		
36009 Teluk Intan			Palm Kernel } Buildings	48	40,841
Perak Darul Ridzuan			Refinery Complex		
Bernam Bakery	Freehold	0.45	Bakery	38	293
36009 Teluk Intan					
Perak Darul Ridzuan					
Tanarata Estate	Leasehold		Oil Palm Estate		133,594
Mukim Changkat Jong &	Expiring on:				
Mukim Durian Sebatang	10.03.2121	3,277.64			
Hilir Perak.	14.04.2121	364.18			
	Yr to Yr	14.37			
PT Surya Sawit Sejati	Leasehold		Oil Palm Estate		112,502
Pangkalan Bun, Central	Expiring on:		Palm Oil Mill - 90,000 sq.m.	13	4,368
Kalimantan, Indonesia	24.09.2040	2,508.47			
	01.01.2053	6,004.15			
	**	10,063.75			

Notes :

* Estate Includes Land, Pre-cropping Cost and Buildings

** Awaiting issue of lease

Group Landbank Properties & Age Profile As At 31 December 2022

	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	4,938			3,007	2,269	3,738	6,572	1,061	2,745	8,950	1,548	8,800	43,628
Immature-Planted 2020	201										561		762
Immature-Planted 2021	35				62		176	207			914		1,394
Immature-Planted 2022	28			43	33			61			358		523
Sub-Total	5,202	-	-	3,050	2,364	3,738	6,748	1,329	2,745	8,950	3,381	8,800	46,307
COCONUT :													
Mature	678	754	1,616							789			3,837
Immature-Planted 2019	5		45										50
Immature-Planted 2020	74		228										302
Immature-Planted 2021	5		184										189
Immature-Planted 2022	10	57	182										249
Sub-Total	772	811	2,255	-	-	-	-	-	-	789	-	-	4,627
OTHER AREAS:													
Other Crops	22												22
Plasma Areas												1,392	1,392
Conservation (Jungle areas, shrub land, swamps, wetlands & others)					12	129			99	91	58	7,814	8,203
Buildings,roads,drains, air-strip,nurseries,church, toddy tapping areas, railway, mills & others.	340	19	21	148	175	124	153	99	48	535	217	570	2,449
TOTAL	6,336	830	2,276	3,198	2,551	3,991	6,901	1,428	2,892	10,365	3,656	18,576	63,000

Oil Palm		
Age in years	Hectares	% Under crop
4 - 5	4,558	10
6 - 8	6,251	13
9 - 18	27,041	58
19 and above	5,778	12
Mature	43,628	94
Immature	2,679	6
Total	46,307	100

Comparative Statistics - 10 Years

Year ended 31 December	2022 RM'000's	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
Balance Sheet Analysis										
Issued Capital	390,054	390,054	390,054	390,054	390,054	390,054	208,134	208,134	208,134	208,134
Reserve	2,500,679	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
Non-Controlling Interests	14,028	10,669	10,931	9,195	7,828	6,893	5,344	3,158	2,417	1,076
Funds Employed	2,904,761	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
Property, Plant and Equipment	1,241,751	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
Land Use Rights	-	-	-	-	38,105	34,115	36,192	33,890	32,042	31,110
Right-of-use assets	406,068	395,415	382,408	391,093	-	-	-	-	-	-
Other Non-Current Assets	424,573	405,008	410,689	401,380	35,412	36,890	1,782	6,496	21,147	17,114
Current Assets	1,246,408	1,142,777	972,367	873,825	1,351,851	1,304,697	1,186,289	1,074,585	960,481	1,049,281
Total Assets	3,318,800	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
Less: Liabilities	414,039	467,671	343,946	304,428	329,472	318,943	276,070	238,023	206,824	201,640
Net Assets Employed	2,904,761	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
Other Data										
Profit Before Tax	846,485	683,420	505,642	357,960	490,872	503,970	417,935	375,997	355,604	340,476
Tax	240,921	161,177	104,065	73,634	116,772	109,288	87,128	83,566	76,233	87,989
Net Profit	605,564	522,243	401,577	284,326	374,100	394,682	330,807	292,431	279,371	252,487
Non-Controlling Interests	(3,880)	(3,908)	(2,033)	(1,040)	(1,683)	(1,702)	(1,319)	(881)	(1,341)	(656)
Profit attributable to equity owners of the Parent	601,684	518,335	399,544	283,286	372,417	392,980	329,488	291,550	278,030	251,831
Earnings Per Share (in sen)	145.00	125.00	96.00	68.00	89.50	94.50	79.50	70.50	67.00	60.50
Dividend Rate (Ordinary Share) - Interim and Final*	140.00%	115.00%	85.00%	67.50%	70.00%	75.00%	57.50%	45.00%	82.50%	46.94%
Share Prices On The Bursa Malaysia Securities Berhad										
Highest*	17.16	14.78	15.32	13.90	14.55	14.49	14.22	14.00	14.75	16.63
Lowest*	13.80	13.50	11.50	12.35	12.50	13.41	12.31	11.69	11.48	12.35
Production -Malaysia										
Palm Oil - own - Tonnes	209,020	207,504	195,542	179,045	168,680	158,060	134,999	151,988	144,162	146,962
Palm Kernel - own - Tonnes	41,985	41,535	39,233	36,854	36,789	35,373	29,631	34,256	33,885	35,118
Coconuts - Nuts ('000)	86,137	87,964	81,428	78,104	71,423	75,252	86,052	77,501	68,424	74,678
FFB Yield per hectare - Tonnes	28.44	28.90	27.49	26.76	26.67	25.46	21.11	24.24	22.97	22.42
CPO Yield per hectare - Tonnes	6.09	6.29	6.13	5.88	5.73	5.34	4.64	5.32	5.09	4.95
Palm Oil extraction rate - %	21.42	21.77	22.29	21.95	21.47	20.97	21.97	21.95	22.17	22.07
Palm Kernel extraction rate - %	4.30	4.36	4.47	4.52	4.68	4.69	4.82	4.95	5.21	5.27
Coconuts Yield per hectare - Nuts	22,172	22,247	22,827	23,557	23,154	25,345	30,305	27,747	25,056	26,858
Cost Of Production - Malaysia **										
Palm Oil - RM/MT	1,656	1,247	1,225	1,286	1,271	1,280	1,319	1,115	1,147	1,083
Palm Kernel - RM/MT	590	522	503	505	483	479	477	410	404	379
Average Sales Price - Malaysia										
Palm Oil - RM/MT	3,792	3,309	2,613	2,356	2,606	2,578	2,424	2,163	2,353	2,702
Palm Kernel - RM/MT	2,751	2,168	1,594	1,312	1,992	2,650	2,138	1,493	1,774	1,283
Production -Indonesia										
Palm Oil - own - Tonnes	45,369	44,097	47,316	46,421	51,049	47,459	44,143	48,159	41,440	36,529
Palm Kernel - own - Tonnes	9,943	8,844	9,678	9,182	9,071	8,387	7,948	8,266	7,044	6,793
FFB Yield per hectare - Tonnes	24.24	22.31	23.69	22.93	24.69	22.56	19.53	20.02	16.86	15.84
CPO Yield per hectare - Tonnes	5.10	4.87	5.21	5.11	5.66	5.25	4.81	5.03	4.24	3.88
Palm Oil extraction rate - %	21.03	21.84	22.00	22.30	22.92	23.29	24.62	25.15	25.17	24.41
Palm Kernel extraction rate - %	4.61	4.38	4.50	4.41	4.08	4.12	4.43	4.32	4.28	4.54
Cost Of Production - Indonesia										
Palm Oil - RM/MT	1,628	1,509	1,328	1,444	1,290	1,516	1,609	1,415	1,369	1,447
Palm Kernel - RM/MT	663	494	452	492	482	581	534	525	595	577
Average Sales Price - Indonesia										
Palm Oil - RM/MT	3,530	3,079	2,284	1,964	2,003	2,572	2,316	2,002	2,301	2,179
Palm Kernel - RM/MT	2,417	2,144	1,204	1,011	1,356	2,049	1,899	1,198	1,305	997

Notes:
* Comparative adjusted for Bonus Issue
** Cost of production figures include depreciation and additional remuneration/bonuses.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